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The Effect of Corporate Social Responsibility (CSR), Intellectual Capital, and Institutional Ownership on the Financial Performance of Companies Listed on the Indonesia Stock Exchange (IDX)

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ABSTRACT

Objective: *This study aims to determine the effect of Corporate Social Responsibility, Intellectual Capital, and Institutional Ownership on Financial Performance.* ***Method:*** *This study uses quantitative methods and secondary data sources with mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2021–2023 as the object of study. The sampling technique used purposive sampling, which is a technique of sampling based on specific criteria, resulting in 11 companies with a total of 33 sample data. Data analysis was performed using multiple linear regression with SPSS 25 software.* ***Results:*** *The results of the study show that: (1) Corporate Social Responsibility does not affect financial performance, (2) Intellectual Capital affects financial performance, and (3) Institutional ownership has a positive effect on financial performance in mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2021–2023.* ***Novelty:*** *The novelty of this study lies in its integrated examination of Corporate Social Responsibility, Intellectual Capital, and Institutional Ownership simultaneously in predicting financial performance, specifically within mining companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. This research provides updated empirical evidence by combining these three determinants in one model and focusing on a post-pandemic dataset, which has rarely been explored in previous studies on the Indonesian mining sector.*

INTRODUCTION

In the era of globalization and development, the mining industry in Indonesia plays an important role in supporting national economic growth, particularly through its contribution to exports, state revenue, and employment[1]. However, this industry has also come under intense scrutiny due to its negative environmental and social impacts, which have led to pressure from various stakeholders to prioritize sustainability principles in its operations[2]. In this case, it can be concluded that financial performance is one of the main aspects that is of great concern to both internal and external management, including investors, creditors, the government, and the community[3]. This can be seen from companies listed on the Indonesia Stock Exchange, where there is a lot of competition in improving performance so that the company's objectives can be achieved very well. However, financial performance does not only serve as an indicator of a company's success in generating profits, but can also be a benchmark in assessing business sustainability in the future[4]. Therefore, companies are required to not only focus on short-term profits, but also maintain sustainability by paying attention to social, environmental, and good governance aspects.

In the mining sector, PT Vale Indonesia Tbk (PT Vale) is seen as a positive example in implementing performance optimization programs. The company has carried out post-

mining reclamation covering an area of 3,780 hectares, planted more than 4.83 million trees, and received public appreciation and investment value for its work optimization. From 2020 to 2024, PT Vale aims to achieve USD 50 million, with the goal of creating sustainable social and environmental impacts. This ensures that the positive effects on financial performance are well-structured and effective[5]. However, many mining companies still implement programs merely as a formality to comply with regulations, without a strategic orientation. Several reports also indicate that cases of environmental damage and conflicts with local communities are still rampant, such as PT Aneka Tambang Tbk's tin mining activities in Bangka Belitung causing damage[6]. In situations like this, companies need to develop and maintain strategies for future sustainability in order to maximize programs for good financial performance.

In an effort to improve financial performance, there are several factors that companies in the mining sector need to consider[7]. One factor that deserves attention is the importance of implementing a CSR strategy in building reputation and social legitimacy, which in turn has the potential to improve the financial performance of Corporate Social Responsibility (CSR) practices. CSR emphasizes that companies not only have an economic responsibility to make a profit, but also a social responsibility to society (people) and the environment (planet). In Indonesia, the obligation to implement CSR is regulated in Law Number 40 of 2007 concerning Limited Liability Companies, so that the implementation and disclosure of CSR is no longer just an option, but a legal obligation[8]. Good CSR implementation is believed to be able to improve reputation, company image, and investor confidence, which in turn can affect financial performance. However, the effectiveness of CSR on profitability is still often debated, given that not all companies that actively implement CSR show optimal financial performance[9]. The research shows [8] that corporate social responsibility has a positive and significant impact on financial performance. However, [1]it also states that corporate social responsibility has a negative effect on financial performance.

In addition to social factors, that influences financial performance is intellectual capital, which describes the intangible assets owned by a company, in the form of knowledge, skills, experience, innovation, and relationships that can create added value and sustainable competitive advantage[10]. various factors that shape intellectual capital play an important role in driving the success of a company. Human capital, for example, includes the quality, competence, creativity, and adaptability of employees in facing technological and market changes. Structural capital includes the effectiveness of internal systems and procedures, an organizational culture that supports innovation, and the use of information technology that can accelerate business processes. Meanwhile, relational capital represents the strength of external networks, including good relationships with customers, suppliers, business partners, and other stakeholders that can enhance reputation and market trust. Research shows[11] that intellectual capital has a positive and significant impact on financial performance. However,[12] it also states that intellectual capital has a negative effect on financial performance.

The third factor that is also believed to influence financial performance is institutional ownership. A company's ownership structure often determines how it is managed. Institutional investors, such as insurance companies, pension funds, mutual funds, and other financial institutions, are considered to be better able to supervise management than individual investors[13]. With significant institutional ownership, it is hoped that corporate governance practices and financial performance will improve because institutional parties have a vested interest in the continuity of the business. Close supervision by institutional investors is believed to curb opportunistic behavior by management, reduce agency conflicts, and encourage companies to focus on long-term value enhancement. Research shows [14] institutional ownership has a positive and significant impact on financial performance. However, it also states that institutional ownership has a negative effect on financial performance[15].

The financial performance of public companies on the Indonesia Stock Exchange (IDX) for the 2021– 2023 period also provides an interesting picture. The year 2021 was a period of transition after the peak of the COVID-19 pandemic, which caused a major shock to the global economy. Many companies were still struggling to recover financially due to declining demand, supply chain disruptions, and high operating costs. However, entering 2022 to 2023, several sectors began to show signs of recovery and even recorded significant growth[16]. The mining sector, for example, experienced an increase in profits in line with rising global commodity prices and the recovery of domestic economic activity. However, not all sectors were able to recover quickly. This shows that corporate financial performance is influenced by a combination of various internal and external factors, including the implementation of CSR, the integration of intellectual capital, and institutional ownership structures. Although CSR practices in Indonesia are already mandated by regulation, the results of their implementation on financial performance have not been consistent[17]. Some companies with extensive CSR disclosures have actually experienced a decline in profitability.Conversely, there are companies that disclose limited CSR information but are able to demonstrate solid financial performance. This phenomenon raises the question of whether CSR really provides direct added value to profitability, or whether its benefits are more long-term in the form of enhanced reputation and public trust[18].

These intellectual capital factors also enable companies to manage and utilize knowledge optimally to create sustainable added value. A deep understanding of each factor that shapes intellectual capital is essential for companies to be able to design the right strategies to strengthen competitiveness, reduce operational risks, and ultimately improve financial performance consistently, especially in the mining sector, which faces high market dynamics and environmental pressures[10].

Institutional ownership also shows an interesting phenomenon. In theory, institutional ownership plays an important role in strengthening oversight mechanisms over management. However, in reality, many companies with high institutional ownership still face governance issues and experience a decline in financial performance. This condition indicates that institutional ownership is not always effective in preventing

opportunistic behavior by management or in encouraging an increase in company value[19].

This study is based on stakeholder theory. Stakeholder theory asserts that a company's success is determined not only by the interests of shareholders, but also by the satisfaction of all stakeholders. In terms of CSR variables, intellectual capital and institutional ownership can be viewed as strategic mechanisms for maintaining legitimacy, efficiency, and good governance in improving financial performance. This study builds on previous research [1][12][20] The difference between this study and previous studies lies in the research variables. Previous studies only tested one variable separately and not as an integrative framework. In addition, the results of previous studies still show inconsistencies, whereas this study fills the gap by testing the three variables simultaneously against financial performance. Furthermore, this study takes mining companies listed on the IDX in 2021-2023.

The purpose of this study is to determine the extent to which CSR practices affect financial performance in the mining sector listed on the IDX from 2021 to 2023. Furthermore, it examines the extent to which the application of intellectual capital influences financial performance. It also assesses institutional ownership in influencing financial performance. It can be concluded that the researcher conducted this study to determine the influence of Corporate Social Responsibility (CSR), Intellectual Capital, and Institutional Ownership on the financial performance of mining companies listed on the IDX from 2021 to 2023.

Hypothesis

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

Corporate Social Responsibility (CSR) is an activity in the economic, environmental, and social aspects that is important to avoid social inequality in the company's surrounding environment so that its positive impact can achieve the expected level of company performance. CSR can also increase consumer loyalty, strengthen the company's image, and open up new market opportunities. With increased public trust, companies will see an increase in sales and profits. CSR is not only a legal obligation in Indonesia (Law No. 40 of 2007), but also a business strategy to maintain the company's sustainability. Therefore, the implementation of CSR is expected to contribute positively to the company's financial performance[8]. According to stakeholders, companies must pay attention to the interests of the community and the environment as external stakeholders. The implementation of CSR reflects the company's commitment to the balance of profit, people, and planet. This is reinforced by research that [8] says that CSR has a positive effect on financial performance.

H1: Corporate Social Responsibility (CSR) has a positive effect on financial performance.

The Influence of Intellectual Capital on Financial Performance

Intellectual capital is an intangible asset owned by a company in the form of knowledge, skills, experience, innovation, and relationships that can create added value and sustainable competitive advantage, where intellectual capital generally includes

human capital, structural capital, and relational capital. From the Resource Based View (RBV) perspective, intellectual capital is seen as a strategic resource that is valuable, rare, difficult to imitate, and well organized. This is reinforced by research that [21] says intellectual capital has a positive effect on financial performance.

H2: Intellectual capital has a positive effect on financial performance.

The Effect of Institutional Ownership on Financial Performance

Institutional ownership is the proportion of a company's shares owned by an institution that manages investments and can influence management policy. According to agency theory, institutional ownership acts as a mechanism for monitoring management. Institutional investors have the resources and expertise to assess a company's performance objectively, thereby reducing opportunistic behavior by management[22]. The higher the institutional ownership, the stronger the control over management policy, which ultimately improves the quality of governance. This encourages continuous improvement in company performance. This is reinforced by research that [14] says institutional ownership has a positive effect on financial performance.

H3: Institutional ownership has a positive effect on financial performance.

Conceptual Framework

The following is a conceptual framework related to "The Influence of Corporate Social Responsibility (CSR), Intellectual Capital, and Institutional Ownership on Financial Performance."

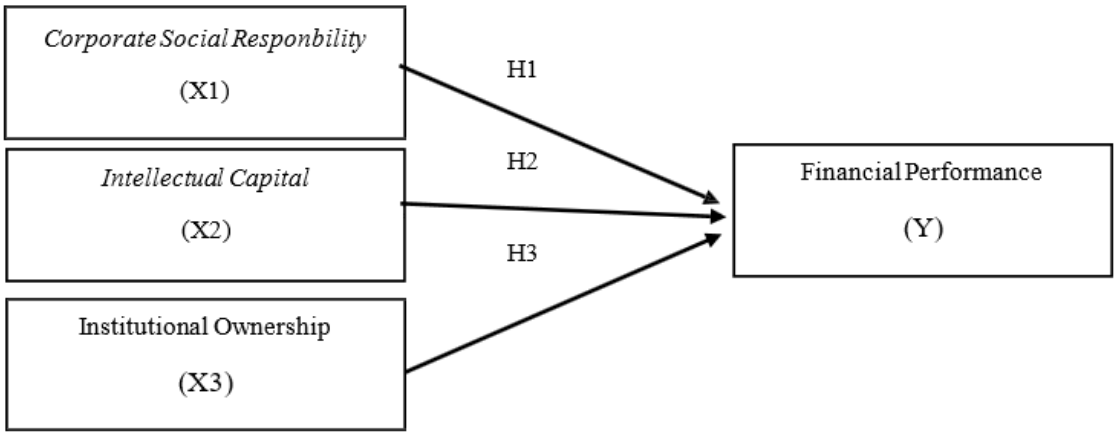

Figure 1. Conceptual Framework.

RESEARCH METHOD

This research is quantitative research and the type of data used is secondary data. The data sources were obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) in the form of annual reports and company financial reports. Mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period were used as the population in this study, with a total population of 59. This analysis was conducted using multiple linear regression. The researcher chose mining companies

because they wanted to determine the effect or causal relationship between independent variables and dependent variables. The sample was selected using purposive sampling technique[23]. Purposive sampling technique is the determination of samples based on certain criteria[23]. The criteria selected in this study were:

Table 1. Sample Criteria.

Research Sample Criteria	Amount
Population of mining companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period.	59
Mining companies that did not publish complete annual/sustainability reports in 2021–2023	34
Mining companies that did not disclose CSR data in 2021-2023	14
Total samples used	11
Total Observations (11x3)	33

Operational Definition of Variables

This study identifies two variables, namely independent variables and dependent variables. The variables in this study include Corporate Social Responsibility, Intellectual Capital, and Institutional Ownership, while the dependent variable is Financial Performance

Table 2. List of Variables, Definitions, and Indicators.

Variable	Definition	Indicator	Scale
Corporate Social Responsibility (CSR) (Independent)	CSR is a form of corporate social, economic, and environmental responsibility that is disclosed in annual reports or sustainability report[8].	CSRI = (Number of CSR items disclosed ÷ Total CSR items according to GRI guidelines)[24]	Ratio
Intellectual Capital	Intangible assets owned by the company, including knowledge, expertise, innovation, mechanisms or systems, and networks that can generate added value and drive improved financial performance. These are measured using	1. VACA (Value Added Capital Employed) $VA \div CA$ Explanation: VA: Value Added CA: Capital Employed a. Calculating VA VA = OUT-IN Explanation:	Ratio

	the *Value Added Intellectual Coefficient* (VAIC) method[25].	OUT: Revenue IN: Total expenses, excluding employee expenses b. Calculating CA CA = Total Assets - Short-term Liabilities 2. VAHU (Value Added Human Capital) $VA \div HC$ Explanation: HC: Employee expenses 3. STVA (Structural Capital Value Added) $SC \div VA$ Explanation: SC: Structural Capital a. Calculating SC SC = VA-HC 4. VAIC = VACA + VAHU + STVA [25]	
Institutional Ownership (Independent)	Institutional ownership of companies owned by institutions such as banks, insurance companies, pension funds, and other financial institutions[14].	Institutional Ownership = (Number of shares owned by institutions ÷ Number of shares outstanding) × 100% [26]	Ratio
Financial Performance (Dependent)	The company's ability to generate profits and utilize its resources efficiently[27].	Return on Assets (ROA) = Net profit ÷ Total asset [28]	Ratio

Data Analysis Techniques

This study was conducted to determine the relationship between variables. The analysis technique used in this study was multiple linear regression with the help of SPSS software. Before multiple regression analysis, it is necessary to perform descriptive

statistical tests and classical assumption tests, including normality, multicollinearity, autocorrelation, and heteroscedasticity tests, among others:

Descriptive Statistical Tests

Descriptive statistical tests are analyses that describe data based on the mean, mode, median, standard deviation, and maximum and minimum values[29]. Descriptive statistics are a method that provides an overview or description of data in the form of easy-to-understand information. The aim is to describe the characteristics of the variables used. It is usually used by researchers to understand the distribution and characteristics of the data used[29].

Data Normality Test

This study uses a data normality test to prove that the residual data from the regression model is normally distributed. This study uses a normal probability plot and the Kolmogorov-Smirnov (K-S) nonparametric statistical test[30]. Normal probability is determined by observing the distribution of data (points) on the diagonal axis of the normal P-P diagram with testing criteria. If the data is spread around the diagonal and follows the diagonal direction, or if the histogram of the P-P plot shows a normal distribution pattern, then the regression model meets the normality hypothesis and vice versa. Meanwhile, testing on the Kolmogorov-Smirnov table shows that if the ratio reaches more than 5% (>0.05), the regression is declared to meet normality. Conversely, if the result is less than 0.05, the residual is declared to be non-normal[30].

Multicollinearity Test

The multicollinearity test is used to determine whether there is a significant relationship between independent variables in a multiple linear regression model. This test is necessary to determine whether there are other variables in the model. Similarities between independent variables in the model will result in a very strong relationship between independent variables and other independent variables. The variance inflation factor (VIF) value is used to test for multicollinearity, with the rule that if the VIF is greater than 10.00 (>10.00) and the tolerance value is less than 0.10 (<0.10), then multicollinearity occurs, and if the VIF is less than 10.00 (<10.00), and the tolerance value is greater than 0.10 (>0.10), then multicollinearity does not occur[31].

Heteroscedasticity Test

The heteroscedasticity test is used to test whether there is bias between the residuals of one observation and the residuals of another observation in the regression model. One way to determine whether heteroscedasticity is present is to look at the plot between the predicted values and the residuals[23], based on the following analysis:

a. If there is a pattern (wavy, widening then narrowing), this indicates that heteroscedasticity has occurred.
b. If there is no pattern and the points are scattered above and below 0 on the Y-axis, then there is no heteroscedasticity.

Autocorrelation Test

The purpose of the autocorrelation test is to assess whether the residual errors in the regression model are correlated between one period and another. This is important

to note because inaccurate correlation coefficients can affect the validity of the regression model. Therefore, a good regression model must be free of autocorrelation. In this study, the Durbin Watson (DW)[32] test was used for the autocorrelation test. The Durbin-Watson test can be used to determine the presence or absence of autocorrelation. The criteria for determining the presence or absence of autocorrelation are as follows[32]:

a. A DW value less than -2 indicates positive autocorrelation.
b. A DW value between -2 and +2 indicates no autocorrelation.
c. If the DW value is greater than +2, this indicates negative autocorrelation.

Data Analysis Methods

In this study, several data analysis methods were used based on the research objectives to determine the influence between variables, including:

a. Multiple linear regression analysis

Multiple linear regression analysis is used to predict the effect of two or more independent variables on a dependent variable. Independent variables are used in multiple regression analysis for explanation, while dependent variables function as bound independent variables used as explanatory variables. In this study, multiple regression is used on the variables of corporate social responsibility (X1), intellectual capital (X2), institutional ownership (X3), and financial performance (Y).

This study uses a multiple regression equation to test the influence of independent variables on financial performance with the following calculations[29]:

$$Y = \alpha + \beta 1X1 + \beta 2\ X2 + \beta 3\ X3 + e$$

Description:

Y	: Financial performance
A	: Constant
β1, β2, β3	: Coefficients
X1	: Corporate Social Responsibility (CSR)
X2	: Intellectual capital
X3	: Institutional ownership
e	: Disturbing variables

Hypothesis Testing

Coefficient of Determination Test (R^2)

This test is used to determine the best level of accuracy in regression analysis, which in this case is indicated by the coefficient of determination. The coefficient of determination (R^2) is used to determine the percentage of influence of independent variables on dependent variables. In this study, it is used to assess the extent to which corporate social responsibility, intellectual capital, and institutional ownership influence financial performance, thereby helping to show the level of relationship between independent variables and financial performance[29].

t-test (Partial Effect)

The study uses a t-test to compare the effect of each independent variable (X) on the dependent variable (Y). The t-test is also used to determine the extent of contribution between variables by referring to the partial R^2. By identifying the value of the

independent variable on the dependent variable, it is possible to see which variable is the most significant. The t-test has a significance value of 0.05. The criteria for rejecting and accepting hypotheses are as follows:

a. If the significance α < 0.05, then there is a significant effect between the independent variable and the dependent variable.
b. If the significance α > 0.05, then there is no significant effect between the independent variable and the dependent variable.

RESULTS AND DISCUSSION

Results

Descriptive Statistics Test

Table 3. Descriptive Statistics Test of Financial Performance (Y).

	N	Minimum	Maximum	Mean	Std. Deviation
CSR	33	1,00	78,00	45,3636	24,92090
Intellectual capital	33	-1132,00	3385,00	932,1515	1052,56194
Institutional Ownership	33	14,00	100,00	63,8788	24,32560
Financial Performance	33	,00	60,00	16,9697	17,96261
Valid N (listwise)	33				

Source: Output SPSS

Based on Table 3, descriptive statistical tests, the independent variables are Corporate Social Responsibility (CSR), measured using the CSR Disclosure Index; intellectual capital, measured using the VAIC method; and institutional ownership, measured using the percentage of shares owned by institutional investors. Meanwhile, the dependent variable is financial performance, which is measured using return on assets (ROA). It can be seen from the table that for variable X1 CSR, the minimum result is 1.00, the maximum value is 78.00, and the average value is 45.3636 with a standard deviation of 24.92090. Variable X2, intellectual capital, shows a minimum result of -1132.00, a maximum value of 338 5.00, an average value of 932.1515, and a standard deviation of 1052.56194. The X3 variable, institutional ownership, showed a minimum result of 14.00, a maximum value of 100.00, and an average value of 63.8788 with a standard deviation of 24.32560. Meanwhile, for the financial performance variable Y, the minimum result was 0.00, the maximum value was 60.00, and the average value obtained was 16.9697 with a standard deviation of 17.96261.

Classical Assumption Test Result

1. Data Normality Test

Table 4. One-Sample Kolmogorov-Smirnov Test.

		Unstandardized Residual
N		33
Normal Parameters [a,b]	Mean	,0000000
	Std. Deviation	9,81265365
Most Extreme Differences	Absolute	,113
	Positive	,113
	Negative	-,101
Test Statistic		,113
Symp. Sig. (2-tailed)		,200[c]

Source : Output SPSS

Table 4 shows the results of the Kolmogorov-Smirnov test, which indicate a significance value of 0.200, which is greater than the significance level of 0.05. This shows that the residual data is normally distributed, thus fulfilling one of the classical assumption tests in linear regression.

2. Multicollinearity Test

Tabel 5. Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity	Statisitics
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-12,191	5,215		-2,338	,027		
	CSR	-,133	,086	-,185	-1,546	,133	,718	1,393
	Intellectual capital	,010	,002	,577	5,500	,001	,936	1,068
	Kepemilikan Institusional	,408	,091	,552	4,486	,001	,679	1,472

Source : Output SPSS

Based on Table 5, it shows that the tolerance value for the CSR variable is 0.718 and the VIF value is 1.393, the intellectual capital variable is 0.936 and the VIF is 1.068, and the institutional ownership variable is 0.679 and the VIF value is 1.472. Overall, the independent variables have tolerance values >0.10 and VIF values <10, so this regression model is free from multicollinearity.

3. Heteroscedasticity Test

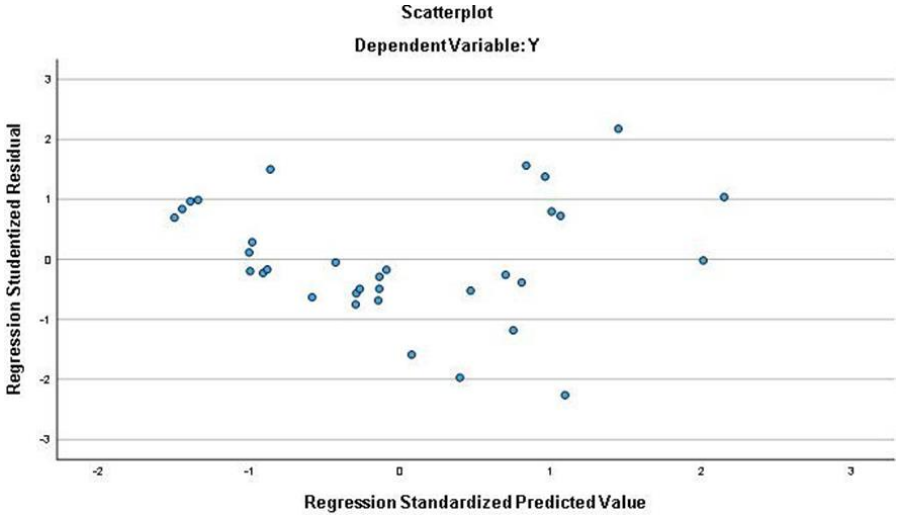

Figure 2. Scatterplot Dependent Variable: Y.
Source : Output SPSS

The heteroscedasticity test was conducted using the Intellectual Capital scatterplot method by observing the distribution pattern of points between the regression standardized predicted value and the regression studentized residual. The results show that the points are scattered randomly above and below the number 0 on the Y-axis. The distribution of these points does not form a clear pattern, such as tapering, widening, or undulating. It can be concluded that the regression model in this study is free from heteroscedasticity, thus fulfilling the classical assumptions of linear regression.

4. Autocorrelation Test

Tabel 6. Financial Performance Autocorrelation Test (Y).

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	,838[a]	,702	,671	10,30772	1,812

Based on the test results in Table 6, a Durbin-Watson value of 1.812 was obtained. This value is in the range of - 2 to +2, indicating that there is no autocorrelation or strong autocorrelation in the model. Therefore, this regression model is suitable for use in subsequent hypothesis testing.

Multiple Linear Regression Results

Table 7. Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,191	5,215		-2,338	,027
	CSR	-,133	,086	-,185	-1,546	,133
	Intellectual capital	,010	,002	,577	5,500	,001
	Institutional ownership	,408	,091	, 552	4,486	,001

a. Dependent Variable: Financial performance

The results of data processing through multiple regression analysis using SPSS calculations obtained the following results: (α) = –12.191, b_1 = –0.133, b_2 = 0.010, b_3 = 0.408

From the presentation of the multiple linear regression analysis values, the following calculation is obtained: Y= −12.191− 0.133X1+ 0.010X2 +0.408X3

From the presentation of the regression analysis values, the following can be explained:

a. The regression constant value (α) of –12.191 indicates that if the variables of Corporate Social Responsibility (X_1), Intellectual Capital (X_2), and Institutional Ownership (X_3) do not change or are equal to zero, then the financial performance value (Y) is estimated to be –12.191 units.
b. The regression coefficient value of variable X_1 = –0.133 is negative. This shows that if the value of Corporate Social Responsibility increases by 1 unit, the financial performance value is estimated to decrease by 0.133 units. However, the t-test results show a significance of 0.133 > 0.05, so this effect is not statistically significant.
c. The regression coefficient value of variable X_2 = 0.010 is positive. This means that if Intellectual Capital increases by 1 unit, financial performance is estimated to increase by 0.010 units. The t-test gives a significance of < 0.001 < 0.05, so this positive effect is significant.
d. The regression coefficient value of variable X_3 = 0.408 is also positive. This indicates that if Institutional Ownership increases by 1 unit, financial performance is estimated to increase by 0.408 units. The t-test shows significance < 0.001 < 0.05, so this positive effect is significant.

T-Test Result (Partial)

Table 8. Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,191	5,215		-2,338	,027
	CSR	-,133	,086	-,185	-1,546	,133
	Intellectual capital	,010	,002	,577	5,500	,001
	Institutional ownership	,408	,091	, 552	4,486	,001

a. Dependent Variable: Financial performance

The results of statistical testing on the CSR variable (X1) show a t-value of -2.338 with a significance value of 0.133 > 0.05. This indicates that CSR has no effect and is not significant on financial performance. The intellectual capital variable (X2) shows a t-value of 5.500 with a significance value of 0.001 < 0.05, which means that intellectual capital has an effect and is significant on financial performance. The Institutional Ownership variable (X3) shows a t-value of 4.486 and a significance value of 0.001 < 0.05. This means that institutional ownership has an effect and is significant on financial performance.

R-Square Test

Table 9. Determination Coefficient Value Company Value (Y).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,838[a]	,702	,671	10,30772

a. Predictors: (Constant), CSR, Intellectual capital, Institutional ownership
b. Dependent Variable: Financial performance

Based on Table 9, the R-square test results show that the Adjusted R-square has a value of 0.671 or 67.1%. This indicates that the variables of CSR, intellectual capital, and institutional ownership affect financial performance by 67.1%, while the remaining 32.9% is influenced by other variables not included in this study.

Discussion

The Effect of Corporate Social Responsibility on Financial Performance

Based on the t-test results in the table, it shows that Corporate Social Responsibility (CSR) has no effect and is not significant on the company's financial performance. The t-test results obtained a value of -1.546 with a significance of 0.133 > 0.005. Thus, hypothesis 1 (H1), which states that CSR affects financial performance, is rejected. These findings indicate that the level of disclosure of CSR activities carried out by companies, whether in the form of social, environmental, or economic programs, has not been able to have a direct impact on improving financial performance during the observation period. This may be because the costs incurred for CSR activities are still viewed as short-term expenses, so they are not immediately reflected in increased profitability or other financial indicators. This is in line with the results of research which shows that although CSR is important as a form of corporate social responsibility and can strengthen the company's image in the eyes of stakeholders, the economic benefits of CSR tend to be long-term. In the short term, spending on CSR programs can actually increase a company's costs[3][9][17]. In addition, stakeholders such as investors may assess financial performance more than other factors such as operational efficiency and core business strategy compared to CSR activities. The findings of this study are also in line with previous studies [1][18][27] which concluded that CSR disclosure does not have a significant effect on the financial performance of companies in the mining sector on the IDX. This is in contrast to[8][2] research findings which state that intellectual capital has an effect on financial performance.

The Influence of Intellectual Capital on Financial Performance

Based on the t-test results, Intellectual Capital has a positive and significant effect on company financial performance. The t-test results obtained a value of 5.500 with a significance of 0.001 (<0.05), thus accepting the hypothesis that Intellectual Capital affects financial performance. This finding indicates that the higher a company's ability to manage and utilize intellectual capital, which includes human capital, structural capital, and relational capital, the better its financial performance will be. Strong intellectual

capital reflects the competence of human resources, effective internal systems and processes, and good relationships with customers and business partners. This combination can increase productivity, operational efficiency, and the company's competitiveness. From the Resource-Based View (RBV) perspective, intellectual capital includes resources that are valuable, scarce, difficult to imitate, and well organized, thereby becoming a source of sustainable competitive advantage. This advantage will be reflected in financial performance indicators and profit growth. The results of this study are also in line with stakeholder theory, which states that companies that are able to effectively manage knowledge, innovation, and relationships with stakeholders will gain support and trust from investors, employees, and customers. This support ultimately strengthens financial performance. These findings are consistent with several previous studies [11][33] which state that intellectual capital has a positive and significant effect on financial performance, particularly in mining companies listed on the Indonesia Stock Exchange for the period 2021–2023. Other studies have [12]also found that intellectual capital has no effect on financial performance.

The Effect of Institutional Ownership on Financial Performance

Based on the results of the study, institutional ownership has a positive and significant effect on corporate financial performance. The t-test result obtained a value of 4.486 with a significance level of 0.001 (< 0.05), thus accepting the hypothesis that institutional ownership affects financial performance. This finding indicates that the greater the proportion of shares owned by institutional investors, such as pension funds, insurance companies, and other financial institutions, the more effective the process of supervising management. Strong supervision encourages management to act more cautiously in making strategic decisions, reduces the opportunity for opportunistic behavior, and improves the operational efficiency of the company. From an agency theory perspective, institutional ownership can reduce agency conflicts between shareholders and management, as institutional investors have the ability and interest to monitor managerial performance and policies. With stricter supervision, management is encouraged to focus on increasing company value and achieving financial performance targets. The results of this study are also in line with stakeholder theory, which states that the presence of institutional shareholders as important stakeholders can strengthen the confidence of other investors, employees, and the market at large. This support sends a positive signal regarding good governance and the company's growth potential, which ultimately leads to better financial performance[34].

These findings are in line with previous studies showing that institutional ownership has a positive effect on company financial performance[35][14][16]. Another study found different results, stating that institutional ownership has no effect on company financial performance (reference).

CONCLUSION

Fundamental Finding : Based on the results of data analysis and discussion, it can be concluded that the Corporate Social Responsibility (CSR) variable does not have a

significant effect on the financial performance of mining companies listed on the IDX for the period 2021–2023. The Intellectual Capital variable has a significant effect on the financial performance of mining companies listed on the IDX for the period 2021–2023. The Institutional Ownership variable has a significant effect on the financial performance of mining companies listed on the IDX for the period 2021–2023. **Implication :** These findings indicate that the impact of CSR on financial performance in mining companies may not be immediately measurable within the observed period, while Intellectual Capital and Institutional Ownership play a more influential role in shaping financial outcomes. The results imply that companies may need to prioritize strengthening intellectual resources and maintaining effective ownership structures to enhance financial performance, while also recognizing that CSR programs may require a longer timeframe before contributing to measurable financial results. **Limitation :** This study has several limitations that need to be considered. The research period, which only covers 2021–2023 for mining companies listed on the Indonesia Stock Exchange (IDX), limits the ability to see long-term impacts, especially the effects of CSR, which generally only become apparent after several years. This study also only tested three independent variables, namely CSR, Intellectual Capital, and Institutional Ownership, even though financial performance can also be influenced by other factors such as government policy, macroeconomic conditions, and other governance practices that have not been analyzed. The measurement of CSR, which is based solely on the disclosure index (CSRI), focuses more on the amount of information reported than on the quality of program implementation, so it does not fully represent the effectiveness of CSR activities. In addition, all data was obtained from annual reports and sustainability reports prepared by companies, so the possibility of incompleteness or inconsistency in presentation may affect the accuracy of the results. Therefore, the findings of this study cannot be generalized to all industry sectors on the IDX because the characteristics and dynamics of each sector's business are different. **Future Research :** Based on the limitations described above, further research should extend the observation period to capture long-term effects, particularly on the Corporate Social Responsibility (CSR) variable, whose economic benefits only become apparent after several years. Future researchers are also advised to add other relevant variables, such as capital structure, dividend policy, or macroeconomic conditions, so that the analysis of factors affecting financial performance becomes more comprehensive. In addition, the method of measuring CSR variables can be improved, for example by combining disclosure data with an assessment of the quality of CSR programs so that the results better reflect the real impact of CSR activities. Future research is also recommended to use primary data such as interviews or questionnaires to supplement secondary data, so that the information obtained is more accurate and in-depth.

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