How Does Company Growth and Liquidity as well as Environmental Performance Have a Role in Company Financial Performance with Digitalization of CSR as an Intervening Variable?

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Abstraksi - Perusahaan merupakan bagian dari masyarakat dan lingkungan hidup, sehingga perusahaan mempunyai tanggung jawab terhadap masyarakat dengan kinerjanya. Namun berdasarkan penilaian Kementerian Lingkungan Hidup melalui pemeringkatan PROPER. Peringkat merah menandakan masih ada perusahaan yang tidak mengelola lingkungannya sesuai ketentuan. Metode purposive sampling diperoleh 105 sampel dari 21 perusahaan Consumer Non-Cyclicals tahun 2017 – 2021 yang terdaftar di Bursa Efek Indonesia. Data penelitian diolah menggunakan Eviews 12 dengan model terbaik adalah Fixed Effect Model. Teknik analisis yang digunakan adalah analisis jalur. Hasil penelitian menunjukkan bahwa tinggi rendahnya pertumbuhan suatu perusahaan yang dinilai melalui penjualan dapat mempengaruhi kinerja keuangan suatu perusahaan dan tingkat likuiditas perusahaan, yang berarti kemampuan perusahaan dalam membayar kewajibannya pada saat jatuh tempo dapat mempengaruhi kinerja keuangan dan mempertimbangkan dengan digitalisasi. CSR. Hal ini berguna bagi manajer dalam menentukan strategi keberlanjutan perusahaan.

Kata Kunci: Perkembangan Perusahaan, Tanggung Jawab Sosial Perusahaan

Abstract - Companies are part of society and the environment, so companies have a responsibility toward a society with their performance. However, based on the assessment of the Ministry of Environment through the PROPER rating. The red rating indicates that there are still companies that do not manage their environment according to the regulations. The purposive sampling method obtained 105 samples from 21 Consumer Non-Cyclicals companies in 2017 - 2021 which are listed on the Indonesia Stock Exchange. The research data was processed using Eviews 12 with the best model being the Fixed Effect Model. The analysis technique used is path analysis. The results show that the high or low growth of a company as assessed through sales can affect a company's financial performance and the company's liquidity level, which means the company's ability to pay its obligations when they are due can affect financial performance and consider by digitalization of CSR. This is useful for managers in determining the company's sustainability strategy.

Keywords: Company Growth, Corporate Social Responsibility

INTRODUCTION

Current economic and technological developments create increasingly fierce business competition. In this case, the company must have the ability to manage the company properly so that all forms of company operations can run properly and the gains obtained can reach the maximum (Maria et al., 2020). Companies need to have a strategy in order to create competitive advantage and increase the company's competitiveness in the industry so that profits can be maximized in accordance with the objectives of the company's establishment.

Companies are competing to create perfect financial performance (Derila et al., 2020). Companies with good financial performance will continue to grow and survive, while companies with poor performance will experience shocks and will stop slowly. This financial performance analysis can be used as an indicator to see the company's prospects in the future. Analysis or interpretation of the financial data of the company concerned which is reflected in the financial statements.

One of the phenomena related to financial performance is PT Kino Indonesia Tbk (KINO) which recorded a decline in performance during the first three months of 2021. The company's net profit

was recorded to have decreased by 70.63%. Binaartha Sekuritas analyst, M. Nafan Aji Gusta Utama, said that the decline in the company's net profit in the first quarter of 2021 was caused by a decrease in sales and an increase in expenses. Based on the company's financial report, KINO's revenue was recorded at IDR 964.26 billion, down 13.38% compared to the same period last year of IDR 1.11 trillion. (KINO).

Another factor that affects the company's performance is the company's growth and liquidity. The sales growth of a company can provide estimates for investors to measure the company's ability to maintain its position in the industry and its growth (Maria et al., 2020). Meanwhile, liquidity means that the company has enough funds on hand to pay bills when they are due and guard against unexpected cash needs (Yuliani, 2021).

Financial performance is important for every company to maximize. However, financial conditions alone are not enough to guarantee company sustainability, companies also need to pay attention to social and environmental dimensions to minimize the impact of company activities such as the emergence of environmental damage, global warming, ecosystem damage, increased waste both air and soil pollution (Derila et al., 2020).

This is because the company is part of the community and the environment, so the company has a responsibility towards the community and the surrounding environment. This form of corporate social and environmental responsibility is called Corporate Social Responsibility (CSR) (Azizah, 2021). There are two characteristics of disclosing social responsibility, namely mandatory and voluntary (Sarra & Alamsyah, 2020).

Companies that have concern about the environment will have a positive impact on companies such as increased corporate image, investor confidence, and consumer loyalty (Adyaksana & Pronosokodewo, 2020). This is due to the increasing attention from the government, investors, and consumers related to environmental problems. The Ministry of Environment in its efforts to encourage companies to participate in managing the environment is to create an environmental program called the Company Performance Rating Program (PROPER). PROPER is regulated in the Minister of Environment Regulation No. 6 of 2103 concerning Programs for Rating Company Performance in Environmental Management.

In 2021, 2,593 companies will be registered as participating in the KLHK's environmental management performance evaluation. There were 47 companies with GOLD ratings, 186 GREEN companies, 1,670 BLUE companies, 645 RED companies, 0 BLACK companies, and 45 companies that were not ranked because they were not operating/are under law enforcement/suspended. However, after further investigation, only 2 consumer non-cyclical companies were included in the green category.

Based on the PROPER rating, during 2017-2021 the company is considered to have experienced ups and downs in its environmental management, especially consumer non-cyclicals companies listed on the Indonesia Stock Exchange. Companies with a red rating include PT Mustika Ratu, PT H.M. Sampoerna Tbk and PT Eagle High Plantations Tbk in 2021. The red rating indicates that there are still companies that are not managing their environment in accordance with the established regulations.

In addition, there are cases of social responsibility in the cigarette industry. In this case, there is still much that is irrelevant based on the concept of CSR whereby companies spend large amounts of money to build a positive image and cover up or divert people's attention from the negative impacts of business. The results of research from the Ministry of Health of the Republic of Indonesia, show that more than 85% of smokers recognize cigarettes from advertisements through billboards, promotions and sponsorships at arts and sports events. Several factors trigger smokers to start smoking, namely, 46% are caused by the influence of cigarette advertisements, 41% are affected by activities sponsored by the tobacco industry.

From some of the cases above, it is assumed that environmental performance has a considerable influence on financial performance and so does Corporate Social Responsibility (CSR) on financial performance. Therefore, companies are required to carry out their business activities effectively and efficiently in order to enhance a good corporate image. The increase in environmental performance, company sales, liquidity and social responsibility illustrates that the profits generated by the company are getting higher.

Based on the background that has been described, the objectives of this study are first, to determine the influence of environmental performance on financial performance. Second, to determine the influence of company growth on financial performance. When, the influence of liquidity on financial performance. Fourth, corporate social responsibility in bridging the influence of these three variables on financial performance.

The difference between previous research and this research lies in the variable indicators used, samples, and research measurements to be used. Research conducted by Nariman (2022), does not use intervening variables, while researchers are currently using intervening variables, namely Corporate Social Responsibility. The use of this intervening variable aims to bridge the indirect effect between the independent variables and the dependent variable which actually has a relationship but is indirect. The second difference is that the current research period uses the 2017-2021 period, while previous research uses the 2018-2020 period. The third difference is the

measurement of the liquidity variable, which in this study uses the quick ratio, while Andara (2022) uses the current ratio.

Freeman (1984) argues that a stakeholder is a person or group of people who are influenced and influence the company's processes in achieving its goals. Stakeholder theory is used to explain the behavior of environmental disclosures where these disclosures can be used as a means of responding to the interests or expectations of stakeholders (Putra, 2017). Companies can meet the expectations of their stakeholders by implementing environmental performance practices and corporate social responsibility. This program is expected to be able to bridge the needs of the company, so as to create a harmonious relationship between the company and stakeholders and enable the company to achieve corporate sustainability in the future by increasing long-term financial performance.

Companies also need to pay attention to the level of company liquidity. research related to liquidity produces several findings. Megasari et al. (2020) shows the result that liquidity has no effect on financial performance. Meanwhile, the results of research conducted by Diana (2020) and Astutik (2022) reveal that liquidity has an effect on financial performance.

CSR is another factor that can have an impact on a company's financial performance. According to Widyaningrum (2022) states that Corporate Social Responsibility (CSR) is proven to be an intervening variable in the correlation between liquidity and financial performance. Research conducted by Meiyana (2019) also shows that CSR can mediate the influence between environmental performance and financial performance. While the results of Dewi's research (2019) show that CSR cannot be an intervening variable on financial performance.

RESEARCH METHODS

The population is a group of subjects and objects used by researchers to study which conclusions will then be drawn (Sugiyono, 2017). The population in this study are all Consumer Non Cyclicals sector companies that have gone public and are listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. The sample selection technique that will be used in this study is to use a purposive sampling method. The population obtained in this study were 98 companies.

Based on predetermined criteria, 91 samples were obtained from 21 companies that met the criteria. In this study, researchers used secondary data in the form of annual financial reports and annual reports of companies listed on the IDX in 2017-2021. The data source is obtained from the company's annual financial report downloaded from the Indonesia Stock Exchange website, namely, www.idx.co.id. Researchers also obtained data from the company's

official website as a research sample if the report was not found on the IDX website.

The data obtained will be tested using Eviews 12 software with a path analysis model. Path analysis is an extension of multiple linear regression analysis (Pardede & Manurung, 2014). The equation model formed is a model with two structural equations so that the path analysis equation in this study is:

$$CSR = \alpha + \beta1KL + \beta2G + \beta3QR + e1 \ldots\ldots\ldots\ldots (1)$$
$$KK = \alpha + \beta1KL + \beta2G + \beta3QR + \beta4CSR + e2 \ldots\ldots (2)$$

Information :
CSRi : Corporate Social Responsibility
α : Constant
$\beta1, \beta2, \beta3$: Regression coefficient
TOS : Environmental Performance
G : Growth
QR : Quick Ratio

e : standard of error

RESULT AND DISCUSSION

The data used has passed normality, multicollinearity and heteroscedasticity tests. The test results also show no autocorrelation symptoms, the coefficient of determination test is shown through the R^2 value which ranges from 0 to 1. While the hypothesis test is shown in the following table:

Table 1. Partial Test Results (t test)

Variable	P-Value	Result
KL	0.5106	Not Significant
GRWT	0.0007	Significant
LIQ	0.0423	Significant
CSR	0.0114	Significant

Sources: Proceesed Data *EViews* 12 (2022)

To find out the influence of variable X on variable Y through Corporate Social Responsibility as an intervening variable (Z), calculations must be carried out with path analysis, namely by multiplying the indirect coefficients shown in Table 9. Path analysis is an extension of multiple linear regression analysis (Pardede & Manurung, 2014).

Table 2. Path Analysis Test Results

Enviromental Performance

Variabel	Indirect Effect	Total Effect
KL -> KK	(-0.004833 X (0.106757)) 0,00052	-0,0229
KL -> CSR **Result**	-	-0.004833

Growth

Variabel	Indirect Effect	Total Effec
GRWT -> KK	(0.028657 x (0.106757)) : 0,01067	0.0969
GRWT -> CSF **Result**	-	0.028657

Corporate Social Responsibility

Variabel	Indirect Effect	Total Effec
CSR -> KK	-	-0.106757

Sources: Proceesed Data *EViews* 12 (2022)

Information:

1. Effect of Environmental Performance on Financial Performance

This study shows that environmental performance is not the key to improving financial performance. The company's financial performance can be improved without environmental performance. Based on data processing in this study, it is known that there are several companies that consistently experience a decline in financial performance even though the company is carrying out its environmental performance. For example, BWPT received a blue PROPER rating in 2017-2020 and a red rating in 2021 but its financial performance still received a negative value. The results of this study are in line with research conducted by Putra (2017) which states that there is no significant relationship between environmental performance, financial performance.

2. Effect of Sales Growth on Financial Performance

The results of this study confirm the existence of a signal theory which explains that sales growth from a company can give a positive signal to stakeholders, especially investors, where investors will be more interested in investing in companies that have high profits so that this will improve the company's financial performance. . High sales growth shows that the company has a competitive advantage thereby increasing the company's opportunities to expand its business (Angelia et al., 2021). Thus, large sales growth will also provide large profits for the company so that financial performance will increase. Research that is in line with the results of this study includes (Angelia et al., 2021) which found an influence between sales growth and financial performance and (Sukadana & Triaryati, 2018) which found similar results, namely that there is an influence between company growth on financial performance.

3. The Effect of Liquidity on Financial Performance

Signal theory can also explain that liquidity can provide good news or bad news signals for internal and external parties in assessing the company's financial performance. Companies with high liquidity can be a signal for management to attract investors to invest their capital. Management will be braver to show that their company is better and not compared to other companies by disclosing the good news. Because for investors, a good signal on the company's performance can be seen from how well its debt management is used to run the company's operations so that the company's high liquidity can be a signal of good news for stakeholders. Research that is in line with the results of this study includes (Jekwam & Hermuningsih, 2018) which shows that there is an influence between liquidity and financial performance. Effect of Environmental Performance, Company Growth and Liquidity on Financial Performance with CSR as an Intervening variable These findings are consistent with stakeholder theory which shows that companies that do not only focus on profits but also pay attention to the environment and the welfare of the surrounding community can attract consumers and other stakeholders. Therefore, companies that have complied with government regulations through PROPER will do better if accompanied by CSR implementation. It is not enough for a company to only produce environmentally friendly and environmentally responsible products, but the company also needs to take into account the impact of the company and its products on the welfare of the surrounding community.

Even so, it is not proven to mediate the relationship between company growth and liquidity on financial performance. After the COVID19 pandemic, consumers tended to hold back their spending and focus on products that were cheaper so that financial performance could still be achieved through increased sales and cash they received directly without increasing disclosure of CSR activities. Therefore, the high or low growth of the company and the level of liquidity can directly affect the financial performance of a company without large CSR disclosures. Therefore, companies can improve their financial performance directly through their cash without disclosure or increase in CSR activities.

CONCLUSION

Environmental management through and government programs carried out companies cannot or cannot be a factor in improving the company's financial performance. However, the high or low growth of a company as assessed through sales can affect a company's financial performance and the company's liquidity level, which means the company's ability to pay its obligations when they are due can affect the company's financial performance.

In addition, Corporate Social Responsibility (CSR) can be a link between the influence of environmental performance on financial performance. However, CSR cannot be a link between company growth and liquidity on financial performance

This study contributes to expanding knowledge related to financial performance by analyzing the influencing factors, namely environmental performance, company growth, liquidity and between Corporate Social Responsibility (CSR). However, environmental performance has not or cannot affect financial performance.

In addition, this research also contributes to expanding the previous related literature by examining the relationship between Corporate Social Responsibility (CSR) in mediating the relationship between environmental performance, company growth and liquidity on financial performance.

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