# How Good Corporate Governance Principles Influence Corporate Social Responsibility Disclosure?

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***ABSTRACT***

*This study aims to analyze the influence of transparency, accountability, responsibility, independence, and fairness on Corporate Social Responsibility (CSR) disclosure. The research focuses on mining companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. The sample was selected using a purposive sampling method, resulting in 44 companies. The analysis method used was panel data regression with the Fixed Effect Model (FEM). The results indicate that transparency and accountability do not have a significant impact on CSR disclosure. However, responsibility and independence are found to significantly influence CSR disclosure, while fairness does not show a significant effect. These findings suggest that while companies prioritize social responsibility and independence in their governance, transparency, accountability, and fairness may not be key drivers for CSR disclosure in the mining sector. This research highlights the need for better governance practices and clearer disclosure standards, particularly in industries with significant environmental impact.*

***Keywords: corporate social responsibility, disclosure, good corporate governance principles.***

## INTRODUCTION

A company that implements Corporate Social Responsibility (CSR) enhances its value. It also creates a positive reputation, which can be perceived favorably by consumers and increases their loyalty toward the company's products. The better the CSR disclosure, the higher the consumer loyalty. This leads to increased sales, leading to increased sales and ultimately creating added value for the company (Ramadhani et al., 2020). CSR represents the company's responsibility to all its stakeholders, and when aligned with the Sustainable Development Goals (SDGs) set by the United Nations, it contributes to sustainable development across economic, social, and environmental dimensions. According to the World Business Council for Sustainable Development (WBCSD), CSR, through collaboration with employees, their families, surrounding organizations, and the general public, can provide positive contributions to sustainable economic development.

For example, CSR initiatives that support Decent Work and Economic Growth (SDG 8) help create fair working conditions and professional growth opportunities, enhancing employee welfare and contributing to local economies. Similarly, CSR efforts focusing on Reduced Inequalities (SDG 10) aim to bridge social and economic gaps by promoting inclusivity and

supporting marginalized communities. CSR activities also align with Responsible Consumption and Production (SDG 12) by encouraging sustainable business practices, such as minimizing waste and promoting resource efficiency. Additionally, companies committed to CSR take action on Climate Change (SDG 13) by reducing emissions and adopting renewable energy sources, directly contributing to global climate resilience. Furthermore, CSR often involves partnerships with governments and non-profits to amplify their impact, supporting Partnerships for the Goals (SDG 17). These collaborative efforts extend a company's reach and effectiveness in achieving sustainability outcomes, highlighting the integral role of CSR in advancing the SDGs.

Companies carry out CSR not just to do good or fulfill obligations. Instead, CSR has become part of business ethics and helps maintain strong relationships with stakeholders consistently. Furthermore, CSR is now regarded as a long-term business strategy. It is important to note that CSR implementation cannot be separated from the principles of Good Corporate Governance. Social responsibility disclosure in annual reports is a form of corporate performance transparency to the public, which aligns with the principles of Good Corporate Governance (Singal & Putra, 2019).

Good Corporate Governance must be prioritized to ensure the company operates according to its vision and goals, creating favorable economic conditions for all stakeholders (Khairunnisa & Sulfitri, 2024). The principles outlined in the Indonesian Corporate Governance Guidelines (PUGKI) in 2021 include Transparency, Accountability, Responsibility, Independence, and Fairness. The application of Good Corporate Governance is equivalent to the application of CSR, which embodies the responsibility principle when associated with Good Corporate Governance based on Law No. 40 of 2007 Article 66 Paragraph 2 Part C and Law No. 32 of 2009 Article 68 Part A, which mandate not only the implementation but also the transparency of CSR activities.

The transparency principle in Good Corporate Governance is a means of communicating information in the decision-making process, where the information presented focuses on the company's CSR activities. The transparency principle is proxied by institutional ownership, as it significantly pressures companies to disclose information transparently, including CSR-related information. Transparency has a positive and significant impact on CSR disclosure, as per the

research by Singal & Putra (2019). However, Thasya et al. (2020) found that transparency does not influence CSR disclosure.

The accountability principle in Good Corporate Governance provides a clear picture of the structure, functions, and systems managing the company's CSR activities, ensuring these activities are conducted effectively. The accountability principle is proxied by the audit committee, whose members, as part of the company's oversight mechanism, ensure that financial reports and CSR disclosures are accurate, transparent, and compliant with prevailing standards. Research by Moghtaderi et al. (2020) found that CSR disclosure is influenced by accountability, while Fapila & Zulaikha (2023) found no evidence that accountability affects CSR disclosure.

The responsibility principle in Good Corporate Governance reflects the company's presence as an integral part of the community, meaning it is responsible for the impact of its operations on surrounding society. Responsibility can be proxied by managerial ownership, which implies responsibility to all stakeholders, including employees, society, and the environment. Sari & Handini's (2021) research found that CSR disclosure is not influenced by responsibility, while Singal & Putra (2019) observed a positive impact of responsibility on CSR disclosure. Maysaroh & Murwaningsari (2023) noted that environmental disclosure does not affect financial performance (Singal & Putra, 2019).

The independence principle in Good Corporate Governance refers to acting independently and free from conflicts of interest, which encourages the company to regularly publish relevant information to its stakeholders. Independence can be proxied by independent commissioners, who act objectively without being influenced by management or major shareholders, ensuring that CSR disclosure is honest and transparent, without bias or manipulation. Tarigan & Adisaputra (2020) found that independence positively influences CSR, while Salsabilla et al. (2022) reported no such effect.

The fairness principle in Good Corporate Governance emphasizes fair and non-discriminatory treatment of all stakeholders, including society and the environment. Fairness is proxied by shareholder rights, reflecting the principle that all shareholders have the right to participate in General Meetings of Shareholders (GMS) and express their views on various company policies. In Novita's (2018) study, fairness had no effect on CSR disclosure, while Aprilliani (2015) found a positive impact.

Mining companies face significant reputational risks related to human rights violations, environmental damage, and social injustice, making effective CSR disclosure crucial for managing these risks and building trust with stakeholders. This study aims to understand how Good Corporate Governance principles influence the management and reporting of social responsibility in the mining sector, which is often strictly regulated due to its negative impacts. Mining companies are expected to provide detailed and transparent CSR disclosures to demonstrate how they manage negative impacts and contribute to social and environmental responsibility. The incidents involving PT Medco E&P in East Aceh and PT Vale Indonesia in Southeast Sulawesi highlight the urgent need for better CSR disclosure. This study examines the relationship between Good Corporate Governance principles—such as transparency, accountability, responsibility, independence, and fairness—and CSR disclosure, using proxy variables such as institutional ownership and the audit committee. Unlike previous studies that used cross-sectional data, this research focuses on mining companies over a three-year period, employing multiple regression analysis. However, it is limited to mining companies within the three-year time frame (Ramdhaningsih & Utama, 2020; Ilahi & Cheisviyanny, 2024).

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Legitimacy Theory

According to Deegan (2000:253), legitimacy theory posits that there is a "social contract" between a company and its environment. This contract reflects society's expectations of how companies should operate. These expectations can be implicit, such as social norms, or explicit, like legal requirements. Social and environmental disclosures serve as a way for companies to demonstrate their positive performance to society and investors. By making these disclosures, companies can build a positive image and gain recognition, attracting interest from both domestic and foreign investors. This theory emphasizes the importance of both government and society, implying that company activities should align with societal expectations. Mau & Kadarusman (2022) argue that legitimacy theory suggests that companies consistently demonstrating their operations comply with societal norms will be more accepted. This is achieved through annual reports that explain their environmental responsibilities. One way for

companies to gain legitimacy and enhance long-term financial performance is by disclosing their social responsibilities.

**Stakeholder Theory**

Stakeholder theory states that companies do not operate solely for their own interests but also for the benefit of their stakeholders. Stakeholders are parties who have authority within the company and can influence its activities. According to Ghozali & Chariri (2007), stakeholders represent all those to whom a company is accountable. Companies are now not only responsible to their owners but also to the broader environment, including the social environment, which is often referred to as social responsibility.

**Corporate Social Responsibility Disclosure**

According to Ilahi & Cheisviyanny (2024), Corporate Social Responsibility (CSR) relates to the business need to achieve a balance between profits in one area and socio-economic development through joint efforts with employees and their families, as well as improving the living standards of the general public in the areas where the business operates. Fallah & Mojarad (2020) define CSR as the process of collecting and disseminating financial and non-financial information on a regular basis. This information pertains to the relationship between public officials and the community, which is evaluated in the annual report. In this study, CSR is calculated using 91 specific items according to the GRI 2016 standards, which describe three categories in the sustainability report as follows: First, the disclosure of the economic aspect illustrates the company's activities from an economic perspective, transparently informing stakeholders. Second, the disclosure of the environmental aspect covers explanations of the company’s environmental impact, including categories related to products and services, the use of water, air, and other environmental elements. Third, the disclosure of the social aspect includes the social impact on the community, such as comfort, safety, and public health in relation to the environmental impacts of the company’s activities (Agustina et al., 2019).

**Good Corporate Governance**

Environmental performance refers to the actions or behaviors of a company that participate in environmental preservation and contribute to creating a good and green environment. This performance includes the outcomes of all company activities aimed at preventing, controlling, and managing the negative impacts of the company’s operations on the

environment. FCGI, or the Forum for Good Corporate Governance in Indonesia, defines Good Corporate Governance as a framework for managing and overseeing these practices. To maximize the creation of wealth for the company, good corporate governance requires a set of rules and regulations to guide the daily operations of the company. It ensures control over the business to maximize benefits for stakeholders, aligned with their respective roles and responsibilities within the company. The principles of Good Corporate Governance, as outlined by the National Committee on Governance Policy (2006), include: Transparency, Accountability, Responsibility, Independence, and Fairness (Dewi, 2020).

**Transparency**

The principle of transparency involves clarity in the decision-making process, the communication of important and relevant information about the company, and compliance with all regulations governing the provision of information. It also includes openness regarding information that the public needs about the company's products, services, and operations, which can influence the behavior of all interested parties (Furqoni, 2014).

The principle of transparency in Good Corporate Governance suggests that the higher the transparency, the greater the likelihood of a company fully disclosing its CSR activities. Legitimacy theory emphasizes the need for companies to operate in accordance with societal values and norms to maintain social support. High transparency encourages clear and accurate CSR disclosure, demonstrating the company's commitment to social responsibility and strengthening its legitimacy in the eyes of stakeholders. Stakeholder theory highlights the importance of considering the interests of various parties affected by the company's activities. Transparency is a crucial tool for communicating the company's actions to stakeholders, including employees, local communities, and investors. Through effective CSR disclosure, companies can meet stakeholder expectations, enhance their reputation, and gain support. Ilahi & Cheisviyanny (2024) supports that transparency positively influences CSR disclosure.

**$H_1$: Transparency has a positive influence on CSR disclosure.**

**Accountability**

Accountability is a prerequisite for the continuity of operations. The principle of accountability involves the belief in a business organization's mission, implementation, and obligations so that management can operate efficiently. It refers to fulfilling the duties and authorities of an individual or organization as established by the company. This includes

recognizing or executing duties and authorities, reporting on the execution of those duties and authorities, and being responsible for activities related to fulfilling tasks and rights (Parianti et al., 2023).

The principle of accountability in Corporate Governance states that the higher the company's accountability to its stakeholders, the more detailed their CSR disclosure will be. Accountability emphasizes the company's responsibility for its decisions and their impact on stakeholders, including the general public. Legitimacy theory supports the view that companies need to operate in accordance with societal values and norms to gain social support. High accountability encourages transparency in CSR disclosure, explaining the social, environmental, and economic impacts of the company's activities to stakeholders. Stakeholder theory highlights the importance of considering the interests of all parties involved or affected by the company's activities. Accountability ensures that the company not only focuses on financial profits but also on its responsibility to stakeholders. By enhancing CSR disclosure, companies demonstrate responsibility and commitment to social and environmental expectations, thereby increasing stakeholder trust and support. A study by Azzahra et al. (2021) found that the principle of accountability positively influences CSR disclosure.

**$H_2$: Accountability has a positive influence on CSR disclosure.**

**Responsibility**

The principle of responsibility asserts that the management of a company must comply with applicable laws, ethical business practices, and Corporate Governance principles. Companies must adhere to rules and regulations, respect local cultures, and strive to make positive contributions to society. Businesses should be socially and environmentally responsible to ensure long-term sustainability and become responsible corporate citizens (Nurlida & Ghalib, 2021).

The principle of responsibility in Corporate Governance states that the greater the company's social responsibility, the broader and more detailed its CSR disclosure will be. This principle emphasizes the importance of managing the social, environmental, and economic impacts of company operations responsibly toward all stakeholders. Legitimacy theory supports the notion that companies should operate according to societal values and norms to gain social support. Thus, the greater the company's responsibility, the stronger the motivation for comprehensive CSR disclosure. Stakeholder theory stresses the importance of considering the

interests of all parties affected by the company's activities. By enhancing CSR disclosure, companies show their commitment to social and environmental responsibility, improving their reputation and relationships with stakeholders. This principle is supported by the research of Singal & Putra (2019), which found that responsibility positively influences CSR disclosure.

**$H_3$: Responsibility has a positive influence on CSR disclosure.**

**Independency**

Independence is essential to facilitate the implementation of good corporate governance principles. It requires entities to operate autonomously without external interference, which is crucial for the functioning of regulatory bodies and accurate decision-making. Each business unit must comply with laws and Good Corporate Governance guidelines. Independence is necessary for running a company professionally, avoiding conflicts of interest or pressure from other parties, and adhering to legal and good business practices (Nurhayani, 2021).

The principle of independence in Corporate Governance suggests that the higher the level of independence within the company's governance structure, such as the presence of an independent board of commissioners and a strong audit committee, the more likely the company is to disclose CSR comprehensively. This principle ensures that company decisions are free from personal or external interests that could lead to conflicts. Legitimacy theory supports the view that companies should operate in line with societal values and norms to gain social support. High levels of independence in governance provide assurance that company decisions are objective and free from conflicts of interest, allowing for transparency and accountability in CSR disclosure. Stakeholder theory emphasizes the importance of considering the interests of all parties affected by the company's activities. Independence ensures that the company's decisions take into account the interests of all stakeholders, not just a select few. Through better CSR disclosure, companies demonstrate their commitment to acting fairly and transparently, fulfilling stakeholder expectations, increasing trust, and strengthening their relationships. This principle is supported by the research of Fapila & Zulaikha (2023), which found that independence positively influences CSR disclosure.

**$H_4$: Independency has a positive influence on CSR disclosure.**

**Fairness**

The principle of fairness emphasizes the equal rights of stakeholders based on applicable agreements and laws. Companies ensure the protection of stakeholders' rights and guarantee

they are treated fairly without discrimination, in accordance with legal provisions. In its activities, the company always considers the interests of shareholders and other stakeholders with fairness. The company's efforts are aimed at ensuring that every stakeholder understands their rights and obligations under applicable laws (Parianti et al., 2023).

The principle of fairness in Corporate Governance suggests that the higher the level of fairness in the treatment of all stakeholders, the more likely a company is to comprehensively disclose its CSR activities. This principle emphasizes fair treatment of employees, shareholders, and the general public. Legitimacy theory supports the notion that companies must operate in accordance with societal norms to maintain legitimacy. In this context, fairness in stakeholder treatment encourages more detailed CSR disclosure. Stakeholder theory highlights the importance of considering the interests of all involved parties. Fairness ensures that the company treats all stakeholders equally, enhancing their trust and support. This principle can be observed through shareholder involvement and is supported by the research of Aprilliani (2015), which found that the principle of fairness positively influences CSR disclosure.

**$H_5$: Fairness has a positive influence on CSR disclosure.**

## RESEARCH METHOD

This study is quantitative research with a population of mining companies whose financial reports are listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. The sampling method used in this research is purposive sampling.

Table 1.

Research Sampling

| No | Kriteria | Jumlah |
|---|---|---|
| 1. | Mining companies listed on IDX from 2020-2023 | 63 |
| 2. | Mining companies that did not publish annual reports and Sustainability reports consecutively during the 2020-2023 period | (10) |
| 3. | Mining companies that did not adopt the GRI 2016 standard (91 specific items) | (9) |
| | Total mining companies meeting the criteria | 44 |
| | Observation period | 4 years |
| | Total observations | 176 |

The variables examined in this study are:

| Variables | Formula |
|---|---|
| **Dependent:**<br>CSR Disclosure | The dependent variable used is the GRI 2016 standard.<br>$$CSRDI\ j = \frac{\sum Xij}{n\ j}\ x\ 100\%$$<br>CSRDIj = CSR Disclosure Index of company j<br>∑Xij = Number of items disclosed<br>nj = Number of items according to the specific 91-item standard |
| **Independent:**<br>Transparency | Transparency is proxied by institutional ownership because institutions have the incentive and ability to demand and monitor higher transparency in the companies they invest in (Singal & Putra, 2019).<br>Institutional Ownership =<br>$$\frac{Number\ of\ shares\ owned\ by\ institutions}{Total\ shares\ outstanding}\ x\ 100\%$$ |
| Accountability | The principle of accountability is proxied by the audit committee, as the committee plays a crucial role in ensuring accurate financial reporting, effective internal control, regulatory compliance, and risk management—all key aspects of the accountability principle in Good Corporate Governance (Listyaningsih et al., 2018).<br>Audit Committee =<br>$$\frac{Number\ of\ Audit\ Committe\ Members}{3}$$ |
| Responsibility | The principle of responsibility is proxied by managerial ownership, as this principle refers to the responsibility of managers to ensure that their decisions and actions not only benefit themselves but also contribute positively to the overall well-being of the company and shareholders (Listyaningsih et al., 2018).<br>Managerial Ownership =<br>$$\frac{Number\ of\ shares\ owned\ by\ managers}{Total\ shares\ outstanding}\ x\ 100\%$$ |
| Independence | The principle of independence is proxied by independent commissioners, who play a crucial role in ensuring that oversight and decision-making within the company are conducted objectively, free from conflicts of interest, and in line with good governance principles (Dewi, 2020)<br>Independent Commissioners =<br>$$\frac{Number\ of\ independent\ commissioners}{Total\ numer\ of\ board\ members}\ x\ 100\%$$ |

| Variables | Formula |
| --- | --- |
| Fairness | The principle of fairness is proxied by General Meeting of Shareholders (GMS) participation, as this forum allows shareholders to equally participate in company decision-making, enhancing transparency and ensuring that all stakeholders have a fair voice in the corporate governance process (Angelica & Azzahra, 2021).<br>Participation Rate =<br>$\frac{Number\ of\ shareholders\ present}{Total\ registered\ shareholders}\ x\ 100\%$ |

## RESULT AND ANALYSIS

**Descriptive Statistics**

Table 2.

Descriptive Statistics Results

| | Y | X1 | X2 | X3 | X4 | X5 |
|---|---|---|---|---|---|---|
| Mean | 90784.39 | 0.799648 | 1117.375 | 3.328614 | 0.423352 | 0.975886 |
| Median | 91209.00 | 0.856000 | 1000.000 | 0.002000 | 0.400000 | 0.985500 |
| Maximum | 93407.00 | 0.999000 | 2000.000 | 67.40400 | 0.750000 | 1.000000 |
| Minimum | 86813.00 | 0.100000 | 1000.000 | 0.000000 | 0.300000 | 0.848000 |
| Std. Dev. | 1722.166 | 0.198241 | 214.0248 | 13.45116 | 0.101252 | 0.031179 |

Source: Processed data (E-views Output)

Based on the descriptive statistics test in table 2, it is shown that from the sample, the Transparency variable (X1) has a minimum value of 0.100000, a maximum value of 0.999000, and a mean (average) of 0.799648. Meanwhile, the standard deviation is 0.198241. The Accountability variable (X2) has a minimum value of 1000.000, a maximum value of 2000.000, and a mean (average) of 1117.375, with a standard deviation of 214.0248. The Responsibility variable (X3) has a minimum value of 0.000000 and a maximum value of 3.328614. The mean (average) is 8531.617, while the standard deviation is 1341.656. The Independence variable (X4) has a minimum value of 0.300000 and a maximum value of 0.750000. The mean (average) is 0.423352, with a standard deviation of 0.101252. The Fairness variable (X5) has a minimum value of 0.848000 and a maximum value of 1.000000. The mean (average) is 0.975886, with a standard deviation of 0.031179. This indicates that the data deviation in the research sample is normal.

**Panel Data Regression Test**

Table 3.

Chow Test Results

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 12.121905 | (43,127) | 0.0000 |
| Cross-section Chi-square | 286.893523 | 43 | 0.0000 |

Source: Processed data (E-views Output)

From the chow test results, the probability value is 0.0000 (< 0.05), so the chosen model is the Fixed Effect Model (FEM), allowing for further testing with the Hausman Test.

**Hausman Test**

Table 4.

Hausman Test Results

| Test Summary | Chi. Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 16.649810 | 5 | 0.0052 |

Source: Processed data (E-views Output)

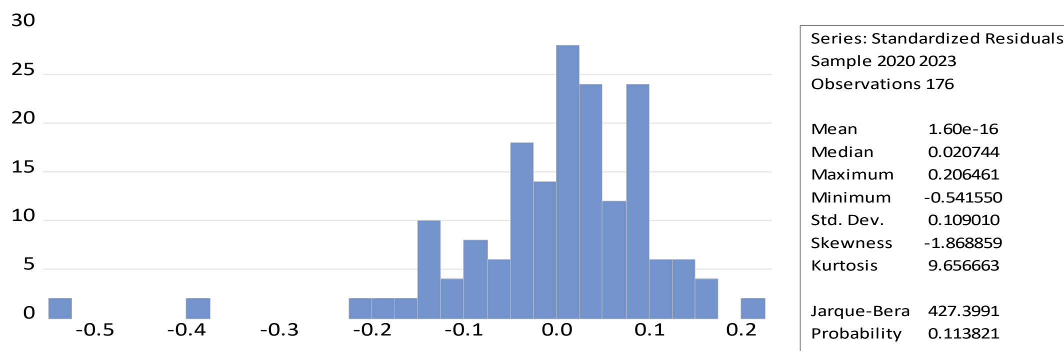
From the Hausman test results, the probability value is 0.0052 (< 0.05), so the selected model is the Fixed Effect Model (FEM). Thus, classical assumption analysis was conducted using the Fixed Effect Model (FEM).

**Classical Assumption Test**

**Normality Test**

Table 5.

Normality Test Results




Source: Processed data (E-views Output)

From the results above, the Jarque-Bera probability value < 0.05, specifically 0.113821, it can be concluded that the data is normal.

**Multicollinearity Test**

Table 6.

Multicollinearity Test Results

| | X1 | X2 | X3 | X4 | X5 |
|---|---|---|---|---|---|
| X1 | 1.000000 | -0.321508 | -0.777144 | -0.322820 | -0.103887 |
| X2 | -0.321508 | 1.000000 | 0.296691 | 0.022136 | -0.087409 |
| X3 | -0.777144 | 0.296691 | 1.000000 | 0.111732 | 0.042363 |
| X4 | -0.322820 | 0.022136 | 0.111732 | 1.000000 | -0.004961 |
| X5 | -0.103887 | -0.087409 | 0.042363 | -0.004961 | 1.000000 |

Source: Processed data (E-views Output)

From the results above, $R^2$ > X1, X2, X3, X4, X5, so the FEM model passes the multicollinearity test.

**Heteroscedasticity Test**

Table 7.

Heteroscedasticity Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -749.9074 | 2718.932 | -0.275809 | 0.7831 |
| X1 | -480.4440 | 798.3074 | -0.601828 | 0.5484 |
| X2 | 0.436525 | 0.562821 | 0.775602 | 0.4394 |
| X3 | -117.3041 | 71.87585 | -1.632038 | 0.1051 |
| X4 | -2388.302 | 962.6227 | -2.481037 | 0.1441 |
| X5 | 3438.908 | 2345.434 | 1.466214 | 0.1451 |

Source: Processed data (E-views Output)

From the heteroscedasticity test results above, the p-values of X1, X2, X3, X4, X5 are > 0.05, so the FEM model passes the heteroscedasticity test.

**Regression Equation**

Table 8.

Coefficients

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 92432.00 | 3826.541 | 24.15550 | 0.0000 |
| X1 | 209.5114 | 1123.513 | 0.186479 | 0.8524 |
| X2 | -0.944505 | 0.792097 | -1.192411 | 0.2353 |
| X3 | 290.4819 | 101.1558 | 2.871627 | 0.0048 |
| X4 | 3044.182 | 1354.765 | 2.247018 | 0.0264 |
| X5 | -3089.953 | 3300.891 | -0.936097 | 0.3510 |

Source: Processed data (E-views Output)

Based on the research results, the following equation is obtained:

$$Y = 92431.99 + 209.51X1 – 0.94X2 + 290.48X3 + 3044.18X4 – 3089.95X5 + e$$

**Model Feasibility Test (F-Test)**

Table 9.

F-Test

| F-statistic | Prob (F-statistic) | Durbin-Watson stat |
|---|---|---|
| 12.77012 | 0.000000 | 2.485206 |

Source: Processed data (E-views Output)

The F-table value in this research was calculated with a significance level of 0.05, df = 176 (sample size - 2), resulting in an F-table value of 0.1244. In the regression test table, the calculated F-statistic value is 12.77012, which is higher than the F-table value (12.77012 > 0.1244). The probability value is 0.000000 (0.000000 < 0.05), indicating that the variables of

transparency, accountability, responsibility, independence, and fairness influence CSR disclosure.

**Coefficient of Determination Test**

Table 10.

Coefficient of Determination

| R-squared | Adjusted R-squared | Mean dependent var | S.D. dependent var |
|---|---|---|---|
| 0.828370 | 0.763503 | 90784.39 | 1722.166 |

Source: Processed data (E-views Output)

Based on Table 10, the R-squared value is 0.828370. This means that transparency, accountability, responsibility, independence, and fairness account for 82.83% of the variation in CSR disclosure, while 17.17% is influenced by other variables not examined in this study.

**T-Test**

Table 11.

T-Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 92432.00 | 3826.541 | 24.15550 | 0.0000 |
| X1 | 209.5114 | 1123.513 | 0.186479 | 0.8524 |
| X2 | -0.944505 | 0.792097 | -1.192411 | 0.2353 |
| X3 | 290.4819 | 101.1558 | 2.871627 | 0.0048 |
| X4 | 3044.182 | 1354.765 | 2.247018 | 0.0264 |
| X5 | -3089.953 | 3300.891 | -0.936097 | 0.3510 |

Source: Processed data (E-views Output)

The t-test in Table 11 shows that the transparency variable has a probability value of 0.8524, which means the significance value is > 0.05, indicating that transparency does not affect CSR disclosure. The accountability variable has a probability value of 0.2353, which means the significance value is > 0.05, indicating that accountability does not affect CSR disclosure. The responsibility variable has a probability value of 0.0048, which means the significance value is < 0.05, indicating that responsibility significantly influences CSR disclosure. The independence variable has a probability value of 0.0264, which means the significance value is < 0.05, indicating that independence significantly influences CSR disclosure. The fairness variable has a probability value of 0.3510, which means the significance value is > 0.05, indicating that fairness does not affect CSR disclosure.

## DISCUSSION

### Transparency and CSR Disclosure

The test results show that the first hypothesis is rejected, indicating that transparency does not have a significant influence on CSR disclosure. This means that increased company transparency is not related to increased CSR disclosure. Companies may only formally comply with transparency requirements without substantial implementation, for instance, merely to fulfill regulations or Corporate Governance standards. Other factors, such as pressure from stakeholders or legal obligations, may have a greater influence on CSR disclosure. In the mining sector, transparency does not significantly affect CSR disclosure, possibly due to the challenges of implementation in a sector with a large environmental impact and the lack of clear disclosure standards. Although transparency is a key principle of Good Corporate Governance, its implementation may not be consistent, particularly when it comes to environmental impact disclosures.

According to legitimacy theory, transparency should help companies gain legitimacy by providing accurate information to stakeholders. However, the research results show that transparency alone is insufficient if the information is not related to social and environmental responsibility. Stakeholder theory suggests that transparency should increase CSR disclosure to meet the interests of all involved parties. However, the research results indicate that transparency does not enhance CSR disclosure, perhaps because companies do not pay enough attention to or respond adequately to stakeholder interests. These findings are in line with studies by Singal & Putra (2019) and Ramadhani et al. (2020).

### Accountability and CSR Disclosure

The test results show that the second hypothesis is rejected, indicating that accountability does not have an influence on CSR disclosure. This means there is no significant relationship between a company’s level of accountability and CSR disclosure. Many companies may disclose CSR only to fulfill legal obligations without a genuine commitment to transparency and accountability. In the mining sector, unclear CSR disclosure standards and challenges in applying accountability may hinder effective disclosure. Operational complexity and the lack of internal control systems may also be obstacles. Although accountability is a key principle in Good Corporate Governance, its implementation may not be consistent.

Both legitimacy theory and stakeholder theory suggest that accountability should increase CSR disclosure. However, this research shows that even though companies demonstrate accountability in their reports, it does not always translate into substantial CSR disclosure. This finding is consistent with studies by Sukasih & Sugiyanto (2017) and Salsabilla et al. (2022).

**Responsibility and CSR Disclosure**

The test results show that the third hypothesis is accepted, indicating that responsibility has a significant influence on CSR disclosure. This means that companies that prioritize social responsibility tend to engage in more extensive CSR disclosure. The principle of responsibility encourages companies to act ethically and be accountable for the social and environmental impacts of their activities. The application of this principle motivates companies to provide clear and accountable CSR disclosures, enhancing their image in the eyes of stakeholders and attracting investors and partners concerned with social and environmental issues. By identifying and managing operational risks, proactive CSR disclosure helps prevent reputational crises.

According to legitimacy theory, the principle of responsibility helps companies meet social expectations, enhancing legitimacy through the disclosure of social and environmental impacts. Stakeholder theory emphasizes the importance of meeting stakeholder expectations. The principle of responsibility ensures that companies provide transparent and accurate CSR disclosures, increasing stakeholder trust and satisfaction. This research is in line with previous studies by Yudhistira & Saraswati (2016) and Tarigan & Adisaputra (2020).

**Independence and CSR Disclosure**

The test results show that the fourth hypothesis is accepted, indicating that independence has a significant influence on CSR disclosure. This means that independence plays an important role in determining the extent to which companies disclose their CSR activities. The principle of independence ensures that decisions are made without external influence, thus improving the quality of CSR disclosure. Independence in Corporate Governance promotes transparency and accountability, making companies more honest in disclosing their social and environmental impacts. Independent companies are better able to respond to public criticism and expectations, leading to more comprehensive and relevant CSR disclosures.

According to legitimacy theory, independence helps companies meet social expectations and maintain legitimacy through objective CSR disclosures free from personal influence. This enhances the perception of legitimacy and builds public trust. Stakeholder theory emphasizes

the importance of meeting stakeholder expectations. The principle of independence ensures clear and unbiased CSR disclosure. Independent commissioners ensure that all aspects of social and environmental responsibility are reported accurately, in line with stakeholder expectations. The application of independence increases transparency and engagement with stakeholders, fostering better relationships. This finding is supported by studies from Dewi (2020) and Tarigan & Adisaputra (2020).

**Fairness and CSR Disclosure**

The test results show that the fifth hypothesis is rejected, indicating that fairness does not have a significant influence on CSR disclosure. This suggests that fairness may not be a major factor in a company's CSR disclosure. The principle of fairness is often abstract and can be interpreted differently by various stakeholders, making it difficult for companies to apply it in CSR practices. Differences in stakeholder pressure and uncertainty in implementation may also hinder the application of fairness. The complexity of interests and inadequate focus on fairness make this principle less influential on CSR disclosure.

According to legitimacy theory, the principle of fairness should help meet social expectations, but this study shows otherwise. This may reduce the perception of corporate legitimacy and affect their reputation. Stakeholder theory emphasizes the importance of meeting the expectations of various stakeholders, but if fairness does not significantly impact CSR disclosure, it indicates that companies are ineffective in meeting the expectations of all parties. These results are consistent with previous studies by Novita (2018).

## CONCLUSION

The results of the tests indicate that transparency, accountability, responsibility, independence, and fairness collectively influence CSR disclosure. However, when tested individually, transparency does not significantly affect CSR disclosure. Similarly, accountability does not have a significant individual impact on CSR disclosure. In contrast, responsibility and independence both have significant individual effects on CSR disclosure, while fairness does not show a significant individual influence on CSR disclosure. For future research, it is recommended to develop better measurement methods, such as interviews and questionnaires, and to determine more appropriate proxies for the variables related to the principles of Good Corporate Governance in relation to CSR disclosure.

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