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THE INFLUENCE OF CSR, ENVIRONMENTAL INVESTMENT, ENVIRONMENTAL PERFORMANCE, ENVIRONMENTAL DISCLOSURE AND FINANCIAL PERFORMANCE (EMPIRICAL STUDY ON MANUFACTURING COMPANIES REGISTERED ON THE IDX)

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Abstract

This study aims to evaluate the influence of Corporate Social Responsibility (CSR), environmental investment, environmental performance, and environmental disclosure on the financial performance of companies. The research is motivated by the crucial role of sustainability practices and corporate social responsibility in supporting financial outcomes, particularly in the manufacturing sector, which has a significant environmental impact. A quantitative approach was employed using multiple linear regression analysis. The sample consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023, with a total of 195 observations. The findings reveal that, simultaneously, all four independent variables significantly affect financial performance. Partially, CSR and environmental performance make a significant positive contribution to enhancing financial performance, while environmental investment shows a negative effect and environmental disclosure has a significant negative impact on financial performance. The implication of this study is that companies need to carefully assess the effectiveness of their environmental investment allocation and disclosure strategies to ensure that they create added value for financial performance without reducing their commitment to sustainability.

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INTRODUCTION

CSR continues to be a hot topic in business world and investment community. Many companies around the world not only invest significant resources in CSR initiatives but also strive on disclose their CSR activities for various stakeholders and potential investors through various channels, including annual sustainable financial reports (Z. Wang et al., 2018) The concept CSR emphasizes the community intervention undertaken by companies. This concept emphasizes that CSR is not limited to profit-making alone. It is the obligation of corporate decision-makers to make decisions and act in a way that recognizes the relationship between business and society. Companies are now measured not solely by their financial performance, but also by how they contribute to social welfare and environmental protection (Angela & Sari, 2023).

One important aspect of CSR is environmental investment, which includes spending on various programs aimed at reducing negative environmental impacts. The manufacturing industry is one on industrial sectors that has a significant impact on environment and bears a significant responsibility for implementing environmentally friendly business practices. Business activities and all decisions have a significant impact to the environment, society, and these economy (Aftab., 2023). With increasing awareness of environmental impact, many companies are starting to invest in environmental programs aimed at reducing carbon emissions, managing waste effectively, and utilizing natural resources efficiently (Bouslah et al., 2018) This is not only aimed at complying with government regulations, but also at creating long-term value for organizational and society by enhancing the company's positive image and operational efficiency (Nguyen et al., 2020). Previous research has shown that CSR and investment in environmental aspects can drive improved financial performance through operational cost efficiency and increased competitiveness. This concept illustrates why companies that implement principles of social responsibility and environmental preservation tend to gain greater trust from customers and investors (Aftab et al., 2024) Shabir and Wisdom (2020), in their study of the manufacturing sector operating in Nigeria, demonstrated that environmental investment positively impacts financial performance. Similar findings were obtained by Jin and Xu (2020) in their study of public companies in China, where environmental investment was shown to positively contribute to financial performance.

Indonesia's overall Gross Domestic Product is heavily influenced by the contributions of the manufacturing industry. However, despite its economic importance, this industry also has a negative influence to the environment. To minimize these negative impacts, environmental management is essential (Galant & Cvek, 2021). Environmental performance represents the interaction between a company and its surrounding environment and illustrates the results of various environmental management efforts implemented by the company. This performance not only indicates how well a company fulfills its environmental responsibilities but also plays a crucial role on maintaining the organizational reputation and legitimacy from public and stakeholders (Aziz, 2016). The Indonesian government is currently playing a role in environmental management efforts by launching PROPER, a rating system designed to evaluate corporate performance in environmental management. This provides special recognition for companies committed to allocating their investments to environmental issues. Environmental performance is an element that influences a company financial performance, as appropriate environmental management can increase public confidence while driving profitability growth.

Another aspect that influences a organizational financial performance is transparency in environmental disclosures. Informative and high-quality disclosures demonstrate a company's dedication to responsible environmental management, which can improve financial performance and thus increase the company valuation (Al-tuwaijri & Ii, 2004) By transparently communicating environmental information, companies can build stakeholder trust. This trust not only strengthens the organizational image but can also drive increased revenue and corporate value, ultimately improving optimal financial performance (Wu & Li, 2023).

This statement is in accordance with (S. Wang, 2020) as well as (Lutfillah & Amadea, 2022) Both studies demonstrate that environmental disclosure has a positive affect on a companies profitability and financial performance. On other words, environmental management and reporting are not just about social responsibility, but also strategies that can drive overall business success.

Many studies have examined how CSR, environmental investment, environmental performance, environmental disclosure, and financial performance correlate, but their findings are mixed and inconsistent. A number of studi have show favorable correlation between corporate social responsibility implementation and financial performance, indicating that businesses that consistently address social and environmental concerns tend for achieve better financial results. The study was conducted (Alshehhi et al., 2018). A comprehensive analysis of the literature shows that corporate sustainability practices, including environmental investments, have positive relationship with financial performance, specifically demonstrating a correlated and beneficial relationship between CSR initiatives and improved financial performance. This relationship largely due to increased operational efficiency and stronger stakeholder trust. Other research by (Licandro et al., 2024) confirms that CSR programs contribute positively to corporate financial performance, particularly when mediated by stakeholder satisfaction. This study highlights that companies that actively participate in social and environmental management activities tend to experience increased profitability and growth.

This research has various gaps from previous research, one of which is because it was conducted in Indonesia where studies on environmental investment are still relatively rare, in contrast to previous research which focused more on other countries such as in the research (Jin & Xu, 2020) in China, (Galant & Cvek, 2021) in Croatia and (Shabbir & Wisdom, 2020)who conducted research in Nigeria. This study also utilized the GRI (Global Reporting Initiative) standards as a reference in assessing the level of environmental disclosure. This provides a unique contribution because in previous studies almost no one used GRI standards to measure corporate environmental performance. The latest GRI standards offer a more detailed framework in better sustainability reporting.

Referring to the explanation of the problems that have been described previously, the researcher aims to compile a study with "The Effect of CSR, Environmental Investment, Environmental Performance, Environmental Disclosure on Financial Performance (Empirical Study on Manufacturing Companies Listed on the IDX)". In study was conducted on manufacturing organizational at the Indonesia Stock Exchange (IDX) from 2019 to 2023. It is hoped that the findings of this study will be able to provide an important role on the development to existing literature and provide practical recommendations for companies in designing optimal CSR and environmental investment strategies.

HYPOTHESES DEVELOPMENT

The Influence of Corporate Social Responsibility (CSR) on Financial Performance

CSR has a significant positive impact to companies. Through implementing CSR activities, companies not only increase public trust in this quality of their products and services but also build a sustainable positive reputation. (Bahri & Cahyani, 2016). Organizations will provide information that has the potential to boost company value, which is considered good news for investors and stakeholders. According to research (Manrique, 2017). Companies with strong CSR programs have greater appeal to consumers who support sustainability, resulting in higher sales.

Overall, CSR provides a great opportunity for companies toImprove financial performance by strengthening reputation, increasing customer loyalty, accessing broader markets, and increasing cost efficiency. With the right CSR strategy, companies can create a balance between economic, social, and environmental goals, ultimately driving long-term business sustainability.

H1: CSR has a positive effect on financial performance.

The Impact of Environmental Investment on Financial Performance

Environmental investmentbecome part of an important strategic effort implemented by the company to obtain and maintain legitimacy in the eyes of the public and stakeholders. (Chariri, 2018). By achieving optimal legitimacy, companies not only encourage increased public trust but also strengthen their positive image and competitive advantage among investors and consumers (Andriana & Panggabean, 2017). This advantage provides a crucial asset for companies to create long-term business sustainability. Effective environmental investments help companies mitigate legal risks and costs associated with environmental violations, thereby minimizing unexpected expenses and increasing operational efficiency.

In addition, environmental investment canused as an indicator to estimate the organizational future financial condition, both in terms on potential profits and risk of loss (Galant & Cvek, 2021). The better a companies manage environmental investments, the greater likelihood of achieving financial benefits. By continuously increasing investment allocations to the environment, companies can be more responsive to regulatory demands and societal expectations regarding sustainability issues.

H2: Environmental investment has a positive effect on financial performance.

The Influence of Environmental Performance on Financial Performance

Kine Optimal environmental performance shows that the company is implementing business ethics and contributing to sustainability-oriented growth (Herbohn & Walker, 2014). A company that upholds business ethics is not only limited to compliance with regulations, but also actively carries out business activities that pay attention to social responsibility and environmental sustainability, and reflects its dedication to carrying out social responsibility. This plays a role in building a good reputation and creating a competitive advantage that distinguishes it from competitors in the eyes of the public, investors, and consumers (Andriana & Panggabean, 2017).

Image Good customer service and competitiveness are valuable assets that have the potential to attract more customers and strengthen investor confidence. All of this contributes to organizational revenue growth and strengthens its financial performance (Manrique, 2017). Improvements in a companies environmental performance not only help it maintain its operational continuity but also open up greater business opportunities in a market that is increasingly concerned about sustainability practices.

H3: Environmental performance has a positive effect on financial performance.

The Impact of Environmental Disclosure on Financial Performance

Companies that provide information about environmental aspects are usually more successful in attracting consumers to choose their products or services (Connor et al., 2019). Furthermore, disclosing environmental information also serves enabling companies to exhibit their commitment to social responsibility. This helps create a positive from the perspective of consumers and investors, enabling company to compete more effectively in the marketplace (S. Wang et al., 2020).

Increased sales, maintained corporate reputation, and a competitive advantage will all improve financial performance. On the other hand, disclosing environmental issues can boost revenue on building a stronger supporting increased sales and attracting stakeholder attention (Lutfillah & Amadea, 2022). Positive consumer and investor responses to the transparency of corporate environmental information contribute to the achievement of optimal financial performance (S. Wang et al., 2020). Furthermore, organizations that consistently disclose environmental information generally exhibit higher levels of stock liquidity. This helps lower transaction costs and the cost of capital, ultimately supporting improved overall company financial performance (Bidhari et al., 2015).

H4: Environmental disclosure has a positive effect on financial performance.

Based on the theoretical aspects who has portrayed and past investigate, conceptually system this investigate can be viewed in Figure 1. This figure also shows the hypotheses proposed in the research, from hypothesis one (H1) to hypothesis seven (H4), described as follows:

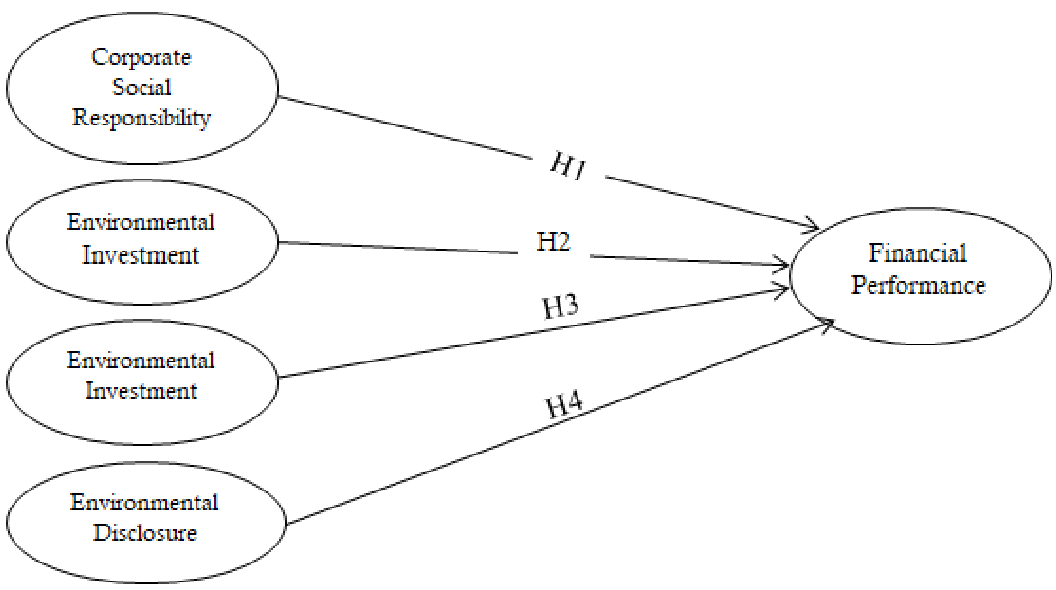

Figure 1. Research Model

METHOD

Data Types and Sources

This research use a quantitative descriptive type using secondary data obtained from financial reports of manufacturing organizations from 2019 to 2023. The information was accessed through on official website IDX and the websites each related companies.

Population and Sample

The study focuses on manufacturing organizations listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023. The sample was selected using a purposive sampling method. The criteria for company selected include: being listed at the IDX during that period, participating in Environmental Management Company Performance Rating Program, actively publishing annual and sustainability reports, and using Global Reporting Initiative (GRI) guidelines on reporting environmental aspects.and provide complete data related for information needed for this study. Based on specified criteria, 39 manufacturing companies were selected as samples for meeting the criteria set in this study from 2019 to 2023, resulting in a total sample of 195.

Independent Variables

Corporate Social Responsibility

CSR is an organization responsibility for social and environmental affect on its operational activities. CSR encompasses various efforts that demonstrate a company's concern for improving community welfare.environmental, and business ethics that are not solely oriented towards financial gain. CSR is a manifestation of a company concern for environment both within and outside its entity, as well as a strategic effort to create corporate sustainability through a balance between economic, social, and environmental interest (Sulastri & Widyastuti, 2022). The following formula is used to determine Corporate Social Responsibility (Haniffa et al, 2005 in Sayekti and Wondabio, 2007)

$$\text{CSRIj} = \frac{\sum \text{Xij}}{Nj}$$

Information:

CSRIj : Corporate Social Responsibility Disclosure index company j.

Nj : Number of items for the company.

Xij : Dummy variable1= if item i is disclosed; 0 = if item i is not disclosed.

Environmental Investment

Environmental investment is the expenditure or allocation of funds made by a company for activities aimed at protecting, restoring or improving the quality of the environment. Reffering to (Endrikat et al., 2021). There are indications that companies that invest heavily in environmental programs generally enjoy improved financial performance. The following is the formula used to determine environmental investment (Putri & Arsjah, 2023):

Environmental Investment = Rupiah Amount of Long-Term Asset Investment.

Environmental Performance

Environmental performance is a measure of how successfully a organization manages the environmental impacts of its operations, including pollution management, energy efficiency, and waste management. Sulistiawati & Dirgantari (2016) describe environmental performance as a company's implementation of environmental conservation efforts. Environmental performance is evaluated based on the organization's achievements in participating in programs organized by the Ministry of Environment as a form of encouragement for companies to comply with responsible environmental management.

Table 1. PROPER Environmental Performance Assessment

Representation Color	Information	Score
Gold	Managing the environment beyond the provisions, applying the 3R principle, running a sustainable system, and contributing positively to society in the long term.	5
Green	Carrying out environmental conservation efforts beyond regulatory standards.	4
Blue	Has implemented environmental conservation in line with existing requirements and regulations.	3
Red	Even though the company has managed the environment, its achievements have not fully met the requirements.	2
Black	Not carrying out environmental management significantly indicates an element of deliberate neglect of established environmental management obligations, thereby risking environmental pollution.	1

Environmental Disclosure

Environmental disclosure the provision on information by organization regarding its activities, policies, and the environmental impact of its operations. According to (Latridis & Alexakis, 2012). Companies that voluntarily disclose environmental information tend to have increased profitability and better growth rates because they convey more positive information to the public. The following is the formula for calculating environmental disclosure (Putri & Arsjah, 2023):

$$\text{GRI Score} = \frac{\textit{Total items disclosed}}{\textit{Total expected disclosure items}} x \ 100\%$$

Dependent Variable

Financial performance acts as a dependent variabledemonstrating the company’s capability for manage and control its finances for generate profits and maintain business sustainability. Financial performance can be evaluated from examining the companies financial statements comprehensively through a financial analysis approach. Financial performance assessment is generally conducted through ratio analysis, such as ROA (Return on Assets), ROE (Return on Equity), NPM (Net Profit Margin), and other ratios. In this research, financial performance measurement focuses on the use of profitability ratios. The types of profitability ratios used in this study are:

$$ROA = \frac{Net\ Income}{Total\ Aset} x\ 100\%$$

ROA is a profitability indicator that show the companies ability for generate profits by utilizing its total assets (Roa & Adyani, nd).

Data collection technique

This research employed secondary data collection techniques. This data reviewed spanned the years 2019 to 2023. Data sources included financial reports, annual reports, and company sustainability reports—provided these reports were available. All documents were obtained from the official IDX website (www.idx.co.id) and from the official websites of each organization.

Data Analysis Techniques

This studi adopted a data analysis approach using descriptive statistics, followed by multiple linear regression analysis. This regression approach was applied for examine the relationship between the independent and dependent variables. After all data was collected, the analysis process was conducted using SPSS. The available data were then subjected to a series of classical assumption tests and testing of the formulated hypotheses. The basis of analysis in this study refers to previously developed multiple linear regression model.

Financial Performance = β0 + β1 CSR + β2 Environmental Investment + β3 Environmental Performance + β4 Environmental Disclosure +Error

RESULT AND DISCUSSION

Descriptive Statistical Test

Table 2. Descriptive Statistical Test Result

	N	Minimum	Maximum	Mean	Standard Deviation
CSR	195	60.00	95.00	79.1538	7.77366
Environmental Investment	195	20.00	165.00	76.5846	32.51608
Environmental Performance	195	2.00	5.00	3.4769	.61194
Environmental Disclosure	195	.40	.93	.6680	.09676
Financial Performance	195	12.00	37.00	26.5354	4.77990
Valid N (Listwise)	195				

In Table 2, there are 195 observations frommanufacturing companies listed on the IDX during 2019-2023. On average CSR is 7.91538 with standard deviation of 7.77366, indicating that the average company is in the safe zone. Environmental investment in manufacturing companies during the 2019-2023 period has a minimum value on 20.00 with a maximum value 165.00. Overall, the average environmental investment variable is 76.5846 with a standard deviation of 32.51608. Environmental performance shows a table of 3.4769, meaning the average environmental performance of the company is 34.76%. Environmental disclosure in companies in the 2019-2023 period has a minimum value 0.40 with a maximum value 0.93. Overall, the average environmental disclosure variable is 0.6680 with a standard deviation of 0.09676. Financial performance in manufacturing companies during the 2019-2023 period has a minimum value 12.00 with a maximum value 37.00. Overall, the average financial performance in companies is 26.5354 with a standard deviation of 4.77990.

Classical Assumption Test

Before testing the research data, we conducted a classical assumption test. This step is important for ensuremodel reliability and detect potential problems in the research data. Classical assumption tests are conducted through four types of tests: normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Normality Test

This test is carried out to see whether the residuals of this study have a normal distribution or not, because good regression requires a normal distribution (Ghozali, 2016).

Table 3. Normality Test Results

Criteria		Unstandardized Residual
N		195
Normal Parameters[a,b]	Mean	-.6961621
	Std. Deviation	4.61816407
Most Extreme Differences	Absolute	.048
	Positive	.048
	Negative	-.027
Test Statistics		.048
Asymp.Sig. (2-tailed)		.200[c,d]

The outlier data that was removed was 5 data so that the number of samples in this study was195 data. The normality test in this research was conducted using Kolmogorov-Smirnov method. Based on results shown in Table 3, this Asymp. Sig. (2-tailed) value is 0.200, which exceeds significance limit on 0.05. Thus, it can be concluded that the residual distribution in this study meets the assumption of normality.

Multicollinearity Test

This test is used to identify relationship between independent variables at regression model. Ideally, in a good regression model, there is no correlative relationship between the independent variables (Ghozali, 2016)

Table 4. Multicollinearity Test Results

Model	Tolerance	VIF
(Constant)		
CSR	0.568	1.76
Environmental Investment	0.827	1.209
Environmental Performance	0.698	1.432
Environmental Disclosure	0.408	2.449

According to Table 4, all tolerance values exceed 0.1 and all VIF values are more than 10. This analysis confirms regression model used is free from symptoms on multicollinearity between independent variables.

Heteroscedasticity Test

This test is used for identify inconsistencies in residual variance of regression model, which could indicate a violation of classical assumptions. In research, the test was conducted using the scatterplot method as a visual analysis tool (Ghozali, 2016)

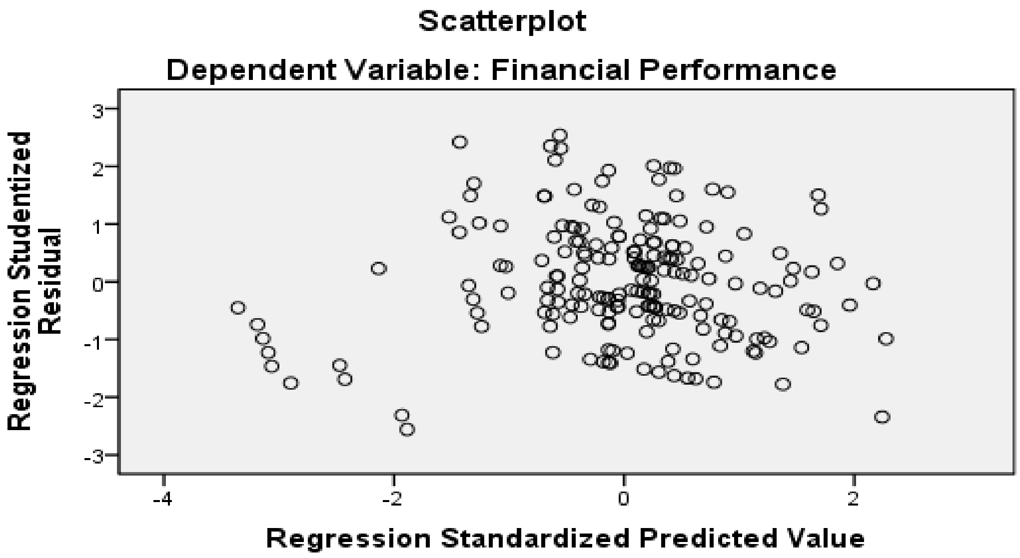

Figure 2. Scatterplot Graph

Based on figure 2, distribution points on scatterplot which are spread evenly around the zero line on the Y axis without a systematic pattern indicates the regression model does not experience heteroscedasticity problems.

Autocorrelation Test

This test is used to identify the correlation between residual errors in the current period and the previous period. To this end, the studies applies the Durbin-Watson method, with the criterion dU < DW < (4 - dU) (Ghozali, 2016)

Table 5. Correlation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.648a	.420	.417	3.51564669	1.985

Reffering to Table 5, the value is 1.985, with the number N (195). With a significance level 5% in the Durbin-Washton table, the dU value can be seen to be 1.8076, thus the researcher can write the equation 1.8076 < 1.985 < 2.1924, which means it is in accordance with the criteria,Thus, this finding indicates that autocorrelation is not found in model, so the regression model can be declared suitable.

Hypothesis Testing

Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients
Model		B	Std. Error	Beta
1	(Constant)	21.534	3.842	
	CSR	.207	.055	.336
	Environmental Investment	-.005	.011	-.036
	Environmental Performance	1.297	.636	.166
	Environmental Disclosure	-23.1625	.258	-.469

From the table above, multiple linear regression equation can be arranged as follows:

Financial Performance = 21.534 + 0.207(CSR) – 0.005 (Environmental Investment) + 1.297 (Environmental Performance) – 23.162 (Environmental Disclosure) +Error

Based on the table above, regression equation above is explained as follows the constant value (a) of 21.534 indicates that in conditions where all independent variables do not contribute (have a value of zero), the company financial performance is projected to be at 21.534. Regression coefficient forCorporate Social Responsibility(CSR) is 0.207, meaning that every 1% increase in Corporate Social Responsibility (CSR) increases financial performance by 0.207 assuming other variables are constant.

Regression coefficient for environmental investment is -0.005, meaning that every 1% increase in environmental investment decreases financial performance by 0.005 assuming other variables are constant. The regression coefficient of 1.297 on the environmental performance variable indicates that every 1% increase in environmental performance will increase the companies financial performance by 1.297, assuming that other variables remain unchanged.

The regression coefficient value for environmental disclosure variable of -23.162 indicates that every 1% increase in environmental disclosure will reduce the company's financial performance by 23.162, assuming that other variables remain constant.

Hypothesis Test Results

Coefficient of Determination Test

Table 7. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648[a]	.420	.417	3.51564669

Referring to Table 7, the coefficient of determination was recorded at 0.417, or 41.7%. This result indicates that the independent variables, consisting of Corporate Social Responsibility (CSR), environmental investment, environmental performance, and environmental disclosure, are able to explain 41.7% of the influence on the dependent variable, namely financial performance. However, there is still 58.3% that can be explained by other variables.

T-Test (Partial Test)

Table 8. Partial Test

Model	T	Sig	Information
1 Constant	2.402	.017	-
CSR	4.331	.000	Positive Influence
Environmental Investment	1.012	.313	No effect
Environmental Performance	3.582	.000	Positive Influence
Environmental Disclosure	-4.985	.000	Negative Influence

According on illustration presented, significance value of less than 0.05 indicates a relationship between the independent and dependent variables. Referring to the data in the same table, it was found that CSR and environmental performance have a positive effect on a company's financial performance. Conversely, investment in the environmental sector does not show a significant effect, while environmental information disclosure actually has a negative impact on financial performance. Therefore, it can be concluded the first, third, and fourth hypotheses are accepted, while the second hypothesis is rejected.

Table 9. Simultaneous Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1220.742	4	305.185	7.412	.000b
	Residual	8029.289	195	41.176		
	Total	9250.031	199			

Based on simultaneous test results, a significance 0.000 was obtained, which is more than 0.05. This indicates that regression model used in research is valid and suitable to predicting financial performance. That is to say, all independent variables analyzed significantly explain variability in the dependent variable.

DISCUSSION

Influence Corporate Social Responsibility (CSR) on Financial Performance

Reffering to the partial test findings show in Table 8, the CSR variable measured through the ratio between the number of disclosed items to total items available with a dummy approach, 1 for disclosed items and 0 for those not, obtained a significance value of 0.000. Because this value is below the significance threshold 0.05, it can be concluded that CSR implementation has a significant effect to financial performance in manufacturing companies listed on IDX, so that H1 in study is accepted.

CSR not only represents a company's commitment to social issues, but also serves as a crucial strategy that contributes for improved financial performance. (Sholihah & Fidiana, 2021). These results show a positive correlation between the implementation of CSR and financial performance. CSR itself reflects dedication on companies and business actors to supporting sustainable economic growth, while maintaining a balance between economic, social, and environmental dimensions. Besides that (Sarfraz., 2020) stating the company is actively implementing CSR programshave a tendency to manage the use of energy and raw materials more optimally and economically,and is able to reduce waste and other environmental costs.

The Impact of Environmental Investment on Financial Performance

Reffering to the results Hypothesis test Table 8 shows that the partial test shows that the environmental investment variable is measured by rupiah amount of long-term assets. It is known that the significance value 0.313 > alpha 0.05, meaning that there is no influence between environmental investment and financial performance in manufacturing companies listed on the IDX. In this case, H2 is rejected.

Environmental investmenthas not had a significant affect at the financial performance of companies in the manufacturing sector. This remains true even though the manufacturing industry is known as one of the sectors with a relatively high level of environmental intensity and is theoretically expected to benefit from environmental investments. In reality, spending allocated to these activities has not resulted in any tangible improvements in financial indicators. This is in line with research (Putri & Arsjah, 2023). The results confirm that environmental investments do not significantly impact corporate financial performance. Environmental investment efforts have so far been unable to effectively maintain corporate legitimacy or build a positive image among external stakeholders, thus failing to significantly improve financial performance.

The Influence of Environmental Performance on Financial Performance

According on partial hypothesis findings (see Table 8), the environmental performance variables represented through organizational achievement in PROPER—obtained a significance value of 0.000. The value is less than 0.05, so it can be concluded that there is a significant impact between environmental performance and financial performance in manufacturing company listed on the IDX, in this case H3 is accepted.

These results strengthen the results of (Lalo, 2021) who found that improving an organizational environmental performance can contribute to improved financial performance by strengthening its image. A positive reputation fosters trust from consumers and investors, thereby increasing investment flows and company revenue. This improvement then impacts the organization overall financial performance. Good environmental performance enables organizations to reduce operational costs, avoid environmental sanctions or fines, and increase production process efficiency. Furthermore, positive environmental achievements also contribute to an improved corporate image, which in turn can encourage more investment, foster increased consumer loyalty, and strengthen market position.

The Impact of Environmental Disclosure on Financial Performance

From partial hypothesis test results shown in Table 8, t-value was -4.985 with a significance level on 0.000. Because this value is more than 0.05, it can be concluded that there is a significant influence between environmental information disclosure and financial performance in manufacturing companies listed on IDX. H4 Accepted.

This proves that the wider the scope of environmental information conveyed by an organization, the greater its influence on changes in financial performance., although direction of the t-coefficient indicates a negative relationship.

Environmental disclosure can influence market perception, increase investor confidence, and strengthen a company's image and reputation. Ultimately, this can contribute to increased company value, easier access to financing, and consumer loyalty. However, the negative direction of the effect in the test results in this study may indicate that in the short term, the costs incurred to comply with and disclose environmental information may not generate direct financial benefits, or may even be an additional burden for the company.

Although environmental disclosure has been shown to significantly impact financial performance, the negative direction of the impact indicates that companies need to consider effective and proportional disclosure strategies, in order to balance environmental responsibility and financial sustainability.

CONCLUSION AND RECOMMENDATION

The finding of multiple linear regression analysis revealed simultaneously, the independent variables of CSR, environmental spending, environmental performance, and environmental disclosure significantly influence corporate financial performance. Partially, CSR and environmental performance variables were shown to contribute positively and significantly to financial performance. Conversely, environmental spending and environmental disclosure showed a significant negative impact on corporate financial results.

The findings lead to several recommendations for future. Results of this study provide several suggestions for future research, one of which is regarding the relationship between independent variables and financial performance can only explained by 41.7%, so that the remaining 58.3% comes from other model. This study is expected for use other companies in more complex sectors to optimize the findings and integrate additional variables with more accurate measurement methods for increase the coefficient of determination in the research.

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