Exploring the Role of Environmental Impact in Maximizing the Effect of CSR on Profitability

Ellyzabeth Sonia Saeguso[1]
Eko Budi Santoso[2]
[1,2]Fakultas Bisnis dan Manajemen Universitas Ciputra Surabaya, Indonesia
**Correspondences*: esaeguso@student.ciputra.ac.id

ABSTRACT

This study aims to look at the effect of CSR on profitability and environmental impact as a moderating variable in the relationship between CSR and profitability. The method used in this study is a quantitative method with secondary data derived from sustainability reports of wholesale, retail, telecommunications, mining, transportation and public utility sector companies in 2022. Sample selection using purposive sampling method with a population of 148 companies listed on Osiris. The sample used was 124. This data is processed using multiple linear regression tests. The results showed that CSR has no significant effect on profitability proxied by NPM. Environmental impact does not moderate the relationship between CSR and profitability. Environmental impact has a positive effect on profitability which is a new discovery in the study. The results of this study can contribute to companies and investors in decision making.

Keywords: *CSR; Profitability; Environmental Impact.*

Menggali Peran Dampak Lingkungan dalam Memaksimalkan Pengaruh CSR Terhadap Profitabilitas

ABSTRAK

Penelitian ini bertujuan untuk melihat pengaruh CSR terhadap profitabilitas dan dampak lingkungan sebagai variabel moderasi dalam hubungan CSR dan profitabilitas. Metode yang digunakan dalam penelitian ini adalah metode kuantitatif dengan data sekunder yang berasal dari sustainability report perusahaan sektor wholesale, retail, telekomunikasi, pertambangan, transportasi dan utilitas publik tahun 2022. Pemilihan sampel menggunakan metode purposive sampling dengan jumlah populasi 148 perusahaan yang terdaftar pada Osiris. Sampel yang digunakan adalah sebanyak 124. Data ini diolah menggunakan uji regresi linier berganda. Hasil penelitian menunjukkan bahwa CSR tidak berpengaruh signifikan terhadap profitabilitas yang diproksikan dengan NPM. Dampak lingkungan tidak memoderasi hubungan CSR dan profitabilitas. Dampak lingkungan berpengaruh positif terhadap profitabilitas yang menjadi penemuan baru dalam penelitian. Hasil penelitian ini dapat memberi kontribusi bagi perusahaan dan investor dalam pengambilan keputusan.

Kata Kunci: CSR; Profitabilitas; Dampak lingkungan.

Artikel dapat diakses : https://ojs.unud.ac.id/index.php/Akuntansi/index

E-JURNAL AKUNTANSI

e-ISSN 2302-8556

Vol. 34 No. 11
Denpasar, 30 November 2024
Hal. 2916-2930

DOI:
10.24843/EJA.2024.v34.i11.p13

PENGUTIPAN:
Saeguso, E. S., & Santoso, E. B. (2024). Exploring the Role of Environmental Impact in Maximizing the Effect of CSR on Profitability. *E-Jurnal Akuntansi*, 34(11), 2916-2930

RIWAYAT ARTIKEL:
Artikel Masuk:
15 September 2024
Artikel Diterima:
19 Oktober 2024

E-JURNAL AKUNTANSI
VOL 34 NO 11 NOVEMBER 2024 HLMN. 2916-2930

INTRODUCTION

The growing issue of Corporate Social Responsibility (CSR) has been highlighted through various media and is becoming increasingly important in the business world due to the increasing realization that business practices cannot be separated from CSR (Pramudita & Widianingsih, 2023; Santoso, 2021). CSR has become a business strategy that can add value to the company (Ardiansyah & Alnoor, 2024). In addition, CSR can strengthen relationships with stakeholders such as the community, consumers, employees, government, and the environment. The greater the company's responsibility to the environment can advance its reputation in the eyes of society and will attract investors to invest in the company (Erawati & Cahyaningrum, 2021).

SPARING and SISPEK are examples of corporate responsibility to the environment. SPARING or a continuous and networked wastewater quality monitoring system is used to automatically monitor, record, and report parameters or discharge of industrial wastewater (PPID | Kementrian Lingkungan Hidup dan Kehutanan, 2023). SISPEK or the Continuous Industrial Emissions Monitoring Information System manages and organizes emissions monitoring data from industrial chimneys using continuous measurement or Continuous Emissions Monitoring System (CEMS). To date, 122 industries have implemented SISPEK with a total of 310 chimneys (PPID | Kementrian Lingkungan Hidup dan Kehutanan, 2023). The data is an example that CSR has been implemented in several industries. The Ministry of Industry plans to accelerate the achievement of Net Zero Emission (NZE) targets in the industrial sector through efforts to reduce industrial waste and reduce emissions from energy use (Kemenperin, 2023). To support this, companies need to highlight their social and environmental responsibilities. Industrial companies can act as drivers or agents of positive change in advancing sustainable development, namely through CSR practices within the company.

CSR practices disclosed by companies are generally in the *sustainability report*, which aims to convey CSR activities that have been carried out by the company. In Indonesia, provisions regarding CSR are regulated in POJK Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. There are many companies that implement CSR not optimally, but only as a form of formality to fulfill obligations and avoid penalties (Liczmańska-Kopcewicz et al., 2019; Pramudita & Widianingsih, 2023). CSR disclosure is not just to fulfill the rules but can have an impact on corporate profits or profitability (Aagaard & Ritzén, 2020; Porter-O'Grady & Malloch, 2018; Rachmawati et al., 2019). Legitimacy theory states that companies must operate within the norms and expectations of society to maintain social legitimacy. CSR disclosure helps improve image, strengthen relationships with stakeholders, and increase profitability.

A natural resource-based strategy is a key step to increase profitability while ensuring long-term business sustainability. By utilizing resources efficiently, adopting green innovation, and developing environmentally friendly products, companies can create economic value while protecting the environment (Eyo-Udo et al., 2024). In research (Hasan et al., 2023) also focused on natural resource-based strategies to increase profitability and sustainability.

Profitability is a measurement tool to illustrate the strength of the company's financial efficiency and overall business health. Profitability measured using *Net Profit Margin* (NPM) can show how CSR disclosure improves the company's reputation and attracts various parties such as investors, consumers and creditors to invest or cooperate (Wulandari, 2020). NPM is part of the profitability ratio component which indicates the percentage of net profit earned by a company after deducting taxes (Fathimah & Hertina, 2022). In this study, profitability is measured using NPM because it can provide a direct picture of how the company's efficiency through net income from each income earned.

Research conducted by (Khoesuma, 2022), (Erari & Nurjanah, 2021) and (Wulandari, 2020) states that CSR has a significant positive effect on NPM. Meanwhile, according to (Setiyawati & Basar, 2017) CSR disclosure has no effect on profitability proxied by NPM. To resolve the inconsistency of these studies, this study adds the environmental impact variable as a moderating variable because environmental aspects are one of the key elements in CSR practices, especially in an era where environmental sustainability is increasingly considered by various stakeholders. CSR disclosures that are more focused on environmental initiatives, such as carbon emission reduction, waste management, and energy efficiency, can affect the company's image in the eyes of the public, including consumers, investors, and the government. Focusing on high and low environmental impact industry sectors based on SIC codes (Moratis & van Egmond, 2018) provides a more specific framework for evaluating the effect of CSR on profitability.

Research shows that companies with high environmental impacts tend to have greater exposure to environmental risks. Therefore, companies in these sectors that proactively disclose and implement environment-related CSR initiatives often get a positive response from stakeholders, as revealed in studies by Jo and Harjoto (2012) and Shahbaz et al. (2014), in (Deanovena H., 2018) found that CSR in sectors with high environmental risk can contribute significantly to increased profitability through enhanced reputation and customer loyalty.

In contrast, in companies with low environmental impact, the relationship between CSR and profitability may not be as strong because exposure to environmental risks is more minimal. Research by (Schreck, 2011) suggests that in these sectors, CSR initiatives that focus on social impact may be more relevant in improving financial performance than environmental initiatives. Therefore, low or high environmental impact may affect the relationship between CSR and profitability, with sectors with high environmental impact likely to see a more significant effect of CSR on profitability than sectors with low environmental impact.

Research conducted (Safitrih et al., 2024) analyzed the relationship between CSR, profitability, and environmental sustainability using the meta-analysis method. The results show that CSR affects profitability, although there is variation in the effect on specific profitability. In research (Hasan et al., 2023)CSR affects environmental performance in developing countries through green innovation and sustainability strategies. The impact of CSR on environmental outcomes with an empirical approach to companies in Slovakia, shows a positive relationship between CSR and better environmental management (Dubravská et al., 2020). Companies maximize the positive impact of CSR by considering the balance of profit and environmental responsibility (Eyo-Udo et al., 2024). Environmentally friendly practices as part of a CSR strategy to create sustainable benefits for both the company and society (Ibrahim et al., 2023).

The mining, transportation and public utility sectors are examples of sectors that have high environmental impacts. Because the mining sector has conflicts that can have a serious impact on the community and the surrounding environment and even have a permanent impact (Gunawan, 2023; Harefa, 2020; Rosyid et al., 2020). The transportation and public utilities sector is the main foundation in supporting economic activities and has a role in the environment and society on a daily basis. The Climate Transparency 2022 report states that in 2021 the electricity sector as Indonesia's public utility accounted for 43% of the country's total emissions followed by the transportation sector at 25% (IESR, 2022). The telecommunications, wholesale and retail sectors have a low environmental impact due to the minimal waste production in these sectors. However, the sector still inevitably contributes to environmental issues such as carbon emissions and plastic waste if not managed properly.

Resource Based Theory (RBT) according to Grant (1991) is a concept that suggests that companies can develop their competitive advantage by managing company-owned resources, so that companies can maintain their existence in the long term (Ramadhan et al., 2019). RBT according to Wernerfelt (1995) states that companies that own, control, and use crucial strategic assets can achieve an edge in business competition and achieve positive financial results (Puspitasari et al., 2024). To achieve this competitive advantage, companies must ensure that they have four characteristics: valuable, rare, difficult to imitate and irreplaceable. Companies that do and disclose CSR will be considered an advantage when compared to companies that do not pay attention to CSR. CSR is a competitive resource or a company advantage to win the competition that can affect the profitability of the company. The presence of environmental impacts will increase the importance of CSR in the company. If the company has a negative or high environmental impact, then the company's drive to carry out CSR will be stronger. CSR and environmental impact are not only social and environmental aspects, but also an important element in business strategy that contributes to the competitiveness of the company.

CSR is an attempt by a company to improve its reputation among the community by developing social efforts, both externally and internally (Uci Rosalinda et al., 2022). CSR involves a company's efforts to integrate social, environmental and economic concerns into its operations. Companies that practice CSR towards the environment can strengthen economic development and improve the quality of the environment, while those that do not practice CSR are likely to receive public demands. Such as protests from environmental activists or communities against companies that ignore CSR. Not all CSR activities carried out by companies are recorded in the *sustainability report*, but if the company receives benefits that are greater than the costs allocated, the company will honestly disclose the CSR activity report (Pondrinal, 2019). The Indonesian government encourages the practice of CSR through regulations such as Law 40 of 2007 regarding Limited Liability Companies that are obliged to contribute a portion of profits to carry out corporate social responsibility.

CSR combined with environmental initiatives plays a significant role in increasing the profitability of companies, especially in the long run. This research underscores the importance of a strategic approach in implementing CSR to not only meet stakeholder needs but also create financial and environmental sustainability (McWilliams, 2020). Companies can create sustainable value by integrating Corporate Social Responsibility (CSR) principles with their business strategy. The author argues that companies that successfully create sustainable value do not only focus on financial returns but also pay attention to the social and environmental impacts of their activities (Lin & Qamruzzaman, 2023). The relationship between corporate social performance (CSR) and financial performance. This research reviews existing studies to assess whether there is a positive relationship between CSR and corporate financial performance (Baratta et al., 2023).

Profitability reflects a company's proficiency in creating profits by utilizing revenues that can be influenced when conducting environmental management activities (Ali et al., 2021; Ambarwati & Vitaningrum, 2021; Tjoa & Patricia, 2022). The level of profitability reflects operational efficiency, cost management, product or service selling price, and market attractiveness. Profitability ratios are utilized by investors to evaluate the company's financial performance as a consideration in making investment decisions. NPM is one of the ratio components to assess the company's profitability. NPM measures the percentage of net income compared to total revenue, thus providing a clear picture of profitability according to the scale of the company's operations. NPM provides more comprehensive information because it considers all costs and expenses, including taxes and interest expenses.

The existence of industrial companies will inevitably have an impact on the community and the environment around the residential area *(*Mena et al.*, 2019)*. Environmental impacts are changes that occur in the environment as a result of an activity. These changes can be positive or negative, but what is often in the spotlight is the negative impact caused by industrial companies. Companies often only focus on profits and do not pay attention to the impact on the environment. In line with the *Triple Bottom Line* which is a concept that a company must consider aspects of *profit, people, planet* (Elkington, 1998). The concept explains that companies should consider the welfare of society and protect the environment, not just focus on making profits (Kahfi et al., 2023). Therefore, companies must implement environmentally friendly practices through CSR practices that integrate social, environmental and economic aspects.

In *Resource Based Theory*, companies that have superior resource management can increase profitability. If the company's resources are CSR practices, the company will be considered superior because it can produce a positive impact on society and the environment. It can affect profitability because such responsible behavior will improve the company's image, contribute to sustainable development and build stakeholder trust that will attract new investors. Research by (Khoesuma, 2022), (Wulandari, 2020), (Erari & Nurjanah, 2021), (Amor-Esteban et al., 2018) stated that CSR has a significant positive effect on NPM. These results prove that the more the level of CSR disclosure, the more likely the company will have a high NPM.

H_1: CSR has a positive effect on profitability

Companies that disclose CSR and have low environmental impact will have a competitive advantage over other companies. A company with a high environmental impact sector may have more profitability when it does and discloses CSR. This shows that the presence of environmental impacts will increase the importance of CSR. Researchers did not find previous research on environmental impact as an influence on the relationship between CSR and profitability, researchers only found research with environmental impact as a moderating variable. Research by (Moratis & van Egmond, 2018) shows that environmental impact has a positive relationship with the relationship between CSR and earnings management even though CSR and earnings management do not have a significant effect.

H_2: Environmental impact strengthens the relationship between CSR and profitability

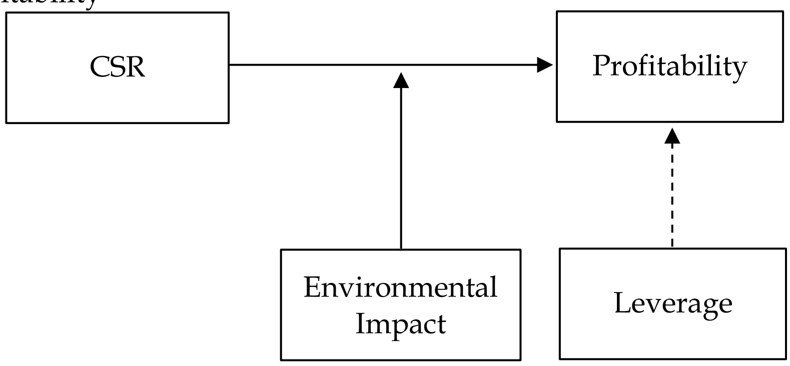

Figure 1. Research Model

Source : Research Data, 2024

Leverage is added as a control variable because the level of corporate debt can influence financial and operational policies, including CSR-related decision-making. By controlling for leverage, the analysis becomes more accurate in seeing the relationship between CSR and other variables, without the bias caused by differences in corporate debt levels.

RESEARCH METHOD

This research uses quantitative methods with secondary data. This research focuses on the wholesale, retail, telecommunications, mining, transportation and public utility sectors listed on Osiris in 2022. The use of Osiris in this study is because Osiris provides comprehensive information about companies in Indonesia listed in various sectors, including the sectors used in this study. The selection of the year 2022 is because it can provide a relevant picture of CSR disclosure in the midst of post-pandemic recovery and increasing public awareness of sustainability issues.

The population of this study consists of 274 companies from 5 sectors based on Osiris. The sampling selection method uses purposive sampling with criteria such as: (1) Companies in the mining, transportation and public utilities, telecommunications, wholesale and retail sectors that publish *sustainability reports* in 2022 and can be accessed; (2) Companies with *sustainability reports* with a list of

CSR disclosures according to POJK Number 51/POJK.03/2017 or SEOJK Number 16/SEOJK.04/2021.

In this study, CSR is the independent variable. CSR is a corporate social responsibility that includes efforts to share a positive impact on society and the environment. CSR calculation is based on POJK Number 51/POJK.03/2017 with 59 indicators, while in SEOJK Number 16/SEOJK.04/2021 there are 62 indicators (Puyo et al., 2024). Measurement of CSR disclosure is done by following the CSR list from POJK or SEOJK according to the rules followed by the company. The formula for calculating a company's CSR disclosure score (Pramudita & Widianingsih, 2023).

$$CSRD_{ij} = \frac{\sum X_{ij}}{N_j} \quad \text{.......(1)}$$

Description:
$CSRD_{ij}$ = CSR Disclosure Index of company j
$\sum X_{ij}$ = "1" if item i is disclosed, "0" if item i is not disclosed
N_j = There are 52 CSR items based on POJK Number 51/POJK.03/2017 or 62 items based on SEOJK Number 16/SEOJK.04/2021 that should be disclosed. If the company discloses CSR based on POJK but the numbering uses SEOJK, then the divisor used is SEOJK 62 items. The use of two measurements aims to provide a more comprehensive and accurate analysis in evaluating companies' CSR disclosure practices. This ensures that all relevant items are still taken into account in the analysis, despite variations in the manner of disclosure.

Profitabilitas dalam penelitian ini merupakan variabel dependen. Profitabilitas merupakan kapabilitas suatu perusahaan untuk mendatangkan keuntungan dari operasinya. Profitabilitas dihitung menggunakan NPM dengan rumus (Kasmir, 2018).

$$NPM = \frac{Net\ profit}{Sales} \quad \text{.......(2)}$$

This study uses environmental impact as a moderating variable. The environmental impact in the company is the effect produced by its operational activities on the surrounding physical environment. The environmental impact of the company is measured by a *dummy* variable based on the grouping of its industrial sector according to the SIC *codes* (Moratis & van Egmond, 2018). Sectors that have a high environmental impact are given a score of "1". While sectors that have low environmental impact are given a score of "0".

Table 1. *Dummy* Variable Scores

Sector	Score
Mining, Transportation and Public Utilities	1
Telecommunications, Wholesale, Retail	0

Source : Research Data, 2024

The control variable in this study is the leverage ratio. The leverage ratio measures the extent to which the company relies on debt in financing operations compared to its own capital. Leverage is measured using the *debt to asset ratio* with the formula (Kasmir, 2018).

$$Debt\ to\ Assets\ Ratio = \frac{Total\ debt}{Total\ assets} \quad \text{.......(3)}$$

This study applies multiple linear regression analysis methods, with the regression equation as follows:

Hypothesis 1:

$Y = \beta_0 + \beta_1 CSR + \beta_2 DL + \beta_3 DAR$..(4)

Hypothesis 2:

$Y = \beta_0 + \beta_1 CSR + \beta_2 DL + \beta_3 CSR\ x\ DL + \beta_4 DAR$...(5)

Description :

Y	= Profitability (NPM)
CSR	= CSR Disclosure
DL	= Environmental impact
DAR	= Debt to Asset Ratio

RESULTS AND DISCUSSION

Table 2. Purposive Sampling Result

Sample Criteria	Amount
Starting population	274
Companies that do not publish a *sustainability report* in 2022 with a list of CSR disclosures based on POJK Number 51/POJK.03/2017 or SEOJK Number 16/SEOJK.04/2021	(126)
Total research sample	148

Source : Research Data, 2024

The data that meets the sample criteria is 148. The normality test has been carried out and there is outlier data which is data that is much different from a set of other observation data, which can be much higher or lower. Outliers are done using the graph box method and the data is removed based on the number of points on the graph box. The outlier data was 24 and the remaining 124 were used for the multiple regression test.

Table 3. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	124	0,44	1	0,86	0,10
Profitability (NPM)	124	-2,46	0,4	0,09	0,28
Environmental Impact	124	0	1	0,48	0,50
DAR	124	0,01	177,01	2,67	18,22

Source : Research Data, 2024

CSR disclosure has a minimum value of 0,44, namely at PT Cardig Aero Services Tbk and PT Jasa Berdikari Logistics Tbk in the transportation and public utilities sector. The maximum value of CSR is 1,0 found in PT Dewata Freightinternational Tbk in the transportation and public utilities sector, PT Bukit Asam Tbk in the mining sector and PT Surya Citra Media Tbk in the telecommunications sector. The average CSR disclosure is 0,86, while the standard deviation of CSR disclosure is 0,10. Then the minimum value of NPM is -2,46 found in PT Bakrie Telecom Tbk in the telecommunications sector and the maximum value of NPM is 0,4 found in PT Mitrabara Adiperdana Tbk in the mining sector. The average NPM is 0,09, while the standard deviation of NPM is 0,28. Environmental impact as a moderating variable is measured using a dummy variable. A value of 1 indicates a company sector that has a high environmental impact, namely in the mining, transportation and public utilities sectors. While the value of 0 indicates the company sector that has a low environmental impact, namely in the telecommunications, wholesale and retail sectors.In the results of purposive sampling there are 124 data with 48,3% as a corporate sector with high environmental impact and 51,6% as a corporate sector with low environmental impact.The minimum value of DAR as a control variable is 0,01 in PT Sumber Alfaria Trijaya Tbk in the retail sector and the maximum value is 177,01 in PT Bakrie Telecom Tbk in the telecommunications sector. The average DAR is 2,67, while the standard deviation is 18,22.

Table 4. Classical Assumption Test Results

	Regression 1	Regression 2
	VIF	
CSR	1,00	0,44
DL	1,01	-2,46
DL x CSR	-	0
DAR	1,02	0,01
Normality (Prob>chi2)	0,0519	0,0560
Heteroscedasticity (Prob>chi2)	0,3302	0,3215

Source : Research Data, 2024

The classic assumption test is used to test the quality of data. The classic assumption test in table 3 contains normality test, multicollinearity test and heteroscedasticity test. The normality test using the skewness test with results >0,05 indicates that the data is evenly distributed or normal. The multicollinearity test is carried out by paying attention to the VIF (*Variance Inflation Factors*) results, these results show the VIF value of all variables is <10. This means that there are no multicollinearity symptoms in the regression model or there is no relationship between the independent variables. The heteroscedasticity test results show a value of >0,05, which means that there are no symptoms of heteroscedasticity in the regression model.

Table 5. Multiple Linear Regression Test Results

	Regression 1		Regression 2	
	Coef.	Sig.	Coef.	Sig.
CSR	-0,08	0,42	-0,09	0,40
DL	0,06	0,01	0,06	0,01
DL x CSR	-	-	0,06	0,78
DAR	-0,01	0,00	-0,01	0,00
F	193,28		143,87	
Prob > F	0,00		0,00	
Adjusted R-squared	0,82		0,82	

Source : Research Data, 2024

There is an Adjusted R-square of 0,82. This figure is interpreted as the contribution of the independent variable to the dependent variable, which is 82% of both regression 1 and regression 2. Meanwhile, the remaining 18% is described by variables outside the independent variables that have been used in this study. The result of Prob > F of 0,00 means that there is at least one independent variable that contributes to the dependent variable, so it can be said that the F test has been fulfilled and the data is considered suitable for use.

Based on the table above, the results show that the significance value of the CSR variable >0,05 means that the CSR variable does not have a significant effect on profitability, so H1 is rejected. Furthermore, the DL x CSR variable as a moderating variable has a significance value >0,05 meaning that environmental impact does not moderate the relationship between CSR and profitability, so H2 is rejected. However, the DL variable has a significance value <0,05 meaning that the impact has a positive effect on profitability. The DL variable in this study is said to be an explanatory moderation or predictor because CSR as β1 is not significant, DL as β2 is significant and DL x CSR as β3 is not significant. While the DAR variable has a significance value <0,05 meaning that the DAR variable has a negative effect on profitability as a control variable.

The results of data analysis of the first hypothesis show that CSR has no significant effect on profitability because the significance value >0,05 in both the first and second regression. This proves that high or low levels of CSR disclosure have no direct influence or impact on profitability. Although companies have allocated their resources to CSR practices, profitability may not show a direct change as a result of these CSR practice efforts.

This result is inconsistent with RBT theory, which states that CSR disclosure can be considered a competitive advantage. In RBT theory, companies that disclose CSR practices should be able to utilize this advantage to increase profitability. However, even though companies do disclose CSR, these actions are often done simply to comply with existing obligations or regulations and demonstrate environmentally and socially responsible behavior (Liczmańska-Kopcewicz et al., 2019). CSR disclosure may not directly impact profitability in the short term but is more visible in non-financial aspects that can have an impact in the long term such as corporate reputation (Cutovoi, 2018). By improving the company's reputation in the eyes of society, CSR can build consumer and investor confidence, which in turn can indirectly increase profitability. This research is supported by Setiyawati and Basar (2017) who say that CSR disclosure has no effect on profitability proxied by NPM. This study emphasizes that although CSR is an important element in a sustainable business strategy, its impact takes time to materialize. This underscores that the benefits of CSR may be more related to long-term strategies than short-term financial gains.

The results of the second hypothesis reveal that environmental impact does not moderate the relationship between CSR and profitability. These results indicate that companies that produce high or low environmental impacts do not strengthen or weaken the relationship between CSR and profitability. Although telecommunication, wholesale, and retail sector companies have done CSR and produce low environmental impact, there will still be no significant change in profitability. Similarly, companies in the mining, transportation, and public utilities sectors that engage in CSR and generate high environmental impact will also not experience significant changes in profitability.

The results of this study show inconsistency with the RBT theory because companies that disclose CSR and have low environmental impact cannot be considered as a competitive advantage that can affect profitability. This may be due to the implementation of CSR by companies with very diverse approaches. Many companies tend to focus more on social aspects that are not directly related to environmental impacts such as community welfare programs, education and health. This situation may make it difficult for environmental impact to moderate the relationship between CSR and profitability. This study indicates that environmental impact is a predictor or explanatory moderating variable in the CSR and profitability relationship model. This means that the environmental impact variable only explains part of the situation that occurs in the relationship without having a significant moderating role.

Although environmental impact in the results of this study does not moderate, environmental impact has a positive effect on profitability consistently in the first and second regression. The results of environmental impact on profitability can be a new discovery in research. The higher the environmental impact, the higher the profitability of the company. This finding is in line with research by (Deanovena H., 2018) which states that companies that have initiatives to manage environmental impacts well tend to experience an increase in profitability. This is because effective management of environmental impacts can improve the company's reputation and attract investors and customers, which in turn contributes to increased revenue.

While the mining, transportation and public utilities sectors generate high environmental impacts, they often operate at a scale that can be advantageous in certain respects. The sector generally has sufficient resources to invest in advanced technologies and innovations that can improve operational efficiency leading to lower production costs and impacting profits. In addition, companies in this sector are in high and stable demand as their products and services are an essential component of many industries and daily life so there is always a strong market for their products and services.

DAR as the control variable in this study has a negative effect on profitability because the significance value <0,05 amounting to 0,00. This research is consistent with Lamba and Atahau (2022) which shows that leverage has a negative and significant effect on profitability. This proves that if leverage increases, profitability will tend to decrease and vice versa. Because high leverage will cause high financial risk, especially in debt and interest payments.

CONCLUSIONS

The results of multiple linear regression tests state that CSR has no significant effect on profitability, while leverage as a control variable has a negative and significant effect on profitability. This shows that high or low CSR disclosure will not affect or have a direct impact on profitability. Environmental impact does not moderate the relationship between CSR and profitability, but only as a predictor or explanatory moderating variable. However, environmental impact has a positive effect on profitability, which is a new finding in the study.

The implication of this research is that it can help companies and investors in the decision-making process. Companies can better understand whether investing their resources in CSR can provide direct benefits or only as a long-term strategy that has the potential to provide benefits. Investors may tend to favor companies with a good image through CSR practices or companies with high environmental impact that have high profitability. The limitations of this study are that some companies' official websites cannot be accessed to obtain *sustainability reports* and some companies' *sustainability reports* do not contain CSR disclosure tables in accordance with POJK or SEOJK. In addition, there are data outliers amounting to 24 companies out of a total of 148 companies so that the total sample size is 124. Suggestions for further research are to add other independent variables such as environmental performance or environmental management costs that may affect profitability and expand the company sector, both companies with low and high environmental impacts.

REFERENCES

Aagaard, A., & Ritzén, S. (2020). The critical aspects of co-creating and co-capturing sustainable value in service business models. *Creativity and Innovation Management*, *29*(2), 292–302. https://doi.org/10.1111/caim.12339

Ali, J., Faroji, R., & Osman, A. (2021). Pengaruh Profitabilitas terhadap Nilai Perusahaan. *Jurnal Neraca Peradaban*, *1*(2), 128–135. https://doi.org/10.55182/jnp.v1i2.36

Ambarwati, J., & Vitaningrum, M. R. (2021). Pengaruh Likuiditas Dan Profitabilitas Terhadap Nilai Perusahaan. *COMPETITIVE Jurnal Akuntansi Dan Keuangan*, *5*(2), 128. https://doi.org/10.31000/competitive.v5i2.4313

Amor-Esteban, V., García-Sánchez, I.-M., & Galindo-Villardón, M.-P. (2018). Analysing the Effect of Legal System on Corporate Social Responsibility (CSR) at the Country Level, from a Multivariate Perspective. *Social Indicators Research*, *140*(1), 435–452. https://doi.org/10.1007/s11205-017-1782-2

Ardiansyah, M., & Alnoor, A. (2024). Integrating Corporate Social Responsibility into Business Strategy: Creating Sustainable Value. *Involvement International Journal of Business*, *1*(1), 29–42. https://doi.org/10.62569/iijb.v1i1.5

Baratta, A., Cimino, A., Longo, F., Solina, V., & Verteramo, S. (2023). The Impact of ESG Practices in Industry with a Focus on Carbon Emissions: Insights and Future Perspectives. *Sustainability*, *15*(8), 6685. https://doi.org/10.3390/su15086685

Cutovoi, I. T. M. (2018). Creating Sustainable Value (CSV) and innovation process under Stakeholder Theory. *Independent Journal of Management & Production*, *9*(3), 1044–1059. https://doi.org/10.14807/ijmp.v9i3.405

Deanovena H., D. (2018). Analisis pengendalian internal siklus pembelian dan persediaan (Studi kasus pada PT Graha Solusindo Putra). *Undergraduate Thesis, Widya Mandala Catholic University Surabaya.*

Dubravská, M., Marchevská, M., Vašaničová, P., & Kotulič, R. (2020). Corporate Social Responsibility and Environmental Management Linkage: An Empirical Analysis of the Slovak Republic. *Sustainability*, *12*(13), 5431. https://doi.org/10.3390/su12135431

Elkington, J. (1998). Accounting For The Triple Bottom Line. *Measuring Business Excellence*, *2*(3), 18–22. https://doi.org/10.1108/eb025539

Erari, A., & Nurjanah, F. (2021). Pengaruh Penerapan Corporate Social Responsibility Terhadap Profitabilitas Perusahaan Manufaktur yang Tercatat Di BEI. *JUMABIS (Jurnal Manajemen Dan Bisnis)*, *5*(1), 14–19. https://doi.org/10.55264/jumabis.v5i1.71

Erawati, T., & Cahyaningrum, D. (2021). Pengaruh Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan dengan Kepemilikan Manajerial Sebagai Variabel Pemoderasi. *Journal of Accounting, Finance, Taxation, and Auditing (JAFTA)*, *2*(2), 151–170. https://doi.org/10.28932/jafta.v2i2.3296

Eyo-Udo, N. L., Odimarha, A. C., & Kolade, O. O. (2024). ETHICAL SUPPLY CHAIN MANAGEMENT: BALANCING PROFIT, SOCIAL RESPONSIBILITY, AND ENVIRONMENTAL STEWARDSHIP. *International Journal of Management & Entrepreneurship Research*, *6*(4), 1069–1077. https://doi.org/10.51594/ijmer.v6i4.985

Fathimah, N. A., & Hertina, D. (2022). Pengaruh Return on Asset, Return on Equity, dan Net Profit Margin terhadap pertumbuhan laba pada perusahaan sub sektor farmasi yang terdaftar di Bursa Efek Indonesia tahun 2016-2020. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *5*(5), 2094–2104. https://doi.org/10.32670/fairvalue.v5i5.2715

Gunawan, L. S. (2023). Konflik Pertambangan di Indonesia: Studi Kasus Tambang Emas Martabe dan Upaya Meningkatkan Partisipasi Masyarakat dan Penegakan Hukum dalam Industri Pertambangan. *Jurnal Pendidikan Tambusai*, *7*(1), 2062–2074.

Harefa, M. (2020). Dampak Sektor Pariwisata terhadap Penerimaan Daerah di Kabupaten Belitung [Impact of Tourism Sector on Regional Income in Belitung Regency]. *Jurnal Ekonomi Dan Kebijakan Publik*, *11*(1), 65–77. https://doi.org/10.22212/jekp.v11i1.1487

Hasan, M. B., Alaqel, A. M. Q., & Alhamidi, Mohammed. A. (2023). The Impact of Corporate Social Responsibility on Environmental Performance: Evidence from less developed countries. *Studies in Economics and Business Relations*, *4*(2), 1–12. https://doi.org/10.48185/sebr.v4i2.864

Ibrahim, I., Makaryanawati, M., & Juliardi, D. (2023). Corporate Social Responsibility and Firm Financial Performance: The Mediating Role of Firm Innovation. *International Journal of Business, Law, and Education*, *4*(2), 766–781. https://doi.org/10.56442/ijble.v4i2.243

IESR. (2022). *Climate Transparency Report 2022 Indonesia Profile*. https://iesr.or.id/en/download/iesr-climate-transparency-report-2022-indonesia-profile-en

Kahfi, M. A. H., Syamsuddin, S., Sahrir, S., & Pratiwi, I. (2023). Pengaruh Triple Bottom Line, Environmental Accounting Terhadap Corporate Social Responsibility. *Media Bina Ilmiah*, *17*(7), 1661–1668.

Kasmir. (2018). *Analisis Laporan Keuangan* (11th ed.). PT Rajagrafindo Persada.

Kemenperin. (2023). *Transformasi Industri Indonesia Menuju Net Zero Emissions 2050*. https://arsi.kemenperin.go.id/Berita17.html

Khoesuma, M. (2022). Pengaruh Corporate Social Responsibility Terhadap Kinerja Keuangan Perusahaan Kelapa Sawit Di Bursa Efek Indonesia. *Media Akuntansi Dan Perpajakan Indonesia*, *3*(2), 103–120. https://doi.org/10.37715/mapi.v3i2.1903

Liczmańska-Kopcewicz, K., Mizera, K., & Pypłacz, P. (2019). Corporate Social Responsibility and Sustainable Development for Creating Value for FMCG Sector Enterprises. *Sustainability*, *11*(20), 5808. https://doi.org/10.3390/su11205808

Lin, J., & Qamruzzaman, M. (2023). The impact of environmental disclosure and the quality of financial disclosure and IT adoption on firm performance: Does corporate governance ensure sustainability? *Frontiers in Environmental Science*, *11*. https://doi.org/10.3389/fenvs.2023.1002357

McWilliams, A. (2020). Corporate Social Responsibility. In *Oxford Research Encyclopedia of Business and Management*. Oxford University Press. https://doi.org/10.1093/acrefore/9780190224851.013.12

Mena, T. D., Tyas, W. P., & Budiati, R. E. (2019). Kajian Dampak Lingkungan Industri Terhadap Kualitas Hidup Warga Sekitar. *JKM (Jurnal Kesehatan Masyarakat) Cendekia Utama*, *7*(1), 156. https://doi.org/10.31596/jkm.v7i1.384

Moratis, L., & van Egmond, M. (2018). Concealing social responsibility? Investigating the relationship between CSR, earnings management and the effect of industry through quantitative analysis. *International Journal of Corporate Social Responsibility*, *3*(1), 8. https://doi.org/10.1186/s40991-018-0030-7

Pondrinal, M. (2019). Pengaruh Pengungkapan Corporate Social Responsibility (CSR) Terhadap Kinerja Keuangan Di Perusahaan Yang Go Public. *Jurnal Ekobistek*, 51–59. https://doi.org/10.35134/ekobistek.v8i1.33

Porter-O'Grady, T., & Malloch, K. (2018). *Quantum leadership : creating sustainable value in health care*.

PPID | Kementrian Lingkungan Hidup dan Kehutanan. (2023, December 29). *Kinerja Pengendalian Pencemaran dan Kerusakan Lingkungan Tahun 2023*. https://ppid.menlhk.go.id/berita/siaran-pers/7573/kinerja-pengendalian-pencemaran-dan-kerusakan-lingkungan-tahun-2023

Pramudita, N. A., & Widianingsih, L. P. (2023). CSR, GCG, dan Kinerja Keuangan: Bukti Empiris dari Perusahaan Sektor Energi dan Basic Material di Indonesia. *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah*, *6*(1), 977–1002. https://doi.org/10.47467/alkharaj.v6i1.3863

Puspitasari, E., Widati, L. W., Suwarti, T., & Meiranto, W. (2024). Profiling Pengukuran: Return On Invested Capital dan Intellectual Capital. *Ratio: Reviu Akuntansi Kontemporer Indonesia*, *5*(1).

Puyo, M., Sutadji, I. M., & Indriastuty, N. (2024). I Implementasi Corporate Social Responsibility PT. Aneka Tambang Tbk Berdasarkan POJK NO.51/POJK.03/2017. *KRISNA: Kumpulan Riset Akuntansi*, *15*(2), 341–360. https://doi.org/10.22225/kr.15.2.2024.341-360

Rachmawati, T., Basuki, & Hamidah. (2019). Creating Shared Value (CSV): The Sustainable Business Model. *International Journal of Innovation, Creativity and Change*, *8*(9), 262–269.

Ramadhan, M. I. B., Abdurahim, A., & Sofyani, H. (2019). Modal Intelektual Dan Kinerja Maqashid Syariah Perbankan Syariah Di Indonesia. *JURNAL AKUNTANSI DAN KEUANGAN ISLAM*, *6*(1), 5–18. https://doi.org/10.35836/jakis.v6i1.6

Rosyid, F. A., Ginting, F. A., & Wibowo, A. P. (2020). Analisis Dampak Investasi Terhadap Perekonomian Daerah: Studi Kasus Investasi Pertambangan Mineral Logam Provinsi Papua. *Indonesian Mining Professionals Journal*, *2*(1), 11–28. https://doi.org/10.36986/impj.v2i1.18

Safitrih, N. A., Maulana, M. A. A., & Hwihanus. (2024). The Impact of Corporate Social Responsibility on Company Profitabili ty And Environmental Sustainability. *Business and Investment Review (BIREV)*, *2*(3).

Santoso, E. B. (2021). Pengaruh Pengungkapan Tanggung Jawab Sosial terhadap Manajemen Laba. *Business and Finance Journal*, *6*(2), 147–154. https://doi.org/10.33086/bfj.v6i2.2421

Schreck, P. (2011). Reviewing the Business Case for Corporate Social Responsibility: New Evidence and Analysis. *Journal of Business Ethics*, *103*(2), 167–188. https://doi.org/10.1007/s10551-011-0867-0

Setiyawati, H., & Basar, Y. S. (2017). Pengaruh Pengungkapan Corporate Social Responsibility Dan Penerapan Good Corporate Governance Terhadap Tingkat Profitabilitas (Studi Empiris Pada Perusahaan Sektor PertambanganYang Terdaftar Di BEI. *Jurnal Akuntansi*, *21*(3), 351. https://doi.org/10.24912/ja.v21i3.266

Tjoa, E. V., & Patricia, L. (2022). Green Accounting, Environmental Performance, and Profitability: Empirical Evidence on High Profile Industry in Indonesia. *Research In Management and Accounting*, *5*(2), 93–105. https://doi.org/10.33508/rima.v5i2.4158

Uci Rosalinda, U., Cris Kuntadi, & Rachmat Pramukty. (2022). Literature Review Pengaruh GCG, CSR Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Perusahaan. *Jurnal Ekonomi Manajemen Sistem Informasi*, *3*(6), 667–673. https://doi.org/10.31933/jemsi.v3i6.1108

Wulandari, S. (2020). Pengaruh Corporate Social Responsibility (CSR) Disclosure terhadap Profitabilitas Perusahaan. *Jurnal Ekonomi Akuntansi Dan Manajemen*, *19*(1), 1. https://doi.org/10.19184/jeam.v19i1.15436