STAKEHOLDER PRESSURE MODERATES ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) DISCLOSURE ON FIRM PERFORMANCE

David Parningotan Gultom[1*], Iin Rosini[2], Nofryanti[3]
[1,2,3]Postgraduate Faculty of Masters in Accounting, Pamulang University, Indonesia
*Corresponding Author:
davidparningotangultom081@gmail.com

Abstract

This research aims to analyze the impact of Environmental, Social, and Governance (ESG) disclosure on the performance of mining companies, moderated by stakeholder pressure. The research data was obtained from 72 mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2023. The analysis techniques used are panel data regression and moderated panel data regression. The results of the study show that environmental and governance disclosure positively affects the performance of mining companies. This means that the higher the quality of environmental and governance disclosure, the better the company's performance. However, social disclosure does not show a significant effect on company performance. The findings of this study also indicate that stakeholder pressure does not moderate the relationship between Environmental, Social, and Governance (ESG) disclosure and the performance of mining companies. This means that the pressure from stakeholders is not sufficient to strengthen or weaken the relationship between Environmental, Social, and Governance (ESG) disclosure and company performance. The results of this research provide important implications for mining companies, investors, and regulators. For mining companies, it is important to improve the quality of environmental and governance disclosure to enhance company performance. For investors, it is important to consider Environmental, Social, and Governance (ESG) disclosure in investment decision-making. For regulators, it is important to strengthen regulations related to Environmental, Social, and Governance (ESG) disclosure and increase oversight of mining companies.

Keywords: Environmental, Social, and Governance (ESG) Disclosure, Company Performance, Stakeholder Pressure.

1. Introduction

Company performance is a depiction or condition of a company, which is the result of management activities. Company performance can be measured using financial analysis tools. The information used to measure company performance is taken from financial statements or other reports. This is done to determine the quality of the company, which will later reflect work achievements over a certain period (Arsita, 2020).

Company performance is very important for investors because it is a factor that influences the company's stock price. Investors analyze company performance to determine whether the company has good prospects. Financial statements, such as the balance sheet, income statement, and cash flow statement, can provide information about the company's financial condition and allow investors to know how long it takes for the company to return the capital spent, as well as whether the company has a good profit margin. This information is crucial for investors as it enables them to choose companies with good performance and promising future prospects (Vivianita & Roestanto, 2022).

The performance of companies in the mining sector is one of the factors considered by potential investors when deciding on stock investments. Financial performance, such as

the net profit ratio to revenue, can serve as a reference for investors in selecting companies with good financial performance. The role of company performance in the coal mining sector on the Indonesia Stock Exchange can also influence the financial performance of these companies. Company performance, particularly in the mining sector, can be influenced by several factors, including the disclosure of Environmental, Social, and Governance (ESG) (Almeyda & Darmansya, 2019).

Environmental, Social, and Governance (ESG) is essentially a broad taxonomy that defines the non-financial requirements for an organization (Krishnamoorthy et al., 2021). ESG is a practice in measuring, disclosing, and being accountable to all stakeholders (Almeyda & Darmansya, 2019). ESG describes a set of factors used to measure the non-financial impact of certain investments and companies. At the same time, ESG also provides various business and investment opportunities (Aich, Thakur, Nanda, Tripathy, & Kim, 2021).

Environmental disclosure is the disclosure of information related to the environment in a company's annual report. This includes information about the company's environmental management activities and performance, as well as the financial implications of the company's environmental management decisions. Environmental disclosure can be influenced by factors such as the company's environmental performance, board composition, leverage, and tax aggressiveness. Environmental disclosure can enhance the company's legitimacy and be responded to by stakeholders such as consumers, investors, and regulators (Bella & Murwaningsari, 2023)

Environmental disclosure (ED) can impact company performance (CP) because ED reflects the company's responsibility towards the surrounding environment and influences its performance. Environmental disclosure can build the company's image in the community and allow stakeholders to understand the level of the company's environmental performance. Essentially, environmental disclosure can affect company performance in several ways, such as enhancing stakeholder trust, building the company's image in the community, and enabling stakeholders to understand the level of the company's environmental performance (Safriani & Utomo, 2020). Thus, this is consistent with the findings (Nisa, Titisari, & Masitoh, 2023), (Husada & Handayani, 2021), (Hartomo & Adiwibowo, 2023) that there is a positive correlation between environmental performance and the financial performance of the company. Social disclosure is the process used by companies to reveal information about their social and environmental activities. This includes disclosing information about the company's activities that impact society, the environment, and other stakeholders, such as corporate social responsibility activities, social reporting, and corporate social responsibility disclosures. This process is crucial for providing stakeholders with information about the social and environmental impact of the company's economic actions (Almeyda & Darmansya, 2019)

Social disclosure affects company performance because it is a key factor in influencing the company's reputation. A good reputation can enhance company performance, such as sales and market share, leading to increased profits. In other words, a company's performance is likely to improve if it has a good reputation, which can be achieved through corporate social responsibility (CSR) disclosure. CSR disclosure provides evidence that the company cares about social issues beyond its economic activities, which increases stakeholder appreciation. As a result, the company can boost sales and reduce costs, ultimately leading to higher profits (Nisa et al., 2023) Thus, this is consistent with the findings that (Hartomo & Adiwibowo, 2023) (Bella & Murwaningsari, 2023) as well as Pertiwi & Hersugondo (2023) who state that social disclosure has a significant effect

on company performance. Governance disclosure refers to the process of implementing and overseeing the principles of Good Corporate Governance (GCG) within an organization, such as a company or institution. Good Corporate Governance includes several key components, such as fairness, transparency, accountability, and responsibility (Alareeni & Hamdan, 2020).

Corporate Governance (GCG) disclosure is related to company performance because the implementation of GCG can influence company performance through the supervision or monitoring of management performance and the accountability of management to shareholders. Good GCG implementation can improve company performance through the process of selecting quality management, monitoring management decisions, and monitoring management performance. A company that prioritizes GCG disclosure can reduce risks that might be undertaken by the board of commissioners and improve the company's systems to be more effective (Purwitasari & Larasati, 2023). This is in line with the findings (Xaviera & Rahman, 2023), (Sarnisa, Rafianamaghfurin, & Djasuli, 2022) These findings state that governance disclosure significantly affects company performance. Stakeholder pressure moderates the influence of Environmental, Social, and Governance (ESG) disclosure on company performance, which is an important aspect of current business strategy. Focusing on ESG allows companies to integrate environmental, social, and governance criteria into their operating models, steering the company towards being cleaner, more ethical, and sustainable. Moderating the influence of ESG disclosure with stakeholders is a process to optimize the impact between the company and various stakeholders, including customers, employees, shareholders, the government, and the local community. This can help companies identify risks, develop innovations, and improve their reputation (Rahayu, 2024)

Stakeholder engagement and relationships are fundamental aspects of a successful business strategy. By integrating stakeholder perspectives and developing strong relationships, companies are more effective in anticipating and adapting to changes, which will impact long-term performance and sustainability. Stakeholder pressure can influence the quality of sustainability reports, which are voluntary reports presenting the economic, social, and environmental impacts of company activities. This indicates that moderating the influence of ESG disclosure with stakeholders can directly affect company performance through the quality of sustainability reports and interactions with stakeholders (Azizah, Firiani, & Darmawan, 2023) Stakeholder pressure moderation refers to the impact of a company's activities on other stakeholders. In the context of stakeholder theory, companies that understand and adhere to environmental, social, and governance standards will gain support and encouragement from stakeholders who are committed to environmental responsibility, social accountability, and effective management systems. This will help companies develop cleaner and more responsible strategies, which can bring economic and financial benefits (Khairunnisa & Widiastuty, 2023)

Stakeholder pressure is a factor that influences the relationship between a company and the public. Stakeholders are individuals or groups with an interest in the company, such as shareholders, employees, partners, customers, and the community. Stakeholder pressure can influence a company to maintain environmental standards, uphold social interests, and ensure a transparent and effective management system. This pressure can impact company performance by increasing public trust in the company and strengthening the relationship between the company and the community (Qodary & Tambun, 2021)

This study differs from the research (Nisa et al., 2023). The difference lies in the inclusion of a moderating variable in the form of stakeholder pressure. This study uses a research period from 2020 to 2023, while the research (Khairunnisa & Widiastuty, 2023) The difference lies in the inclusion of a moderating variable in the form of stakeholder pressure. This study uses a research period from 2020 to 2023, while the research uses a period from 2017 to 2021. Another difference is that this study aims to understand how stakeholder pressure as a moderating variable affects the relationship between Environmental, Social, and Governance (ESG) disclosure and company performance. This study has the potential to make a significant contribution because the coal mining subsector is a crucial sector undergoing significant changes related to ESG disclosure. ESG disclosure in the coal mining subsector will affect company performance and become an important factor in investment decision-making.

Based on the background above, this study aims to: First, to test and analyze whether environmental disclosure affects company performance. Second, to test and analyze whether social disclosure affects company performance. Third, to test and analyze whether governance disclosure affects company performance. Fourth, to test and analyze whether stakeholder pressure can moderate the relationship between environmental disclosure and company performance. Fifth, to test and analyze whether stakeholder pressure can moderate the relationship between social disclosure and company performance. Sixth, to test and analyze whether stakeholder pressure can moderate the relationship between governance disclosure and company performance.

2. Theoretical Background
2.1. Stakeholder Theory
Stakeholder Theory is a strategic issue related to how a company manages its relationships with stakeholders (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). In general, stakeholders are understood as parties that have an interest in the company because their existence can influence and be influenced by the company. Internally, the main stakeholders include employees, investors, creditors, customers, and suppliers. In their operations, companies are expected to meet the expectations and needs of stakeholders (Barney & Harrison, 2020) Due to the influence of stakeholders, companies seek stakeholder support for their business activities, as stakeholder support is crucial for the company's survival (Freeman, Harrison, & Wicks, 2007)Stakeholder support can be achieved through financial and non-financial disclosure practices, where stakeholders expect management to be accountable for all business activities conducted (Fet, 2006).

2.2 Legitimacy Theory
This theory was introduced by Guthrie (1989) who stated that an organization can exist and grow through social acceptance. In legitimacy theory, there is a social contract that encourages all corporate actions to be socially acceptable by external parties or, conversely, legitimizes the company's actions. Organizations within companies are social systems aimed at creating harmony in values and social norms within society. Therefore, companies gain societal recognition because the alignment of values and standards between the company and society positively impacts the company's sustainability, leading to superior performance (König & Wenzelburger, 2014)

2.3 Cumulative Abnormal Return (CAR)

Cumulative Abnormal Return (CAR) is a measure of stock performance used to assess the impact of specific events on stock prices. CAR measures the difference between the actual return of a stock and the expected return over a certain period, then accumulates this difference over that period. This metric is often used in event studies to evaluate the impact of specific information or events on a company's stock value. According to (Fama, Fisher, Jensen, & Roll, 1969) CAR serves to measure the market's reaction to new information by calculating the difference between actual and expected returns. Healy and Palepu (2001) explain how information disclosure affects CAR and its relation to company performance and financial transparency (Sundaramurthy & Lewis, 2003) discuss how ownership structure affects company performance, and CAR analysis can be used to understand the impact of ownership changes on stock prices.

2.4 Ownership Structure Concentration

According to Shleifer and Vishny (1997), ownership concentration reflects the level of power distribution among shareholders. In a concentrated ownership structure, a few large shareholders have significant control over the company. Conversely, in a more distributed ownership structure, no single shareholder is dominant, and decisions are influenced more by the collective voice of many small shareholders. Measuring the proportion of shares held by the largest shareholders provides insight into their power within the company. For example, if the largest shareholder holds 40% of the total shares, the highest ownership ratio is 40%, giving a direct indication of the largest shareholder's influence within the company (Holderness, 2003). Ownership concentration is also assessed based on the equity held by large shareholder groups, such as families, financial institutions, or corporate entities. This measure provides insight into the influence of major groups within the company's ownership structure (Bebchuk & Fried, 2004).

2.5 Company Performance

According to Mangkunegara (2013), performance is the result of work in terms of quality and quantity achieved by an employee in carrying out their tasks according to the given responsibilities. Performance reflects the outcomes obtained by an organization, whether profit-oriented or non-profit-oriented, over a specific period. Company performance represents the condition of the company, which is the result of management activities. Company performance can be measured using financial analysis tools. The information used to measure company performance is taken from financial statements or other reports. This is done to assess the company's performance, which will reflect the achievements during a certain period. Company performance is the result achieved by the company over a specific period. Measurement and assessment of financial performance are interrelated. Performance measurement is a benchmark for the efficiency and effectiveness of the company in operating its business during the accounting period (Fahmi, Hudalah, Rahayu, & Woltjer, 2014).

2.6 Environmental, Social, Governance (ESG)

ESG essentially refers to a broad taxonomy that determines non-financial requirements for an organization (Krishnamoorthy, 2021). ESG involves practices for measuring, disclosing, and accounting to all stakeholders (Almeyda & Darmansya, 2019). ESG outlines a series of factors used to measure the non-financial impact of investments and specific companies. At the same time, ESG also provides various business and investment

opportunities (Starks, 2021). Although ESG information may lack standardization, experts argue that it can help adapt to environmental changes and even become part of a company's competitive strategy (Giannopoulos et al., 2022). Stakeholder Theory argues that companies are responsible not only to shareholders but also to various parties affected by the company's activities, such as employees, customers, suppliers, local communities, and the environment (Freeman et al., 2007). In the context of ESG, this theory emphasizes the importance of companies considering the interests and expectations of all stakeholders. ESG encompasses non-financial dimensions that are important to various stakeholders.

3. Methods
3.1. Type of Research
The type of research used is quantitative research. Quantitative research is a method based on positivist philosophy, used to study specific populations and samples. It focuses on testing theories through the measurement of research variables using numerical data and conducting data analysis using statistical procedures (Wiyanto, Samani, & Sugiyono, 2017)

3.2. Population and Sample
In this study, the population consists of mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2023. There are 56 mining sector companies that meet this criterion. Due to the large population and limited resources, it is not feasible for the researcher to include the entire population as a sample. Therefore, the sample used in this study consists of the financial reports of mining sector companies listed on the IDX from 2020-2023. The sampling technique employed in this study is non-probability sampling, which is a method that does not provide an equal chance for every element of the population to be selected as a sample (Etikan, Musa, & Alkassim, 2016). The approach used is purposive sampling, where samples are selected based on specific criteria relevant to the research objectives (Patton, Sawicki, & Clark, 2015).

3.3. Data Analysis
According to (Sugiyono, 2010) descriptive statistics are used to analyze data by describing or summarizing the collected data as it is, without intending to make general conclusions or generalizations. Meanwhile, (Rahmawati, Setyawati, Widodo, Ghozali, & Purnomosari, 2018) defines descriptive statistics as an analysis technique that describes or summarizes research data through minimum, maximum, mean, standard deviation, sum, range, kurtosis, and skewness of the distribution. This method aims to provide an overview of phenomena related to research variables through the collected data. The descriptive analysis techniques used in this study include the minimum, maximum, mean, and standard deviation values of each variable.

4. Results and Discussion
4.1 Chow Test
Chow test is used to choose between the common effect model and the fixed effect model. If the F probability value $< \alpha$ (significance level of 5%), the fixed effect model is chosen. Conversely, if the F probability value $> \alpha$ (significance level of 5%), the common effect model is chosen. The following are the results of the Chow test:

Table 1. Chow test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.192803	(17,51)	0.0000
Cross-section Chi-square	88.061010	17	0.0000

4.2. Hausman Test

The Hausman test is conducted to determine the best model between fixed effect and random effect. The results are evaluated by comparing the F probability value with α. If the F probability value is smaller than α, the fixed effect model is accepted. In this study, the significance level used is 0.05.

Table 2. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.351770	3	0.0650

Based on the Hausman test table above, the probability value is 0.0650, which is greater than the significance level α of 0.05. Therefore, it can be concluded that the model chosen for this study is the Random Effect Model (REM). Subsequently, a Lagrange multiplier test was conducted to determine the method to be used in this study.

4.3. Lagrange Multiplier test
Table 3. Lagrange Multiplier

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	24.91661 (0.0000)	0.037943 (0.8456)	24.95456 (0.0000)

The results of the Lagrange Multiplier test conducted using the Breusch-Pagan method show that the Chi-Square probability value is less than 0.05, specifically 0.0000. Therefore, the hypothesis is accepted, and the best estimation model is the Random Effect Model (REM)

4.4. Normality Test

In this study, a normality test of the residuals was conducted using the Jarque-Bera (J-B) test at a significance level of 0.05. If the probability value is greater than 0.05, it can be concluded that the normality assumption is met
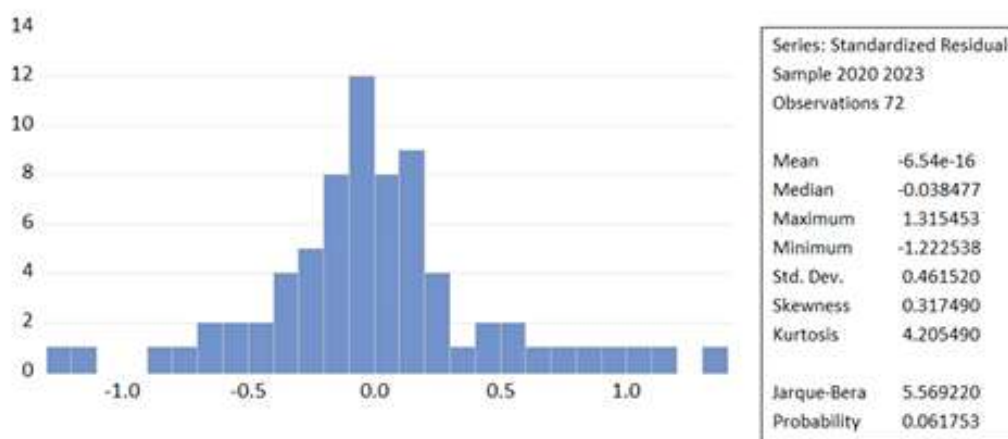
Figure 1. Normality Test

Based on figure 1, the probability value of the J-B statistic is 0.06. The regression model can be considered to have a normal distribution because the probability value in the normality test is above 0.05."

4.5. Multicollinearity Test

In this study, the multicollinearity symptoms can be observed from the correlation values between variables. According to Ghozali (2018:71), if the correlation value between X1 and X2 exceeds 0.8, this indicates the presence of multicollinearity. The results of the multicollinearity test are presented in the following table:

Table 4. Multicollinearity Test

	Enviromental (X1)	Sosial (X2)	Governance (X3)
Enviromental (X1)	0.002744	-0.000579	-0.000957
Sosial (X2)	-0.000579	0.003769	0.000910
Governance (X3)	-0.000957	0.000910	0.001938

Based on the results of the multicollinearity test in Table 4.11, it can be concluded that there are no signs of multicollinearity among the independent variables. According to the output in the table, the correlation between X1 and X2 is -0.000579, between X1 and X3 is 0.000957, and between X2 and X3 is 0.000910. According to the stated criteria, multicollinearity is indicated if the correlation coefficient between variables exceeds 0.80. Therefore, the research findings show that there is no high correlation (above 0.80) between the independent variables, indicating that there is no multicollinearity among the independent variables in this study.

4.6. Heteroscedasticity Test

A good regression model is one that is homoscedastic, meaning it does not experience heteroscedasticity. Heteroscedasticity can be detected using the Glejser test. The results of the heteroscedasticity test are presented in the table below.

Table 5. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.452754	1.362270	-1.800490	0.0762
Enviromental (X1)	1.239687	0.741026	1.672933	0.0989
Sosial (X2)	0.304738	0.599652	0.508192	0.6130
Governance (X3)	1.393989	0.984278	1.416255	0.1613

Based on the results of the Glejser test shown in Table 6, all probability values for the variables studied are above 0.05. Therefore, it can be concluded that there is no heteroscedasticity in the data

4.7. autocorrelation test

The fundamental theory of decision-making from the Durbin-Watson autocorrelation test states that a regression model does not experience autocorrelation if the DW value falls between -2 and 2 (Ghozali, 2018:111). The values of DL and DU are obtained from the Durbin-Watson table, referencing K−3 and the number of observations, which is 72, as shown in Table 7.

Table 6. autocorrelation test

	Weighted Statistics		
Root MSE	0.285865	R-squared	0.112515
Mean dependent var	0.050073	Adjusted R-squared	0.073361
S.D. dependent var	0.305575	S.E. of regression	0.294153
Sum squared resid	5.883749	F-statistic	2.873658
Durbin-Watson stat	1.644687	Prob(F-statistic)	0.042522

After conducting the data analysis, the Durbin-Watson value of 1.644687 indicates that there is no autocorrelation. This is evidenced by the value of D falling between -2 and 2. Therefore, it can be concluded that all regression models are free from autocorrelation issues, meaning there is no correlation between the disturbance errors at period t in the regression model.

4.8 Analysis of Panel Data Linear Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.149578	1.582636	-2.621941	0.0108
Enviromental (X1)	1.622783	0.859284	1.888529	0.0432
Sosial (X2)	-0.291582	0.693380	-0.420523	0.6754
Governance (X3)	3.145585	1.152320	2.729783	0.0081

Based on Table 8 above, the panel data regression equation can be formulated as follows:

$Y = -4.14957755221 + 1.62278335462*X1 - 0.291582442901*X2 + 3.1455848939*X3 + e$

Based on the regression test results above, it can be concluded that: First, the constant value of -4.149 indicates that if the independent variables are assumed to be zero, there will be a decrease in Company Performance by 4.149.

Second, the regression coefficient for Environmental disclosure is 1.6227, which means that a one-unit change in Environmental disclosure will result in an increase in the

dependent variable, Company Performance, by 1.6227. Third, the regression coefficient for social disclosure is -0.291, which means that a one-unit change in Social disclosure will result in a decrease in the dependent variable, Company Performance, by 0.291. Fourth, the regression coefficient for Governance disclosure is 3.145, which means that a one-unit change in Governance disclosure will result in an increase in the dependent variable, Company Performance, by 3.145.

Table 9. Panel Data Regression Analysis with Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.384389	1.560590	-2.809444	0.0065
Enviromental (X1)	1.538469	1.112811	1.382506	0.1715
Sosial (X2)	-0.601740	0.827841	-0.726879	0.4699
Governance (X3)	3.878250	1.407201	2.756004	0.0076
M1	0.685914	2.587159	0.265122	0.7918
M2	1.969496	2.662934	0.739596	0.4622
M3	-2.921115	3.559561	-0.820639	0.4149

Based on Table 9 above, the panel data regression equation can be formulated as follows

$$Y = -4.38438944157 + 1.53846866887*X1 - 0.601740183061*X2 + 3.87825042176*X3 + 0.685913718231*M1 + 1.96949571901*M2 - 2.92111541517*M3 + e$$

Based on the regression test results above, the following conclusion can be drawn: First, the constant value of -4.384 indicates that if the independent variables are assumed to be zero, there will be a decrease in Company Performance by 4.384. Second, the regression coefficient for Environmental disclosure is 1.538, which means that a one-unit change in Environmental disclosure will result in an increase in the dependent variable, Company Performance, by 1.538. Third, the regression coefficient for Social disclosure is -0.601, which means that a one-unit change in Social disclosure will result in a decrease in the dependent variable, Company Performance, by 0.601. Fourth, the regression coefficient for Governance disclosure is 3.878, which means that a one-unit change in Governance disclosure will result in an increase in the dependent variable, Company Performance, by 3.878. Fifth, the regression coefficient for the moderation variable, Stakeholder Pressure, is 0.685. This indicates that a one-unit increase in Stakeholder Pressure related to Environmental disclosure will result in an increase in financial performance by 0.685. Sixth, the regression coefficient for the moderation variable, Stakeholder Pressure, is 1.969. This indicates that a one-unit increase in Stakeholder Pressure related to Social disclosure will result in an increase in financial performance by 1.969. Seventh, the regression coefficient for the moderation variable, Stakeholder Pressure, is 2.921. This means that a one-unit increase in Stakeholder Pressure related to Governance disclosure will result in an increase in financial performance by 2.921.

4.9. Results of the F-Test

The F-statistic test is used to assess whether the independent variables collectively influence the dependent variable in a multiple regression model. This test is conducted with a significance level (Sig.) of 0.05. If the significance probability (Sig.) of the F-statistic is less than 0.05, the hypothesis can be accepted, indicating that the independent

variables simultaneously affect the dependent variable. The results of the F-statistic test are shown in Table 10 below.

Table 10. Results of the F-Test

Weighted Statistics			
Root MSE	0.285865	R-squared	0.112515
Mean dependent var	0.050073	Adjusted R-squared	0.073361
S.D. dependent var	0.305575	S.E. of regression	0.294153
Sum squared resid	5.883749	F-statistic	2.873658
Durbin-Watson stat	1.644687	Prob(F-statistic)	0.042522

Based on the results in Table 4.17, the significance value of F is 0.04, which is lower than the α level of 0.05. Therefore, it can be concluded that the independent variables simultaneously affect the dependent variable, which is company performance.

Based on the F-table with a sample size (n) of 72 and the number of variables (k) being 3, and using a significance level of 0.05, the degrees of freedom are df1=2 and df2=69. From this calculation, the computed F-value is 2.87, which exceeds the critical F-value of 2.72.

4.10. Results of the t-test

The t-test is used to assess whether each independent variable has a significant impact on the dependent variable individually, with a significance level of $α < 0.05$. The analysis results indicate that if the significance value of an individual independent variable is less than 0.05, it can be concluded that the variable has a significant effect on the dependent variable based on the research findings.

Table 11. Results of the t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.149578	1.582636	-2.621941	0.0108
Enviromental (X1)	1.622783	0.859284	1.888529	0.0432
Sosial (X2)	-0.291582	0.693380	-0.420523	0.6754
Governance (X3)	3.145585	1.152320	2.729783	0.0081

Based on Table 11, it can be observed that: First, the independent variable Environmental Disclosure has a significant effect on Company Performance. This can be seen from the significance value in the Environmental Disclosure table, which is significantly larger at 0.0432 compared to the α value of 0.05. Second, the independent variable Social Disclosure does not have a significant effect on Company Performance. This can be seen from the significance value in the Social Disclosure table, which is much larger at 0.6745 compared to the α value of 0.05. Third, the independent variable Governance Disclosure has a significant effect on Company Performance. This can be seen from the significance value in the Governance Disclosure table, which is much smaller at 0.0081 compared to the α value of 0.05.

4.11. Coefficient of Determination

The coefficient of determination is used to evaluate how much of the variance in the dependent variable can be explained by the independent variables simultaneously. This study uses specific independent variables, and the researcher employs the adjusted R as a

measure of the coefficient of determination. The results are documented in Table 11 as follows:

Table 11. Coefficient of Determination

Weighted Statistics			
Root MSE	0.285865	R-squared	0.112515
Mean dependent var	0.050073	Adjusted R-squared	0.073361
S.D. dependent var	0.305575	S.E. of regression	0.294153
Sum squared resid	5.883749	F-statistic	2.873658
Durbin-Watson stat	1.644687	Prob(F-statistic)	0.042522

Table 11 shows that the adjusted R Square coefficient of determination is 7%. This means that the independent variables in this study (ESG disclosure) can explain 7% of the variance in financial performance. The remaining variance is explained by other factors not covered in this study, such as leverage, liquidity, firm size, sales growth, company growth, tax avoidance, and variables not included in this research.

4.12. Moderated Regression Analysis (MRA)

Table 12. Moderated Regression Analysis (MRA)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.384389	1.560590	-2.809444	0.0065
Enviromental (X1)	1.538469	1.112811	1.382506	0.1715
Sosial (X2)	-0.601740	0.827841	-0.726879	0.4699
Governance (X3)	3.878250	1.407201	2.756004	0.0076
M1	0.685914	2.587159	0.265122	0.7918
M2	1.969496	2.662934	0.739596	0.4622
M3	-2.921115	3.559561	-0.820639	0.4149

$Y = -4.38438944157 + 1.53846866887*X1 - 0.601740183061*X2 + 3.87825042176*X3 + 0.685913718231*M1 + 1.96949571901*M2 - 2.92111541517*M3$

Based on the results of moderated regression analysis, it was found that the moderation effect of Stakeholder Pressure on the relationship between Environmental Disclosure and Firm Performance is 0.7918, which exceeds the significance threshold of 0.005. This indicates that Stakeholder Pressure does not moderate the influence of Environmental Disclosure on Firm Performance. In this context, Stakeholder Pressure acts as a Homologizer Moderator because there is no significant influence of stakeholder pressure on Firm Performance in the initial estimation, and the interaction term Z is not significant in the second estimation. Therefore, this moderation variable functions solely as an independent variable in the regression model, without interacting with the independent variable and without a significant effect on the dependent variable.

Based on the results of moderated regression analysis for Social Disclosure, the significance of Stakeholder Pressure as a moderator is 0.4622, which exceeds the significance level of 0.005. This indicates that Stakeholder Pressure also does not moderate the influence of Social Disclosure on Firm Performance. In this case, Stakeholder Pressure acts as a Homologizer Moderator because there is no significant influence of stakeholder pressure on Firm Performance in the initial estimation, and the interaction term Z is not significant in the second estimation. Therefore, this moderation

variable plays only as an independent variable in the regression model, without interacting with the independent variable and without a significant effect on the dependent variable.

Based on the results of moderated regression analysis for Governance Disclosure, the significance of Stakeholder Pressure as a moderator is 0.4622, which also exceeds the significance level of 0.005. This indicates that Stakeholder Pressure does not moderate the influence of Governance Disclosure on Firm Performance. In this case, Stakeholder Pressure acts as a Predictor Moderator because there is a significant influence of stakeholder pressure on Firm Performance in the initial estimation, but the interaction term Z is not significant in the second estimation. Therefore, this moderation variable continues to play as an independent variable in the regression model.

5. Conclusion

Based on this study, which examines how Stakeholder Pressure moderates the relationship between Environmental, Social, Governance (ESG) Disclosure and Firm Performance in Mining Companies listed on the Indonesia Stock Exchange (BEI) from 2020 to 2023, using a sample of 72 data points, the following conclusions were drawn: Firstly, Environmental Disclosure influences Firm Performance. Disclosure of environmental aspects has a positive impact on company performance. This indicates that companies that are more transparent in environmental management tend to perform better. Secondly, Social Disclosure does not influence Firm Performance. Disclosure of social aspects does not show a significant impact on company performance. This may be due to various factors, including the manner of disclosure and stakeholders' perceptions of these social aspects. Thirdly, Governance Disclosure influences Firm Performance. Disclosure of corporate governance has a positive impact on company performance. Good governance enhances investor confidence and other stakeholders, ultimately improving firm performance. Fourthly, Stakeholder Pressure does not moderate the Effect of Environmental Disclosure on Firm Performance. Pressure from stakeholders does not affect the relationship between environmental disclosure and company performance. This indicates that even though there is pressure, environmental disclosure alone is sufficient to influence firm performance. Fifthly, Stakeholder Pressure does not moderate the Effect of Social Disclosure on Firm Performance. Stakeholder pressure also does not influence the relationship between social disclosure and company performance. Other factors may be more dominant in determining the impact of social disclosure on performance. Sixthly, Stakeholder Pressure does not moderate the Effect of Governance Disclosure on Firm Performance. Stakeholder pressure does not moderate the influence between governance disclosure and company performance. Good governance disclosure inherently affects firm performance without needing additional pressure from stakeholders.

References

Aich, S., Thakur, A., Nanda, D., Tripathy, S., & Kim, H.-C. (2021). Factors affecting ESG towards impact on investment: A structural approach. Sustainability, 13(19), 10868.

Alareeni, B. A., & Hamdan, A. (2020). ESG impact on performance of US S&P 500-listed firms. Corporate Governance: The International Journal of Business in Society, 20(7), 1409–1428.

Almeyda, R., & Darmansya, A. (2019). The influence of environmental, social, and governance (ESG) disclosure on firm financial performance. IPTEK Journal of Proceedings Series, (5), 278–290.

Arsita, Y. (2020). Analisis rasio keuangan untuk mengukur kinerja keuangan PT Sentul City, Tbk. Jurnal Manajemen Pendidikan Dan Ilmu Sosial, 2(1), 152–167.

Azizah, S. N., Firiani, F. P., & Darmawan, Sp. (2023). Pengaruh Pengungkapan ESG Pada Perusahaan LQ45kehati Terhadap Kualitas Kinerja Perusahaan. Aktiva: Jurnal Akuntansi Dan Investasi, 8(2).

Barney, J. B., & Harrison, J. S. (2020). Stakeholder Theory at the Crossroads. Business & Society, 59(2), 203–212.

Bebchuk, L., & Fried, J. (2004). Pay without performance (Vol. 29). Harvard University Press Cambridge, MA.

Bella, B. O. S., & Murwaningsari, E. (2023). Pengaruh Pengungkapan Esg Dan Investasi Lingkungan Terhadap Kinerja Perusahaan Dengan Inisiatif Hijau Sebagai Variabel Moderasi. Jurnal Ekonomi Trisakti, 3(2), 3125–3134.

Fahmi, F. Z., Hudalah, D., Rahayu, P., & Woltjer, J. (2014). Extended urbanization in small and medium-sized cities: The case of Cirebon, Indonesia. Habitat International, 42, 1–10.

Fama, E. F., Fisher, L., Jensen, M. C., & Roll, R. (1969). The adjustment of stock prices to new information. International Economic Review, 10(1), 1–21.

Fet, A. M. (2006). Environmental management and corporate social responsibility. Clean Technologies and Environmental Policy, 8(4), 217–218.

Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2007). Managing for stakeholders: Survival, reputation, and success. Yale University Press.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). Stakeholder theory: The state of the art.

Hartomo, H. M., & Adiwibowo, A. S. (2023). Pengaruh Pengungkapan Environmental, Social, Governance (Esg) Terhadap Kinerja Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2021). Diponegoro Journal of Accounting, 12(4).

Husada, E. V., & Handayani, S. (2021). Pengaruh pengungkapan ESG terhadap kinerja keuangan perusahaan (Studi empiris pada perusahaan sektor keuangan yang terdaftar di BEI periode 2017-2019). Jurnal Bina Akuntansi, 8(2), 122–144.

Khairunnisa, D. P., & Widiastuty, E. (2023). Pengaruh Kinerja Esg Terhadap Kinerja Keuangan Perusahaan. Jurnal Riset Akuntansi Aksioma, 22(2), 142–153.

König, P. D., & Wenzelburger, G. (2014). Toward a Theory of Political Strategy in Policy Analysis. Politics & Policy, 42(3), 400–430.

Krishnamoorthy, G., Arsene, C., Jena, N., Mogulla, S. M., Coakley, R., Khine, J., … Sule, A. A. (2021). Racial disparities in COVID-19 hospitalizations do not lead to disparities in outcomes. Public Health, 190, 93–98.

Nisa, A. Z., Titisari, K. H., & Masitoh, E. (2023). Pengaruh Pengungkapan Environmental, Social, dan Governance terhadap Kinerja Perusahan. Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah, 5(5), 2400–2411.

Patton, C., Sawicki, D., & Clark, J. (2015). Basic methods of policy analysis and planning. Routledge.

Purwitasari, D., & Larasati, M. (2023). Pengaruh Tingkat Risiko Environmental Social Governance (ESG) dan Leverage terhadap Kinerja Perusahaan Pada Indeks IDXESGL Tahun 2020-2022. Jurnal Informatika Ekonomi Bisnis, 522–529.

Qodary, H. F., & Tambun, S. (2021). Pengaruh Environmental, Social, Governance (ESG) dan retention ratio terhadap return saham dengan nilai perusahaan sebagai variabel moderating. Juremi: Jurnal Riset Ekonomi, 1(2), 159–172.

Rahayu, K. (2024). Pengaruh Pengungkapan Environment, Social, Governance Terhadap Kinerja Perusahaan Sektor Perbankan. Co-Value Jurnal Ekonomi Koperasi Dan Kewirausahaan, 14(8), 1031–1042.

Rahmawati, Y., Setyawati, Y., Widodo, I., Ghozali, A., & Purnomosari, D. (2018). Molecular subtypes of Indonesian breast carcinomas-lack of association with patient age and tumor size. Asian Pacific Journal of Cancer Prevention: APJCP, 19(1), 161.

Safriani, M. N., & Utomo, D. C. (2020). Pengaruh environmental, social, governance (ESG) disclosure terhadap kinerja perusahaan. Diponegoro Journal of Accounting, 9(3).

Sarnisa, W. D., Rafianamaghfurin, R., & Djasuli, M. (2022). Praktik Pengungkapan Informasi Environmental, Social And Governance (ESG) Dalam Penerapan GCG. Jurnal Ekonomika Dan Bisnis, 2(3), 754–758.

Sugiyono, P. D. (2010). Metode Peneliian. Kuantitatif, Kualitatif, Dan R&D.

Sundaramurthy, C., & Lewis, M. (2003). Control and Collaboration: Paradoxes of Governance. The Academy of Management Review, 28(3), 397. https://doi.org/10.2307/30040729

Vivianita, A., & Roestanto, A. (2022). Determinan Pengungkapan ESG (Environment Social Govern-ance) dengan Profitabilitas Sebagai Variabel Moderasi. InFestasi, 18(2), 155–164.

Wiyanto, T., Samani, M., & Sugiyono, S. (2017). The developing teaching practice model as an effort to improve the quality of mechanical engineering vocational school teachers. Jurnal Pendidikan Vokasi, 7(3), 349–363.

Xaviera, A., & Rahman, A. (2023). Pengaruh Kinerja ESG Terhadap Nilai Perusahaan Dengan Siklus Hidup Perusahaan Sebagai Moderasi: Bukti Dari Indonesia. Jurnal Akuntansi Bisnis, 16(2), 226–247.