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Good Corporate Governance Moderates The Relationship Of Environmental Performance and Social Performance With Financial Performance

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Abstract. The aim of this research is to determine whether good corporate governance moderates the relationship between environmental performance and social performance and financial performance. This research uses a sample of companies listed on the BGK Bumi Global Carbon Foundation Index during the 2019-2022 period. The sampling technique used in this research was a side purposive technique, samples obtained from 24 companies listed on the Global Earth Carbon Foundation BGK Index. The analytical method used is panel data regression analysis and MRA (Moderated Regression Analysis) using the Eviews.12 program. Based on the research results, it shows that together environmental performance and social performance influence financial performance. Meanwhile, environmental performance partially influences financial performance. Social performance influences financial performance. Meanwhile, good corporate governance cannot moderate the relationship between environmental performance and financial performance. Good corporate governance can moderate and strengthen the relationship between social performance and financial performance.

Keywords: Environmental Performance; Social Performance; Good Corporate Governance; Financial Performance.

A. INTRODUCTION

When investing in a company, investors will review the company's financial statements. Analysis of these financial reports will produce financial ratios or financial performance.Hartono (2018) explains that financial performance is the result or achievement of a business entity in a certain period, which functions to review and evaluate how well the entity's financial activities are. One of the financial performance indicators that investors often pay attention to is the profitability ratio (Hendriani, 2019). This ratio shows how much profit the company generates. Increasing profits will increase the company's ROA.

ROA is one of the profitability ratios that can measure a company's ability to generate profits from the assets used. Return on assets is a comparison between profit before interest and tax with the total assets owned by the company. ROA with a positive number indicates that the total assets used by the company are capable of provide profits for the company. On the other hand, if the ROA number is negative, it shows that the total assets used by the

company are making a loss, which means the company is not making a profit. So if it is concluded that a company has a high ROA, then the company has the opportunity to increase growth.

Thus, for stakeholders, company performance is an important factor in obtaining information to see the development or decline of a company(Rafid et al., 2017). Therefore, a company has a responsibility to plan how to maximize its company's performance, so that the company can remain trusted and sought after by stakeholders. However, in recent years the company's performance has tended to decline. This can be seen from observing the graph of the average ROA for companies listed on the BGK Foundation index as follows:

Figure 1. Graph of Average ROA of BGK indexed Companies

Based on the graph of several companies indexed by the BGK Foundation, it shows an average rise and fall in ROA levels. If a company's performance continues to decline, this indicates that the company's performance is poor and can have a significant negative impact on the company's business continuity. Identifying and understanding the factors that influence financial performance has become a priority in the world of business and finance. A company's financial performance, especially Return on Assets (ROA), is influenced by various interacting factors. Therefore, companies must have an evaluation and analysis regarding how to increase company profits because by increasing company profits, the company's ROA will also increase.

One of them is by carrying out activities related to environmental awareness. The latest global issue phenomenon at the moment is environmental awareness, this factor is being discussed in every community and business circles. In current conditions, companies do not only present financial reports but must follow current developments. Companies that currently carry out social and environmental responsibilities will usually disclose sustainability in the annual report which is included in the sustainability report. However, Sustainability Reporting Services can be seen from BGK (Bumi Global Karbon). BGK assists in the preparation of company sustainability reports that comply with national and international standards so that they are suitable for company publication. BGK can adapt and fulfill the reporting framework or standards required by the company, such as adjusting to the requests of investors, regulators, customers, rating or award agencies and others. Sustainability reporting is a company reporting obligation regulated in the Financial Services Authority Regulation (POJK) number 51/POJK.03/2017 (Source: https://bumiglobalcarbon.org/id/).

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The first independent variable used in this research is environmental performance. In the midst of the global spotlight on climate change and sustainability issues, environmental performance has now become the main basis for every operating entity. Tracing its footprints, environmental performance describes the extent to which an organization, whether a company or government agency, carries out its operations by minimizing its negative impact on the environment. This phenomenon reflects a shift in the business paradigm towards the principle of sustainability, where achieving profits is no longer measured solely in financial figures, but by paying attention to the balance of the ecosystem. Research by Hart and Ahuja (2018) shows that companies that focus on sustainable environmental practices tend to have better financial performance in the long term. This is because investments in environmentally friendly technologies and reduced emissions often result in operational efficiencies and cost savings. This study was supported by Kramer & Porter (2019)which introduced the concept of shared value, indicating that sustainability strategies can create economic and social value simultaneously.

The second independent variable in this research is social performance. Social performance is one of the concepts in sustainability, because it highlights the important role played by organizations in managing their impact on society. It's no longer just about making financial profits, but also about how companies add value to the communities and environments in which they operate. The importance of social performance becomes increasingly striking in the context of modern businesses which are required to consider their impact on society. Organizations that make social performance a priority can create a significant positive impact on people's lives, creating an inclusive and responsible environment. Previous research shows that social performance has a positive influence on a company's financial performance.

The reason the social performance variable is used in this research is because social performance is a company's activities in carrying out a form of social responsibility in addition to carrying out company operational activities.(Ahmad et al., 2021). Stakeholder theory explains that the company will provide an idea of who the company is responsible for(Freeman, 2015).

Various studies have been conducted on the relationship between environmental performance and social performance on company financial performance, but this focus actually ignores good governance mechanisms for companies which actually play a role in supporting the benefits of environmental performance and social performance on financial performance.(Triyani & Setyahuni, 2020). Therefore, the author includes good corporate governance in this research as a moderator to consider the characteristics of GCG as an important determinant in increasing the credibility of financial reports as well as more comprehensive evidence related to non-financial reports (environmental performance and social performance information). Good corporate governance is one element in increasing economic efficiency which includes a series of relationships between internal and external parties of the company(Situmorang & Simanjuntak, 2019). The concept of good corporate governance is proposed in order to achieve transparency in company management for all users of financial reports. If this concept is implemented well, the trust of both investors and other parties will increase, which will have an impact on increasing company performance so that it can benefit various parties.

Good corporate governanceis an effective tool to face competition in the era of globalization. Stakeholders use company performance as the main indicator to assess the condition of a company(Smith et al., 2022). Financial performance is an important metric in this evaluation, because it provides a clear picture of the company's financial condition in a certain period (Brown & Lee, 2019).

Based on an explanation of the background, this research examines "Good corporate governance moderates the relationship between environmental performance and social performance with financial performance in companies listed on the global carbon foundation BGK Earth Index. For this reason, the author conducted research entitled "Good corporate

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governance moderates the relationship between environmental performance and social performance and financial performance".

B. LITERATURE REVIEW

Stakeholder Theory

The stakeholder concept was first developed by (Freeman, 1998) as a theoretical basis for understanding company behavior and its Social Performance. In developing stakeholder theory, Freeman proposed the view that companies are not entities that operate solely for their own interests. On the contrary, according to this theory, companies are expected to provide benefits to all interested parties or stakeholders(Ghozali, 2012).

Stakeholder theory addresses how a company's leadership meets or manages the expectations of its stakeholders. This theory emphasizes organizational accountability beyond financial performance and the economy, claiming that, in addition to mandatory requests, organizations will voluntarily disclose information about their environmental, social, and intellectual performance to meet real or acknowledged stakeholder expectations.(Setiawan & Setiadi, 2020).

Legitimacy Theory

Legitimacy theory was first put forward by Dowling and Pfeffer (1975). This theory provides an overview of the differences between the values espoused by companies and the values of society. If there is this difference, the company will be in a threatened position, which is called the Legitimacy gap.

Legitimacy theory states that disclosure of corporate social responsibility is carried out to gain legitimacy from the society in which the company operates and optimize its financial strength. The "social compact" that exists between business and society, using economic resources responsibly, is at the heart of legitimacy theory. Companies will engage in environmental accountability to gain credibility from society and will be more willing to follow society's wishes to carry out environmental duties.

According to legitimacy theory, there is a social bond between companies and society. If a company wants to gain legitimacy from society, it must comply with the norms and standards of that group. One step to achieve credibility from the community is to create a green and clean environment. Companies that carry out environmental responsibilities well will be increasingly recognized by the general public.

Agency Theory

Agency theory discusses the relationship between the owner (principal) and the agents employed by the owner to manage the company. This agency often creates situations where the interests of the owner and agent may conflict with each other (Jensen and Meckling, 1976). In the context of implementing environmental performance and social performance, companies seek to reduce agentism by providing incentives to agents (management) to act in accordance with the wishes of owners (shareholders) in terms of business sustainability, corporate governance, and environmental and social performance.

The influence of environmental performance, social performance and financial performance

Effective implementation of environmental performance and social performance can provide benefits for the company. The application of environmental performance and social performance can trigger company development and innovation. Companies can carry out research and development of environmentally friendly products and create potential new market shares for consumers who are green product oriented(Broadstock et al., 2021). The development of new market shares will increase the company's revenue growth. Environmentally friendly product development can be carried out through environmental aspects (by implementing product responsibility) and social aspects (by implementing product safety)(Meiyana & Aisyah, 2019).

Based on stakeholder theory, the application of environmental performance and social performance is a tool to fulfill stakeholder hopes and desires. Innovation is one of the company's responses in fulfilling consumers' hopes and desires to get environmentally friendly products, as well as people's hopes and desires not to suffer pollution from the company's production activities.

The application of environmental performance and social performance in the context of agency theory can also make a significant contribution to improving company reputation. According to agency theory, company reputation is not only an important aspect in retaining and recruiting quality employees, but can also be considered as a tool for managing agency relationships between management and company owners.

In previous research studies, the effectiveness of the company's resources in gaining profits increased with the effectiveness of environmental performance and social performance. In research by Yoo & Managi (2021), Kim & Li (2021), Hwang et al., (2021), (Safriani & Utomo, 2020), Husada & Handayani (2021), and (Priandhana, 2022) found environmental performance and social performance improves the company's financial performance. On the other hand, Juliandara et al., (2021), Zhang et al., (2020), and (Tarigan & Semuel, 2015) did not find the effect of environmental performance and social performance on financial performance. With this description, the hypothesis that will be tested is:

H1: Environmental performance, social performance influence financial performance.

The influence of environmental performance on financial performance.

Environmental performance refers to company performance which is focused on efforts to preserve the environment and reduce environmental impacts resulting from company activities (Amaliyah & Solikhah, 2019). In this context, environmental performance is a key indicator that measures the extent to which a company integrates sustainable practices to maintain environmental sustainability while maintaining the company's financial health.

Environmental performance is company performance that focuses on company activities in preserving the environment and reducing environmental impacts arising from company activities. In accordance with stakeholder theory, companies provide an overview of who the company is responsible for (Freeman, 2015). Disclosure of sustainability reports is expected to fulfill stakeholder desires. Disclosure of sustainability reports, which reveal economic performance, environmental performance and company performance, is expected to be a medium for gaining legitimacy from society in accordance with legitimacy theory. Research conducted by (Rosyid, 2015) states that there are environmental and social impacts on financial performance simultaneously. This is in line with research (Rahmawati & Achmad, 2012) which states that environmental performance has a significant positive influence on financial performance. Contrary to research conducted by and Raiyani et al (2019) which states that environmental performance does not have a significant influence on financial performance.

Deswanto & Siregar (2018) also found a positive and significant relationship between environmental performance and a company's financial performance. If environmental performance is good, it can influence financial performance which will increase, and vice versa.

(Zainab & Burhany, 2020) that good environmental performance can be proof that the company can grow sustainably and over a long period of time, because this reflects that the company has fulfilled its responsibilities and can avoid environmental damage problems that can cause expenses. larger ones, even the closure of the company's business activities. From the description above, the following hypothesis is formulated:

H2: Environmental performance influences financial performance.

The influence of social performance on financial performance

Strong relationships with several stakeholders, clients and the community are part of the scope of social performance. Several important aspects of social performance have become objects of research, such as conceptualization, disclosure, and the possibility of a

relationship between social performance and a company's financial performance (Saygili et al., 2022), (Yoo & Managi, 2021) formulating that social performance is a company's commitment to carry out obligations based on decisions to take policies and actions by taking into account the interests of stakeholders and the environment in which the company carries out its activities based on applicable legal provisions.

Social performance is a company's activities in carrying out a form of social responsibility in addition to carrying out company operational activities (Zainab & Burhany, 2020). Stakeholder theory explains that companies will provide an overview of who the company is responsible for (Freeman, 2001). Disclosure of sustainability reports is expected to fulfill stakeholder desires so that it will result in good relations between the company and stakeholders. Legitimacy theory emphasizes that a company continuously strives to ensure that the company's operations are always in accordance with existing norms in society or the environment the company is in. Research conducted by Amalia & Triwacananingrum (2022) states that social performance has a significant positive effect on financial performance. In line with research conducted by Natalia (2014), Isnaeni (2018), Adil (2019), stated that disclosure of social responsibility has a significant positive effect on a company's Financial Performance. Contrary to research conducted by Cahyono (2015), Sari (2019), Hidayah (2019) stated that social performance has no effect on financial performance. From the description above, the following hypothesis is formulated:

H3: Social performance influences financial performance.

Good Corporate Governance Moderates the Relationship between Environmental Performance and Financial Performance

In agency theory, environmental performance disclosure reflects management strategies to manage agency conflicts between management and owners. Implementation of Good Corporate Governance (GCG), taking into account environmental aspects, is not only seen as compliance with business norms, but also as a strategic action to mitigate agency risk. This disclosure is a positive signal that management is committed to the principles of good corporate governance, building owner trust, and confirming that company policies are directed at business sustainability.

Good corporate governance (GCG) or good corporate governance is needed by companies to minimize the impact of information asymmetry and self-serving attitudes on management. GCG is expected to provide effective protection for shareholders to recover their investment fairly, appropriately and efficiently. In addition, GCG ensures that the decisions and policies taken by management are effective and beneficial for the company. The implementation of environmental performance needs to be supported by a GCG mechanism in order to be effective, because it has a role in controlling and overcoming self-interested management behavior. The GCG mechanism consisting of an independent board of commissioners, institutional ownership, managerial ownership and audit committee can influence the relationship between environmental performance and the Company's Financial Performance.

GCG mechanisms will be useful in regulating and controlling companies to minimize conflicts arising from environmental problems so as to create positive value for all stakeholders. Institutional ownership is one of corporate governance which is the largest shareholder so that it can be a means of monitoring management performance (Machmud, 2008). Research by Permatasari (2020) states that the GCG variable which is proxied by institutional ownership has no effect on strengthening or weakening CSR disclosure as measured by the economic dimension, environmental dimension and social dimension of Financial Performance (ROE). Research by Wahyuningtyas (2012) states that corporate governance, which is proxied by institutional ownership, has a significant effect as a moderating variable on the effect of CSR disclosure on a company's Financial Performance (ROE). Research from Merawati (2015) also reveals that good corporate governance moderates the influence of environmental performance on financial performance.

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Overall, this hypothesis states that good corporate governance plays an important role in strengthening the relationship between a company's environmental performance and the level of financial performance. By implementing good corporate governance, it is hoped that companies will be more committed to positive and sustainable environmental performance, as well as being more transparent in reporting their impact on climate change. With this description, the hypothesis that will be tested is:

H4: Good corporate governance moderates the relationship between environmental performance and financial performance.

Good corporate governance moderates the relationship between social performance and financial performance.

From an agency theory perspective, Good Corporate Governance (GCG) is considered a pillar that strengthens the link between a company's social performance and higher financial performance. GCG acts as an agency control mechanism that can direct management to act in accordance with the interests of the owner, including in managing the social aspects of the company. The complex relationship between GCG, social performance and financial performance can be explained through agency theory, where GCG and social performance become positive signals to shareholders that the company is managing the agency well, thus creating a basis of trust that supports better financial performance.

Good corporate governance is also related to the level of appropriate and accurate information disclosure. Companies with good governance tend to be more transparent in reporting various aspects of their business activities, including social performance resulting from company operations. Because if social performance is carried out well, it will also have an impact on the company's level of profitability, so in other words it will increase the company's financial performance.

In the perspective of agency theory, actions and decisions taken by management or the company's board of directors serve as signals of management quality and commitment to good governance practices. Increased transparency and disclosure of financial and operational information is interpreted as a positive signal for management integrity and accountability.

Disclosure of social performance is a form of conveying information to stakeholders and social performance is also a medium for companies to gain legitimacy from the public. Research by Neubaum et al (2015), which states that institutional ownership has a positive moderation on social performance relationships. Contrary to research conducted by Shafariani (2013) which states that good corporate governance weakens the influence of corporate social responsibility on financial performance. With this description, the hypothesis that will be tested is:

H5: Good corporate governance moderates the relationship between social performance and financial performance.

This research aims to test and analyze Good corporate governance Moderating the Relationship between Environmental performance and Social performance with Financial performance. Apart from that, Figure 2

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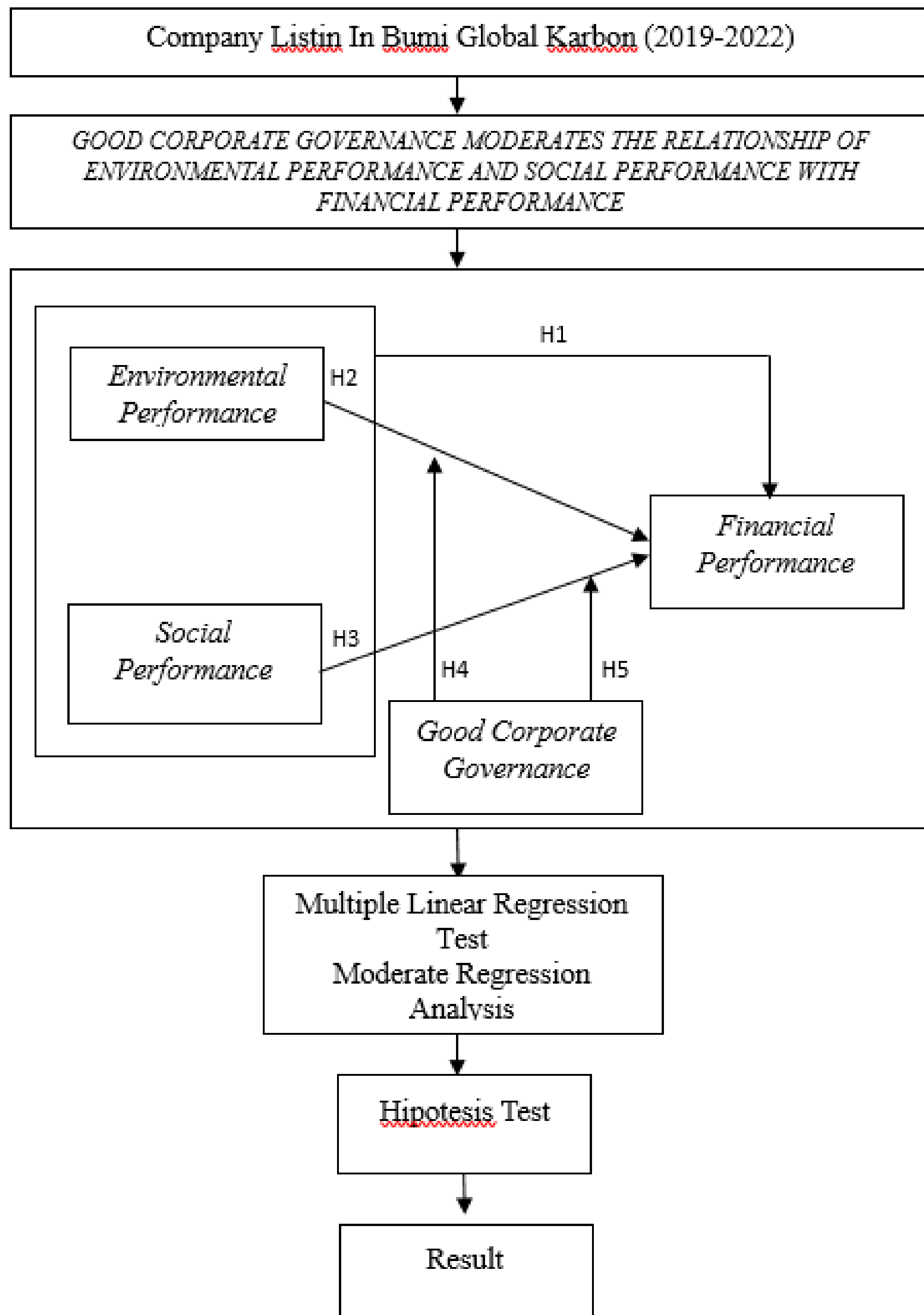

Figure 2 Conceptual Framework

C. RESEARCH METHODOLOGY

The research design in this thesis uses an associative quantitative approach. According to Sugiyono (2019:65) associative research is a research problem formulation that asks about the relationship between two or more variables. Associative/quantitative research is research that aims to determine the degree of relationship and pattern or form of

influence between two or more variables, where with this research a theory will be built that functions to explain, predict and control a phenomenon.

Population and Sample

The population in this study includes 159 companies registered with Bumi Global Carbon (BGK) during the research period from 2019-2022. The sampling technique used was purposive sampling technique so that the sample used in this research was 24 companies with a total sample data of 96.

Table 1 Sample Selection Criteria

	Information	Violation of Criteria	Amount
1	Companies registered with Bumi Global Carbon (BGK) during the 2019-2022 period.		159
	Criteria		
2	The company thatdisclose Environmental, Social, Governance (ESG) performance in sustainability reports during the 2019-2022 period	(112)	47
3	Companies that have complete financial reports for the 2019-2022 period	(23)	24
Number of samples that meet the research criteria			**24**
Number of observations (years)		**4**	
Total sample size during the research period			**96**

Table 2 Variable Measurement

Variable	Variable Concept	Measuring instrument	Scale
Dependent Variable: Financial Performance (FP) (Y)	Financial performance measures the extent to which this profitability ratio describes the company's performance in generating profits on a certain number of assets produced by the company.	Proxied by ROA, namely the amount of profit before tax divided by total assets	Ratio
Independent Variable: Environmental Performance (EP)(X1)	Environmental Performance is a concept that refers to the environmental performance of a company. Environmental Performance is the result of an organization's efforts to	Environmental Performance is measured using the GRI 300 Standard Indicator. EP = Total GRI indicators disclosed /	Percentage

Variable	Variable Concept	Measuring instrument	Scale
	manage environmental aspects	Total GRI indicator criteria X 100%	
Independent Variable: Social Performance (SP)(X2)	Social Performance is a concept that refers to the social performance of a company. Social Performance is the result of an organization's efforts to manage social aspects both internally and externally.	Environmental Performance is measured using the GRI 400 Standard Indicator. EP = Total GRI indicators disclosed / Total GRI indicator criteria X 100%	Percentage
Moderating Variables: *Good Corporate Governance*(Z)	The principles underlying a Company management process and mechanism to increase business success and accountability in order to realize long-term Company value.	*Good Corporate Governance*measured by SEOJK No. 32/SEOJK.04/2015. GCG = Number of GCG values applied / Number of GCG implementation criteria X 100%	Percentage

Data source

The data sources in this research are financial reports and annual reports of companies registered onEarth Global Carbon (BGK)in 2019-2022, obtained from the websitehttps://bgkesgindex.com/id/esg.

Data Analysis

Data were analyzed using panel data regression to prove the influence between variables. The research model is presented in the following equation:

Equation 1: $Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3M + E$

Equation 2: $Y = \alpha + \beta 1X1 + \beta 2X2 + E$

Equation 3: $Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3M + \beta 1X4 * M + \beta 2X5 * M + E$

Where:

Y: Dependent Variable

α: constant

β1,2,β3,4,5: Regression coefficient of each independent variable

X1,X2: Independent Variables

M: Moderating Variable

E: Error Term

Selection of Panel Data Regression Models In panel data regression, we use common effect, fixed effect and random effect models in panel data regression. Chow test, Lagrange multiplier test, and Hausman test are used in the model selection process to determine which model is the best. Factors influencing profitability will be estimated using the selected model (Ghozali & Ratmoko, 2017).

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D. RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics calculate the mean, median, maximum, minimum and standard deviation values for each variable studied. Table 3 is located below and displays the results.

Table 3 Descriptive Statistics

	FP(Y)	EP(X1)	SP(X2)	GCG(M)
Mean	0.236146	0.365313	0.357708	0.458646
Median	0.035000	0.255000	0.305000	0.430000
Maximum	5.100000	0.966700	0.960000	0.940000
Minimum	0.002000	0.030000	0.020000	0.080000
Std. Dev.	0.737098	0.280491	0.249238	0.257754

Source: Processed data, 2024

The results of descriptive statistical tests for the financial performance variable show that the distribution of data measured using the Modified Jones Model shows a minimum value of 0.002 at PT WIJAYA KARYA (PERSERO) TBK in 2022 and a maximum value of 5,100 at PT Pembangkit JAWA-BALI. in 2021. The average value (mean) is 0.236 and the deviation (standard deviation) is 0.737. This means that the mean value is smaller than the standard deviation, which means that the distribution of data on this variable is varied or heterogeneous.

Environmental performance shows a minimum value of 0.030 for PT BANK PERMATA TBK and PT BANK DKI and a maximum value of 0.966 for PT PUPUK INDONESIA HOLDING COMPANY and PT PLN in 2022. The average value (mean) is 0.38 and deviation (standard deviation) of 0.280. This means that the mean value is greater than the standard deviation, thus indicating good results. Because standard deviation is a description of high deviations, data that is not spread out indicates normal and unbiased results or that the data distribution is homogeneous.

Social performance shows a minimum value of 0.020 at PT KALBE FARMA TBK. in 2019 and the maximum value is 0.960 at PT BANK RAKYAT INDONESIA (PERSERO) TBK. in 2021 the average value (mean) is 0.357 and the deviation (standard deviation) is 0.249. This means that the mean value is greater than the standard deviation, thus indicating good results. Because standard deviation is a description of high deviations, data that is not spread out indicates normal and unbiased results or that the data distribution is homogeneous.

GCG (M) shows a minimum value of 0.08 at PT BANK OCBC NISP TBK in 2019 and a maximum value of 0.94 at PT BANK RAKYAT INDONESIA (PERSERO) TBK, in 2021. The average value (mean) is 0.458 and the deviation (standard deviation) is 0.257. This means that the mean value is greater than the standard deviation, thus indicating good results. Because standard deviation is a description of high deviations, data that is not spread out indicates normal and unbiased results or that the data distribution is homogeneous.

Model Selection

The main objective of this model selection process is to provide the most accurate estimate to determine Good corporate governance Moderates the relationship between Environmental performance and Social performance and Financial performance. The random effect model was chosen as the most appropriate model for this research.

Panel Data Regression Analysis The results of panel data regression analysis using the fixed effect model are shown in Table 4 below.

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Table 4 Panel Data Regression Equation 1

Model	Fixed Effect Model		
Variables	Coefficient	t-Statistics	Prob.
C	0.134039	0.947425	0.3467
E.P	2.084047	2.867540	0.0055
SP	-2.505252	-3.249149	0.0018
GCG	0.516581	1.436459	0.1554
R-squared	0.662476		
Adjusted R-squared	0.535293		
Prob. (F-statistic)	0.000000		

Source:Processed data, 2024

Table 5 Panel Data Regression Equation 2

Model	Random Effect Model		
Variables	Coefficient	t-Statistics	Prob.
C	0.206160	1.271324	0.2068
E.P	1.733977	2.652357	0.0094
SP	-1.687010	-2.409209	0.0180
R-squared	0.069004		
Adjusted R-squared	0.048983		
Prob. (F-statistic)	0.035980		

Source:Processed data, 2024

Based on the results of table 5, the regression equation for multiple linear regression on panel data can be formulated as follows:

$Y = 0.206160 + 1.733977(X1) - -1.687010(X2)$

The variable X1, which is Environmental Performance, based on the calculation results, shows that the t-value < t-table (2.652357 > 1.66123) and the probability value (significance) is 0.0094 < 0.05, indicating that Environmental Performance has a significant effect on financial performance.

The variable X2, which is Social Performance, based on the calculation results, shows that the t-value < t-table (-2.409209 > 1.65597) and the probability value (significance) is 0.0180 < 0.05, indicating that Social Performance has a negative effect on financial performance.

Moderated Panel Data Regression Analysis

The results of the linear regression of moderated panel data can be seen in table 6. Based on table 6, the regression equation for the multiple linear regression of moderated panel data is formulated as follows:

$Y = \alpha + \beta 1X1+ \beta 2X2+ \beta 3M + \beta 4X1*M + \beta 5X2*M + \varepsilon$

Table 6 Panel Data Regression Equation 3

Model	Fixed Effect Model		
Variables	Coefficient	t-Statistics	Prob.
C	0.270190	1.175461	0.2440
E.P	4.927990	2.822028	0.0063
SP	-5.856385	-3.468462	0.0009
GCG	0.204186	0.470574	0.6395
Moderation 1	-5.171486	-1.841511	0.0700
Moderation 2	6.130896	2.209479	0.0306

Based on table 6, the MRA test values calculated using Eviews.12 can be explained as follows:

The influence of GCG in moderating the relationship between environmental performance and financial performance.

Variable M1, namely EP*GCG, has a probability value of 0.0700, so the probability value is > 0.05 significance level. Thus the fourth hypothesis (H4) is rejected, this shows that GCG cannot moderate the relationship between environmental performance and financial performance.

The influence of GCG in moderating the relationship between social performance and financial performance.

Variable M2, namely SP*GCG, has a probability value of 0.0306, so the probability value is <0.05 significant level. Thus the fifth hypothesis (H5) is accepted, this shows that GCG can moderate the relationship between social performance and financial performance. With a coefficient value of 6.130896 which shows that the research results are in a positive direction so it can be concluded that the results are positive.

E. CONCLUSIONS AND SUGGESTIONS

Based on the arguments we have compiled, we conclude that together environmental performance and social performance influence financial performance. Meanwhile, environmental performance partially influences financial performance. Social performance has a negative effect on financial performance. Meanwhile, good corporate governance cannot moderate the relationship between environmental performance and financial performance. Good corporate governance can moderate and strengthen the relationship between social performance and financial performance.

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