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THE INFLUENCE OF CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY AND CARBON EMISSION DISCLOSURE ON THE SUSTAINABILITY OF COMAPNIES LISTED ON THE SRI-KEHATI INDEX

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Abstract

After COVID-19 hit at the beginning of 2019, it hit the economy in various countries, especially Indonesia, which saw a decline in profits for the affected companies. Apart from that, lessons can be learned that implementing good governance, social responsibility (CSR) and reducing carbon emissions are important things to implement for company sustainability. The sample for this research was selected using a purposive sampling method, obtaining 9 companies listed on the Sri-Kehati Index that met the criteria with a total of 45 data. The research uses multiple linear regression analysis for the influence of corporate governance, corporate social responsibility and carbon emission disclosure on company sustainability. The research results show that corporate governance and corporate social responsibility have no effect on company sustainability. However, carbon emission disclosure has a positive effect on company sustainability. This research can be used as a reference by companies as input for caring about social and environmental issues and for future researchers as an additional reference in conducting research.

INTRODUCTION

The sustainability of a company is seen from how the company conducts operational activities by taking into account governance, environmental and social relationships. Companies need to maintain the company's financial stability in order to realize investment projects. Companies must maintain their sustainability principles to improve business strategies so that profit growth increases and company sustainability is better. The Global Reporting Initiative (Gri) states that sustainability can be achieved by companies through trust that must be maintained (Widowati &; Mutmainah, 2023).

In maintaining corporate sustainability, it can be pursued by improving corporate governance by managing the organization in a directed and structured manner in accordance with the duties and responsibilities of the board of commissioners and management in carrying out the process of managing and supervising company activities. In addition, the implementation of corporate social responsibility programs is the company's effort in maintaining environmental, social and economic aspects. Furthermore, the company can strive to reduce carbon emissions that have been released by the company from its operational activities.

The object of research was carried out on companies listed in the SRI-Kehati Index from 2018-2022 for the reason that the SRI-Kehati index is an index that contains criteria for issuers that have good performance and awareness of environmental and social conservation. In addition, this index is a form of the company's commitment to the environment and the economy of vulnerable communities around it. SRI-Kehati Index is the first *green index* in Asia to create a means for entrepreneurs to save the earth.

The grand theories used in this study are ***Agency Theory and Legitimacy Theory.*** Agency Theory is a meeting between the owner of the company (principal) and management (agent) Rokhlinasari, (2020). Legitimacy theory states that organizations continually seek ways to ensure their operations are within the limits and norms of society. Legitimacy theory is how organizations should carry out operational activities to be more *environmentally and socially* responsive.(Rokhlinasari, 2020).

The Linkage of Agency Theory with *Corporate Governance* If the problem between *the principal* and *agent* when supervising and managing the organization, it is necessary to hold a meeting in order to resolve agency conflicts as a solution to the differences in interests of both parties in maintaining *corporate governance* .

The relationship between Legitimacy Theory and *Corporate Social Responsibility*, with the existence of legitimacy theory, companies can make efforts to improve their performance both in the economic, social and environmental fields to be in accordance with norms so that they can be accepted by the community.

The relationship between Legitimacy Theory and *Carbon Emission Disclosure*, with the theory of corporate legitimacy can reduce carbon emissions carried out from the company's operational activities, so that the company can maintain the environment and social in accordance with norms.

Corporate Governance

Corporate Governance is a corporate governance system that regulates the relationships of all interested parties within the company and outside the company and determines the policies used by the company in carrying out company operations in order to achieve company goals. (Suharyani, 2019). The Corporate Governance variable uses the measurement of the independent board of commissioners. According to (Katoppo & Nustini, 2022) states that independent commissioners are an important element in implementing corporate governance, the existence of independent commissioners as part of implementing good corporate governance will help companies make more disclosures to internal and external parties of the company, one of which is encouraging management to disclose a sustainability report which contains information regarding the company's sustainability performance consisting of economic, social and environmental performance. The formula for measuring independent commissioners in this study is as follows:

$$\text{DKI} = \frac{\text{Anggota Komisaris Independen}}{\textit{Jumlah Semua Anggota Dewan Komisaris}} \times 100\%$$

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a company's responsibility to comply with business ethics regulations, protect the legitimate rights and interests of workers, and preserve natural resources. (Aryanto & Setyorini, 2019). According to (Amalia Yunia Rahmawati, 2020) The concept of corporate social responsibility leads to the general trust that society has in companies. The CSR concept applies to all sizes of organizations which includes responsibility to consumers, employees, the wider community, government and the natural environment."

In this research, the corporate social responsibility variable uses GRI-G4 with 91 indicators. The formula for measuring corporate social responsibility in this research is as follows:

$$\text{CSRDIj} = \frac{\Sigma Xij}{nj}.$$

Information:

CSRDIj = Corporate Social Responsibility Disclosure of the Company

Xij = Item disclosed

NJ = Number of items for the company

Carbon Emission Disclosure

Carbon emission disclosure can also be one of the company's efforts to maintain sustainability. Disclosure of carbon emissions by companies not only provides information regarding the amount of carbon emissions produced but also the company's plans for reducing carbon emissions. A good company can be seen from the small amount of carbon produced as a result of its activities and reduced decline every year. (Fathia & Sulfitri, 2023). One of the indicators in the sustainability report is the environment, which includes carbon emissions which the company should disclose to the public regarding the environmental sustainability of the company's operational activities.

In this research, the measurement of Carbon Emission Disclosure uses GRI-305 with 11 indicators regarding carbon emissions and carbon emission reduction. With the following measurement formula:

$$\text{CED} = \frac{\text{Number of items disclosed}}{\text{Total items disclosed}}$$

Corporate Sustainability

The concept of sustainability to achieve economic growth and profits, business and economic development must be carried out by considering the values of social and environmental responsibility. Prospering society and preserving the environment in a fair and sustainable manner is the result of the integrity of economic interests with this responsibility. (Wahyuni et al., 2020).

In this research, the measurement of company sustainability uses profit growth in the following way:

$$\text{Profit Growth} = \frac{P_2 - P_1}{P_1} \times 100\%$$

Information:

P_2 = Current year profit

P_1 = Last year's profit

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RESEARCH METHODE

The study uses quantitative / statistical methods with a descriptive approach with the aim of describing and testing hypotheses that have been set. The data collected in this study is secondary data so that the data collection method uses non-participant observation. Thus, the step taken is to record all the data needed in the research, namely companies listed in the SRI-Kehati Index for the 2018-2022 period. The population used in this study amounted to 25 companies and data obtained through. The sample collection technique used purposive sampling and obtained research samples from 9 companies. Researchers took the data online through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id and supporting sites of the official websites of their respective companies. The sampling criteria are as follows:

1. Companies listed on the SRI-Kehati Index
2. Companies listed inconsistently from 2018-2022
3. Newly resgistered companies in 2018-2022

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RESULT AND DISCUSSION

Description of Research Data Statistics

The following are the results of the calculation of Corporate Governance, Corporate Social Responsibility, and Carbon Emission Disclosure on Corporate Sustainability in companies listed in SRI-Kehati for the 2018-2022 period.

Tabel 1
Data Corporate Governance (CG), Corporate Social Responsibility (CSR), Carbon Emission Disclosure (CED), And Corporate Sustainability

Number	Company	Year	CG	CSR	CED	Corporate Sustainability
1	PGAS	2018	0,40	0,54	1,00	0,10
		2019	0,33	0,58	1,00	-0,13
		2020	0,50	0,67	1,00	-1,50
		2021	0,50	0,66	1,00	-4,03
		2022	0,50	0,67	1,00	0,10
2	KLBF	2018	0,50	0,54	1,00	0,02
		2019	0,50	0,58	1,00	0,02
		2020	0,50	0,70	1,00	0,10
		2021	0,43	0,71	1,00	0,15
		2022	0,43	0,73	1,00	0,07
3	INDF	2018	0,38	0,36	0,64	-0,03

Number	Company	Year	CG	CSR	CED	Corporate Sustainability
		2019	0,38	0,40	0,64	0,19
		2020	0,38	0,41	0,64	0,48
		2021	0,38	0,67	1,00	0,28
		2022	0,38	0,67	1,00	-0,18
4	BBCA	2018	0,60	0,66	0,55	0,11
		2019	0,60	0,66	1,00	0,11
		2020	0,60	0,66	1,00	-0,05
		2021	0,60	0,67	1,00	0,16
		2022	0,60	0,69	1,00	0,30
5	JSMR	2018	0,33	0,62	0,64	-0,03
		2019	0,33	0,64	0,64	0,02
		2020	0,40	0,70	0,64	-1,02
		2021	0,33	0,71	0,64	-21,93
		2022	0,33	0,71	0,64	1,67
6	ASII	2018	0,30	0,48	0,27	0,18
		2019	0,30	0,53	0,73	-0,03
		2020	0,30	0,54	0,73	0,30
		2021	0,40	0,55	1,00	0,38
		2022	0,40	0,57	1,00	0,58
7	BBNI	2018	0,33	0,57	0,36	0,10
		2019	0,63	0,49	0,55	0,03
		2020	0,70	0,51	0,55	-0,79
		2021	0,70	0,52	0,73	2,31
		2022	0,88	0,55	0,82	0,68
8	BBRI	2018	0,44	0,44	0,45	0,12
		2019	0,60	0,40	0,73	0,06
		2020	0,60	0,47	0,91	-0,46
		2021	0,50	0,55	0,91	0,65
		2022	0,58	0,57	0,91	0,67
9	BMRI	2018	0,50	0,36	0,55	0,21
		2019	0,50	0,37	0,55	0,10
		2020	0,50	0,49	0,73	-0,38
		2021	0,50	0,51	0,82	0,73
		2022	0,50	0,51	0,82	0,47

Source : Data processed by researchers (2023)

Table 2
Statistical Descriptive Test

	N	Min	Max	Mean	Std. Deviation
Corporate governance	45	.30	.88	.4749	.12686
Corporate social responsibility	45	.36	.73	.5687	.10668

Carbon emission disclosure	45	.27	1.00	.7953	.20755
Keberlanjutan perusahaan	45	-21.93	2.31	-.4247	3.38720
Valid N (listwise)	45				

Source : SPSS V.29 Output Results

The secondary data above are 9 companies listed in the SRI-Kehati Index for the 2018-2022 period, to find out a descriptive statistical picture of corporate governance, corporate social responsibility, carbon emission disclosure on corporate sustainability. Corporate governance has a minimum score of 30% and a maximum score of 88%. The average value is 47% with a standard deviation of 0.12686. Corporate social responsibility has a minimum value of 36% and a maximum value of 73%. The average value is 56% with a standard deviation of 0.10668 Carbon emission disclosure has a minimum value of 27% and a maximum value of 100%. The average value is 79% with a standard deviation of 0.20755.

Tabel 3
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.323	.329		.982	.333
	Corporate governance	-.603	.459	-.221	-1.314	.198
	Corporate social responsibility	-.352	.575	-.125	-.613	.544
	Carbon emission disclosure	.349	.285	.252	1.222	.230

a. Dependent Variable: Keberlanjutan perusahaan

Source : Data Processed SPSS V.29

Based on the regression equation can be arranged as follows:

$$Y = a + b1X1+b2X2 + b3X3 + e$$

Corporate Sustainability = $0{,}323 - 0{,}603X_1 - 0{,}352X_2 + 0{,}349X_3 + \epsilon$

Based on the multiple linear regression model, it can be explained as follows:

1. A constant value of 0.323 means that if all independent variables are 0 then the Company's Sustainability will still be 0.323.
2. The relationship between Corporate Governance and Corporate Sustainability of -0.603 is inversely proportional because the results are negative. So it can be interpreted that every increase from one unit of Corporate Governance, the Company's Sustainability will decrease by 0.603
3. The regression coefficient value of the Corporate Social Responsibility variable of -0.352 means that every increase in *Corporate Social Responsibility* by 1 unit assuming

other variables are constant, the Company's Sustainability value will decrease by 0.352. A negative regression coefficient shows that the higher the Corporate Social Responsibility, the lower the Company's Sustainability value.

4. The regression coefficient value of the Carbon Emission Disclosure variable is 0.349, meaning that if other independent variables have a fixed value and Carbon Emission Disclosure increases by 1%, then the Company's Sustainability increases by 0.349.

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Tabel Uji t
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a. Dependent Variable: Keberlanjutan perusahaan

Source : Data Processed SPSS V.29

Testing whether corporate governance has a significant effect on corporate sustainability

Corporate governance does not have a positive effect on company sustainability. This is supported by a t value of -1.314 with a sig value of 0.198 > 0.05 so that **H_1 is rejected**.

Testing whether *Corporate Social Responsibility* has a significant effect on corporate sustainability

Corporate social responsibility does not have a positive effect on company sustainability. This is supported by a t value of -0.613 with a sig value of 0.544 > 0.05 so that **H_2 is rejected**.

Testing whether carbon emission disclosure has a significant effect on company sustainability

Carbon emission disclosure has a positive and insignificant effect on company sustainability. This is supported by a t value of 1.222 with a sig value of 0.230 > 0.05 so that **H_3 is accepted**.

Tabel Uji F

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.246	3	.082	.911	.446[b]
	Residual	3.059	34	.090		
	Total	3.306	37			
a. Dependent Variable: corporate sustainability						
b. Predictors: (Constant), Carbon emission disclosure, Corporate governance, Corporate social responsibility						

Source: SPSS V29 Data Processing Results

From the results of the simultaneous test process, seen in the Anova table above, it shows that the F test is 0.911 with a significance level of 0.446 greater than 0.05, it can be said that simultaneously the independent variable has a simultaneous effect on the dependent variable.

CONCLUSION

The influence of corporate governance, corporate social responsibility and carbon emission disclosure on corporate sustainability in companies listed on the SRI-Kehati Index for the 2018-2022 period. Based on the results of data analysis and theoretical discussions presented in the previous chapter, it can be concluded that:

1. Corporate governance does not have a positive effect on company sustainability. Proving that carrying out supervision and management between agents and management does not affect the company's sustainability.
2. Corporate social responsibility does not have a positive effect on company sustainability. Proving that disclosure of corporate social responsibility indicators is still lacking.
3. Carbon emission disclosure has a positive and insignificant effect on company sustainability. Proving that disclosing carbon emissions and reducing the amount of carbon emissions used in company operations is one of the attractions for investors in making investment decisions.
4. Corporate governance, corporate social responsibility, carbon emission disclosure simultaneously influences company sustainability.

This research can be input for companies to improve corporate governance, corporate social responsibility and carbon emission disclosure programs. For investors, this research can be used as material for consideration when investing in a company. For future researchers, it is hoped that it will become material for further research.

Limitations during the process of making this research were the limited sample because the research focused on companies listed on the SRI-Kehati Index. For this reason, it is recommended that further research take samples from other sectors on the Indonesian Stock Exchange so that they can compare the sustainability of companies in other sectors.

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