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Corporate Social Responsibility and Working Capital Management in Shaping Financial Performance in Mining Companies

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ABSTRACT

In a competitive business environment, financial performance serves as a crucial measure of a firm's efficiency and long-term viability. CSR and WCM are increasingly acknowledged as key factors influencing profitability and shareholder value. However, most previous studies have examined the effects of CSR and WCM separately, and there is still a lack of research investigating both variables simultaneously in explaining financial performance, particularly within the mining sector, which possesses unique operational characteristics and environmental risks compared to other industries. This study seeks to explore how CSR and WCM shape the financial performance of mining companies listed on the IDX between 2021–2024 period. A quantitative methodology was adopted in this research, relying on secondary data extracted from companies' annual and sustainability reports, and measuring financial results via ROA, ROE, and ROI. The results indicate that CSR does not significantly influence any of these financial performance indicators. In contrast, WCM demonstrates a significant positive impact on all three financial indicators. Simultaneously, both CSR and WCM collectively have a major impact on overall financial results. These results highlight the critical role of efficient management of short-term resources and obligations to improve corporate performance in a sustainable manner.

Keywords:
Financial Performance, Corporate Social Responsibility, Working Capital Management, Mining Companies.

1. INTRODUCTION

In today's competitive era of globalization, companies are expected not only to keep operations running but also to reinforce their competitive standing. Financial performance serves as a primary indicator of this success, reflecting the effectiveness of resource management through liquidity, solvency, activity, and profitability ratios (Pertiwi et al., 2024). The importance of financial performance has become increasingly prominent as investors exert greater pressure on sustainability practices through Corporate Social Responsibility (CSR), regulators impose stricter oversight, and the public expects companies to remain financially viable while also

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taking responsibility for social and environmental issues in the post-pandemic era.

In contemporary business practice, business success is no longer based solely on financial achievements, but also on its contribution to society and the environment. According to Alharbi et al. (2025), dissatisfaction with the fulfillment of stakeholder needs can lead to an increase in their commitment, so managers and leaders need to engage actively in meeting the expectations of consumers, communities, and investors regarding sustainability. This is particularly relevant in the mining sector, which is known as a high-impact and high-risk industry. Failure to manage social and environmental aspects can result in the loss of the social license to operate, which ultimately increases capital costs, limits market access, and threatens business sustainability. This issue has become even more critical in the post-COVID-19 era, as companies face the dual challenge of financial recovery and sustainable operations.

The mining industry itself plays a strategic role in national development. As reported by the Mineral Resources and Energy Ministry (2024), this sector contributed 6.16% of oil and gas exports and 18.22% of non-oil and gas exports in the January-August 2024 period. However, negative impacts such as pollution, deforestation, and social conflict cannot be ignored. The case of nickel extraction activities in North Maluku, as reported by Climate Rights International (2024), is clear evidence of the potential for socio-ecological damage. This situation underscores the need for the latest empirical evidence on how mining companies can balance financial performance with social and environmental responsibility. CSR is implemented through becoming increasingly important, especially in the extractive sector. Indonesian Law No. 40 of 2007 Article 74 mandates natural resource-based companies to implement CSR, reflecting a dedication to sustainable development through the holistic integration of economic, social, and environmental aspects. Effective CSR can strengthen reputation, build relationships with the community, and mitigate social risks. In addition to CSR, efficient working capital management is also crucial, as it improves liquidity and cash flexibility, while also opening up opportunities for funding sustainability programs without compromising profitability (Syafaruddin & Amin, 2018).

Bekteshi et al. (2021) shows that companies that are able to integrate CSR with working capital management (WCM) tend to perform better. CSR strengthens intangible assets such as reputation, while efficient WCM reduces the risk of bankruptcy and ensures operational continuity. The primary contribution of this study resides in simultaneous testing of CSR and WMC in the mining sector, using comprehensive financial performance indicators (ROA, ROE, ROI) and following the crisis, including the COVID-19 pandemic, commodity price volatility, and industrial downstreaming. The study focuses on the 2021-2024 period, chosen due to several significant factors. This period represents the post COVID-19 pandemic phase, when mining companies began

to restructure their operations and working capital management to restore performance. In addition, this period was marked by volatility in mineral and energy commodity prices, which directly affected companies' cash flows, as well as an increased focus on sustainability, which encouraged firms to further integrate CSR programs into their business strategies. Another equally important factor is the more consistent availability of sustainability and annual reports from mining firms that are listed on the IDX during this period, enabling more comprehensive analysis. As a result, the 2021–2024 timeframe is considered relevant for capturing the latest dynamics in the relationship between CSR, working capital management, and financial performance.

Previous research on CSR has shown mixed results. Huda & Pratiwi (2024), Hartanto & Susilowati (2024), Adisaputra et al. (2023), dan Massubagiyo & Widyawati (2022) state that CSR has no effect on ROA. Conversely, Waaqi'ah et al. (2021) found that CSR affects ROA and ROE. Meanwhile, Massubagiyo & Widyawati (2022) and Adisaputra et al. (2023) state that CSR affects ROE, while Anggraeni & Dewi (2022) concludes that CSR affects financial performance.

Findings related to working capital management are also inconsistent. Gea et al. (2021), Syukur & Yuniati (2024), and Hasibuan & Oktami (2022) found its effect on ROA, while Pebrian et al. (2024) stated that it had no effect. Working capital management has also been shown to influence ROE (Hasibuan, 2022) and ROI (Rizqi & Fahlia, 2020), but Marweki & Yantri (2022) reported that working capital turnover does not affect ROI.

This inconsistency highlights a research gap indicating that the interplay between CSR, WCM, and financial performance has not been fully clarified, especially in Indonesia's capital-intensive and cyclical mining industry. Most prior studies were conducted before the COVID-19 pandemic or focused on non-extractive sectors. There remains absence of empirical research examining the simultaneous impact of WCM and CSR on financial results in Indonesian mining companies using comprehensive indicators (ROA, ROE, and ROI) during the post-pandemic period (2021-2024). Previous research generally assessed one variable, employed a single profitability metric, or focused on pre-pandemic data. This study fills the research gap by integrating CSR and WCM simultaneously in the post-pandemic period (2021–2024) within Indonesia's mining industry context an analysis rarely addressed in prior literature

Thus, this research seeks to investigate how corporate social responsibility and working capital management impact the financial results of mining firms listed on IDX over the specified period 2021–2024. The contributions of this study are: (a) testing the simultaneous model of CSR and WCM in high-risk subsectors using financial performance indicators (ROA, ROE, ROI); and (b) presenting the latest post-pandemic evidence on the balance between social-environmental investment and working capital efficiency in driving long-term effectiveness.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

The concept of stakeholder theory was first initially proposed by the Stanford Research Institute and subsequently articulated by Freeman (1984) stakeholders are defined as entities that can exert influence on or be impacted by the achievement of organizational objectives. Stakeholder theory posits that firms do not conduct operations solely for their own interests rather, they also provide value to a range of interested parties, such as shareholders, creditors, clients, vendors, government entities, neighborhoods, and other relevant parties (Pertiwi et al., 2024). This theory emphasizes that companies should not operate solely for internal interests but need to address the needs and expectations of every stakeholder to enhance accountability and long-term success (Suharyani et al., 2019). According to Rismawati (2020), stakeholders are categorized into two groups: primary (such as investors, employees, and customers) and secondary (such as the community, the environment, and the government), all of which influence business sustainability.

Since the early 1970s, stakeholder theory furnishes the theoretical groundwork for the conceptualization and implementation of CSR, which encourages businesses should be accountable for environmental and social issues in addition to generating economic profits (Hadi, 2011). Stakeholder theory supports the concept of CSR by emphasizing that disclosure of a company's social actions and the consequences for society and the environment is highly relevant. Increasing the amount of information provided by companies about CSR can attract more support from stakeholders, which has the potential to improve company performance (Aryanti et al., 2023).

Considering this study, Stakeholder Theory helps to understand how WCM and CSR are interrelated in driving the financial performance of mining companies. CSR serves to meet the expectations of secondary stakeholders such as the community and government, while WCM ensures that the company remains liquid and able to fulfill its obligations to primary stakeholders such as investors and creditors. Thus, the integration of CSR and WCM enables companies not only to maintain financial performance (ROA, ROE, ROI) but also to maintain harmonious relationships with all stakeholders, in line with the principles of business sustainability according to stakeholder theory.

Trade-Off Theory

The trade-off theory in the context of WCM underscores the requirement to balance a a firm's liquidity and profit performance. Firms not only strive to maintain enough liquidity to cover immediate financial obligations but also aim to optimize working capital to enhance profitability. According to Luo (2025), companies set long-term targets for net working capital (NWC) and gradually adjust actual NWC each period to approach these targets. The study indicates that firms close approximately 50% of the gap between

actual and target NWC annually, reflecting a high adjustment speed in working capital management.

Moreover, Mitaliani & Rasyid (2023) found that the application of the theory of trade-offs can explain the linkage among WCM and financial gain. Companies that manage working capital optimally, while considering efficient use of debt, tend to achieve higher profitability. Therefore, the theory of trade-offs supplies a useful framework for firms to maintain equilibrium between short-term liquidity requirements and long-term profitability goals objectives, enabling more effective working capital management

Corporate Social Responsibility and Financial Performance

CSR is a business's sustained dedication to sustainable developmet with the goal of raising the quality of life for employees, their families and the wider community (Pondrinal, 2019). According to Vanessa & Meiden (2020), CSR reflects a company's obligation to report on its social and environmental activities as a form of transparency. In a global context, CSR is gaining increasing attention due to growing demands from stakeholders for greater accountability and ethical corporate behavior (Waaqi'ah et al., 2021).

Legally, CSR is mandated in Article 74 (1) of Law No. 40 of 2007 concerning Limited Liability Companies in Indonesia; however, implementation challenges remain due to the lack of detailed implementing regulations. From the perspective of stakeholder theory Freeman (2001), CSR is seen as a strategic tool for meeting stakeholder expectations and improving corporate reputation, which can lead to improved financial results.

Based on stakeholder theory Freeman (2001), companies are not solely responsible to shareholders but must also consider the interests of all stakeholders who can influence or be affected by corporate activities. CSR, in this context, serves as a strategic response to stakeholder expectations, aiming to build trust, strengthen corporate reputation, and ensure long-term sustainability. Effective CSR implementation can enhance stakeholder satisfaction and loyalty, attract investors, and improve operational efficiency each of which could enhance the company's financial results. By maintaining a positive relationship with key stakeholders, companies can minimize conflicts, reduce social risks, and increase overall firm performance. Therefore, CSR is theoretically expected to have a positive effect on monetary metrics like profitability and investment efficiency ratios (ROA, ROE, ROI).

Empirical evidence shows variations in research insights into the connection between CSR and financial results. Some studies, such as Waaqi'ah et al. (2021), revealed that CSR exerts a positive effect on Return on Assets (ROA), while Massubagiyo & Widyawati (2022) reported no significant effect. Regarding the Return on Equity (ROE) indicator, studies by Adisaputra et al. (2023), Waaqi'ah et al. (2021), and Massubagiyo & Widyawati (2022) consistently show a positive relationship. Similarly, for Return on Investment (ROI), consistent results are found. Drawing on the theoretical foundations and empirical evidence discussed above,

the following hypothesis is formulated:

H1a: Corporate Social Responsibility (CSR) positively affects Return on Assets (ROA).

H1b: Corporate Social Responsibility (CSR) positively affects Return on Equity (ROE).

H1c: Corporate Social Responsibility (CSR) positively affects Return on Investment (ROI).

Working Capital Management and Financial Performance

WCM serves a key function in boosting both operational efficiency and the overall financial outcomes of a firm. Sujarweni (2020) defines it as the process of managing expenditures used for a company's operational activities. Similarly, Gea et al. (2021) explain that WCM encompasses various managerial decisions involving short-term assets and liabilities.

Efendi & Dewianawati (2021) show that working capital is a company's investment in current assets and liabilities necessary to continue operations. Kasmir (2018) explains working capital as funds used to support business activities, which continue to circulate throughout the operational cycle. Therefore, effective working capital management, particularly in managing cash, accounts receivable, inventory, and short-term debt, is crucial for maintaining liquidity and profitability.

From the perspective of Trade-Off Theory (Luo, 2025), firms are required to balance the tension between liquidity and profitability in effective WCM. Holding excessive current assets may enhance liquidity and curtail the risk of financial instability, but it also lowers profitability due to the opportunity cost of idle funds. Conversely, maintaining too little managing working capital may lead to higher profitability, yet raises the hazard of liquidity shortages and potential operational disruptions. Thus, optimal WCM involves finding an equilibrium point where the benefits of liquidity balance the costs of reduced returns

The empirical results highlight the significant role of WCM in enhancing financial performance. Gea et al. (2021) and Nurastuti (2022) disclosed a beneficial correlation between working capital management and ROA. Hasibuan & Oktami (2022) found the same effect on Return on Equity (ROE), while Marweki & Yantri (2022), as well as Nianty et al. (2023), demonstrated a favorable impact on Return on Investment (ROI). Consistent with stakeholder theory, effective working capital management is regarded as a mechanism to address the needs and expectations of both internal and external stakeholders. Therefore, the following hypothesis is formulated:

H2a: Working Capital Management (WCM) positively influences Return on Assets (ROA).

H2b: Working Capital Management (WCM) positively influences Return on Equity (ROE).

H2c: Working Capital Management (WCM) positively influences Return on Investment (ROI).

CSR, Management of Working Capital, and the Financial of Corporations

The monetary result of companies is substantially impacted by CSR and WCM. CSR represents a firm's dedication to moral conduct, social responsibility, and environmental consciousness, thereby fostering stakeholder trust and strengthening corporate reputation. Concurrently, WCM plays a critical role in sustaining adequate liquidity to support day-to-day operations, mitigating financial risks, and promoting operational efficiency.

From the perspective of Stakeholder Theory Freeman (2001), both CSR and WCM are strategic mechanisms through which companies fulfill their obligations and align their interests with those of their stakeholders. CSR initiatives demonstrate accountability to external stakeholders such as communities, regulators, and investors, thereby enhancing legitimacy, brand image, and long-term firm value. Meanwhile, effective WCM addresses the expectations of internal and primary stakeholders such as investors, creditors, and suppliers by ensuring the firm maintains sufficient liquidity, stability, and operational reliability. When stakeholders perceive the company as both financially stable and socially responsible, their trust and commitment tend to increase, which in turn can enhance access to capital, strengthen customer loyalty, and improve overall profitability.

Complementing this view, the Trade-Off Theory Luo (2025) provides an additional elucidation of how WCM influences financial performance. The theory reflects that firms need to ensure an appropriate balance between liquidity and profitability: preserving excessive current assets can safeguard liquidity but may reduce returns, whereas insufficient liquidity can heighten financial risk and disrupt operations. Optimal working capital management thus achieves equilibrium between risk and return, enhancing operational efficiency and profitability. Similarly, CSR activities can be interpreted through a trade-off lens where short-term costs incurred for social and environmental initiatives are offset by extended-term financial advantages, including heightened corporate reputation, consumer retention, and stakeholder support. The main objective of this research is to ascertain whether the synergy between CSR and WCM can jointly increase the value of a company. Therefore, the following hypothesis is proposed:

H3a: CSR and WCM simultaneously affect Return on Assets (ROA).

H3b: CSR and WCM simultaneously affect Return on Equity (ROE).

H3c: CSR and WCM simultaneously affect Return on Investment (ROI)

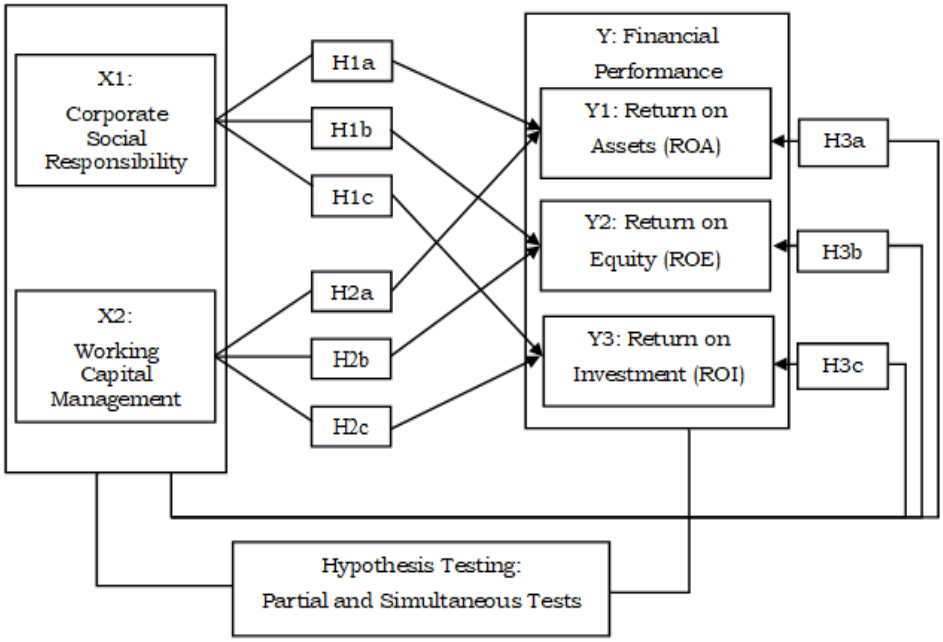


Figure 1
Research Framework

RESEARCH METHODS

Type of Research

This analysis employs a quantitative investigation with a causal-comparative approach, aiming to examine the effect of independent variables on dependent variables through hypothesis testing using numerical data and statistical techniques.

Research Population and Sample

This investigation targets a population comprising mining firms officially listed on the IDX that have been consistent during the period 2021-2024, totaling 79 companies. A non-probability purposive sampling approach was applied to select the sample in which selection is predicated on particular standards pertinent to the study's goals (Sugiyono & Hadi, 2019). The following are the sampling criteria:

a. Businesses that have previously consistently mentioned of the IDX from 2021 to 2024;
b. Firms issuing annual and/or sustainability reports over the course of the research period;
c. Companies with positive net income during the observation period;
d. Companies with current assets exceeding current liabilities from 2021 to 2024.

Based on these criteria, 33 companies were chosen to serve as the study sample. With four years of observation, the total number of company observations was 132.

Table 1. Sampling Selection Process

Criteria	Total
Businesses that have previously consistently mentioned of the IDX from 2021 to 2024	79
Firms issuing annual and/or sustainability reports over the course of the research period	(14)
Companies with positive net income during the observation period	(23)
Companies with current assets exceeding current liabilities from 2021 to 2024	(9)
Final Sample	33
Total Observations (4 years)	132

Source: Processed Data, 2025

Table 2. Variable Formula

Indicator	Formula	Source
Corporate Social Responsibiliy	CSRDI= ∑x/n Where: ∑x = total number of CSR items disclosed by the company n = total number of disclosure items based on GRI 2021	Ghozali & Chairiri, 2014
Working Capital Management	Working Capital Turnover:	Kasmir, 2018
Return on Assets (ROA)	Net Profit/Total Assets	Zulfikar, 2016
Return on Equity (ROE)	Net Profit/Total Equity	Zulfikar, 2016
Return on Investment (ROI)	Operating Profit/Total Assets	Umar, 2001

Types and Sources of Data

Data for this investigation are obtained from annual reports and/ or sustainability reports published by mining firms, as disclosed via IDX official portal (www.idx.co.id) and the individual corporate websites, covering the years 2021–2024.

Data Collection Techniques

The data collection process was conducted through documentation techniques, specifically by accessing, recording, and archiving financial and CSR reports of companies that are relevant to the research variables.

Operational Definition of Variables

These variables serve as the fundamental constructs explored in this research. This study combines two main types of variables: independent variables (X), which serve as predictors, and dependent variables (Y), which serve as outcome indicators. CSR and WCM serve as the independent variables, while financial performance, the dependent variable, is assessed via ROA, ROE and ROI. The formulas below are used to measure each variable (Table 2).

Data Analysis Techniques

The dataset was examined through the application of multiple linear regression which was used to test the influence of CSR and WCM, both jointly and individually, on financial performance. Prior to the regression analysis, tests for classical assumptions were carried out to ensure that the regression model is valid and reliable, such as:

a. Descriptive Statistics

Descriptive analysis was conducted to summarize the data characteristics, encompassing the min, max, mean, and stand deviation for each variable. This step provides an initial overview of the data distribution and central tendency.

b. Classical Assumption Test

a. Test for Normality: Conducted to evaluate whether the residuals from normally distributed regression model. the test was conducted using the Kolmogorov-Smirnov statistical method and P-P Plot analysis. A p-value above 0.05 indicates that the data meets the normality assumption (Ghozali, 2021).
b. Multicollinearity Test: Aimed at identifying potential multicollinearity in the relationship between independent variables, evaluated using Tolerance (>0.1) and Variance Inflation Factor (VIF <10). The absence of multicollinearity ensures the reliability of regression coefficients (Ghozali, 2021).
c. Test for Autocorrelation: The Durbin-Watson (DW) test is applied to detect autocorrelation among the residuals. A DW value in the range DU < DW < 4 - DU indicates no autocorrelation in the analysis (Ghozali, 2021).
d. Heteroscedasticity Test: Conducted using scatterplot analysis. If the residuals appear to be scattered randomly without a specific pattern above and below the horizontal axis, this indicates homoscedasticity or equal residual variance (Ghozali, 2021).

Multiple Linear Regression Analysis

The equation for multiple linear regression analysis applied in this research is presented below:

$Y=a+\beta 1X1+\beta 2X2+\varepsilon$

Where:

Y = Financial Performance (ROA, ROE, ROI)
A = Constant

β1, β2 = Regression Coefficients
X1 = Corporate Social Responsibility
X2 = Working Capital Management
ε = Error term

Hypothesis Testing

a. Partial Test (t-test): This test evaluates the significance of each independent variable (CSR and working capital management) on the dependent variables (ROA, ROE, ROI) individually.
b. F-test for Overall Significance: This test assesses the relevance of all independent variables together in explaining the dependent variables. A significant F value ($p < 0.05$) indicates that the model collectively explains the variation in financial performance.
c. Coefficient of Determination (R^2): R^2 this indicates the degree to which changes in the dependent variable are accounted for by the independent variables. Higher R^2 values imply that the model provides a better fit to the observed data.

4. RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics for the main variables show the following characteristics. None of the financial performance variables had negative values, indicating that no companies suffered losses during the observation period. A total of 103 final samples were used after outliers were removed to ascertain the validity of the analysis.

Test of Classical Assumptions

Normality Test

Normality was assessed using the Kolmogorov-Smirnov method with Monte Carlo significance shows that the residuals of all dependent variables are normally distributed after outliers are removed (Monte Carlo Sig. > 0.05; Y1: 0.413; Y2: 0.618; Y3: 0.143). These results confirm that the data meet the normality assumption required for Source: Processed Data, 2025multiple linear regression.

Multicollinearity Test

Tolerance values exceeding 0.1 and VIF values below 10 in all models (ROA, ROE, ROI) indicate none of the independent variables were multicolinear.

Autocorrelation Test

Initially, the model showed signs of autocorrelation. However, after applying a lag-1 transformation to the dependent variables, the Durbin-Watson values for Y1 (1.872), Y2 (1.898), and Y3 (1.869) were within the acceptable range of DU < DW < 4 - DU, indicating no evidence of autocorrelation in the analysis.

Table 3. Statistical Description of the Research Variables

	N	Min	Max	Mean	Std. Dev
Corporate Social Responsibiliy	132	0.08	0.68	0.3683	0.11102
Working Capital Management	132	0.06	349.10	10.7612	34.93724
Return on Assets (ROA)	132	0.001	0.62	0.1379	0.13417
Return on Equity (ROE)	132	0.001	1.25	0.2185	0.22459
Return on Investment (ROI)	132	0.001	0.81	0.1767	0.17449
N (listwise) is valid	132				

Source: Processed Data, 2025

Table 4. Results of Classical Assumption Tests

Assumption Test	Model/ Dependent Variable Test	Main Results	Conclusion
Normality	ROA (Y1)	Monte Carlo Sig = 0,413 (>0,05)	Residuals exhibit a normal distribution
	ROE (Y2)	Monte Carlo Sig = 0,618 (>0,05)	Residuals exhibit a normal distribution
	ROI (Y3)	Monte Carlo Sig = 0,143 (>0,05)	Residuals exhibit a normal distribution
Multicollin-earity	All models	Tolerance > 0,1; VIF < 10	No multicollinearity detected
Autocorrela-tion	ROA (Y1)	DW = 1,872; DU < DW < 4–DU	No autocorrelation
	ROE (Y2)	DW = 1,898; DU < DW < 4–DU	No autocorrelation
	ROI (Y3)	DW = 1,869; DU < DW < 4–DU	No autocorrelation
Heterosce-dasticity	ROA (Y1)	The scatterplot displays the residuals in a random distribution	No heteroscedasticity was detected
	ROE (Y2)	The scatterplot displays the residuals in a random distribution	No heteroscedasticity was detected
	ROI (Y3)	The scatterplot displays the residuals in a random distribution	No heteroscedasticity was detected

Source: Processed Data, 2025

Table 5. Results of the Multiple Linear Regression Analysis

Dependent Variable	Multiple Linear Regression Model Equation
Return on Assets	Y = 0,045 – 0,059 CSR + 0,036 MMK
Return on Equity	Y = 0,082 – 0,042 CSR + 0,078 MMK
Return on Investment	Y = 0,062 – 0,050 CSR + 0,050 MMK

Source: Processed Data, 2025

Table 6. Summary of Coefficients and Interpretation

Model	Independent Variable	Coefficient	Direction	Interpretation (ΔY if X increases by 1 unit)
ROA	Corporate Social Responsibility	-0,059	Negative	ROA decreases by 0.059 if CSR increases by 1 (ceteris paribus)
	Working Capital Management	0,036	Positive	ROA increases by 0.036 if WCM increases by 1
ROE	Corporate Social Responsibility	-0,042	Negative	ROE decreases by 0.042 if CSR increases by 1
	Working Capital Management	0,078	Positive	ROE increases by 0.078 if WCM increases by 1
ROI	Corporate Social Responsibility	-0,050	Negative	ROI decreases by 0.050 if CSR increases by 1
	Working Capital Management	0,050	Positive	ROI increases by 0.050 if WCM increases by 1

Source: Processed Data, 2025

Heteroscedasticity Test

After applying a log-10 transformation to the independent variables, the residual scatterplot did not show a clear pattern and was randomly scattered above and below zero. This indicates the absence of heteroscedasticity. The following table presents the results to ensure the regression model's validity, classical assumption tests namely normality, multicollinearity, autocorrelation, and heteroscedasticity were applied employed in this study.

Analysis Using Multiple Linear Regression

To examine the linkage relantionship between corporate financial succer, WCM and CSR, multiple linear regression was conducted, with financial performance proxied by ROA, ROE, and ROI. Separate regression models were developed for each financial performance indicator. All regression models meet the required classical assumption tests, thus ensuring the validity of the estimation results (Ghozali, 2021). The following section presents a summary of the regression equations, along with the results of

the partial test (t-test), simultaneous test (F-test), and coefficient of determination (R^2) for each research model.

Findings from the regression analysis indicated that CSR had a negative coefficient in all financial performance models and lacked a significant impact on ROA, ROE, and ROI. This implies that higher CSR disclosure does not automatically translate into improved financial performance among mining companies within the study period. These results are consistent with previous research, emphasizing that the relationship between CSR and financial performance is conditional and may not manifest in the short term.

In contrast, the Working Capital Management (WCM) variable consistently shows a favorable and statistically substantial influence on ROA, ROE, and ROI. These outcomes indicate that effective WCM contributes in enhancing financial success of corporations. Furthermore, it was revealed that both independent variables contributed significantly to variations in financial performance. Nevertheless, the rate of change of determination (R^2) suggests that the explanatory power of the model remains relatively low, ranging from 8.9% to 12.8%. This finding implies that other external factors not incorporated into the model may also affect the financial outcomes of mining firms operating in Indonesia (Ghozali, 2021).

Therefore, this study highlights the important contribution of WCM in improving financial results, while the role of CSR requires further evaluation, particularly in terms of contextual relevance and implementation strategies, to ensure that CSR provides optimal benefits for the company.

Table 7. Partial T-test Results

Model	Independent Variable	t-Statistics	p value	Description
ROA	Corporate Social Responsibility	-2,202	0,030	Not significantly positive (H1a rejected)
	Working Capital Management	2,386	0,019	Significantly positive (H2a accepted)
ROE	Corporate Social Responsibility	-1,127	0,263	Not significantly positive (H1b rejected)
	Working Capital Management	3,742	0,000	Significantly positive (H2b accepted)
ROI	Corporate Social Responsibility	-1,659	0,100	Not significantly positive (H1c rejected)
	Working Capital Management	2,909	0,004	Significantly positive (H2c accepted)

Source: Processed Data, 2025

Table 8. Simultaneous F Test Results

Model	F-Statistics	P-value	Conclusion
ROA	-	0,010	CSR and WCM exert a simultaneous effect on ROA (H3a accepted)
ROE	-	0,001	CSR and WCM exert a simultaneous effect on ROE (H3b accepted)
ROI	-	0,007	CSR and WCM exert a simultaneous effect on ROI (H3c accepted)

Source: Processed Data, 2025

Table 9. Coefficient Determination R^2

Model	R-Square (%)	Interpretation
ROA	8,9	CSR and WCM explain 8.9% of the variation in ROA
ROE	12,8	CSR and WCM explain 12.8% of the variation in ROE
ROI	9,5	CSR and WCM explain 9.5% of the variation in ROI

Source: Processed Data, 2025

Research Discussion

Corporate Social Responsibility Effect on ROA, ROE, and ROI. Based on the hypothesis tests, CSR was found not to have a positive impact on ROA, ROE, or ROI. Evidence for this is demonstrated through the ROA t-value (-2.202), which is lower compared to the t-table benchmark (-1.65978). These findings suggest that an increase in CSR does not positively influence ROA. This outcome aligns with previous studies by Hartanto & Susilowati (2024) and Huda & Pratiwi (2024), which likewise demonstrates that CSR has no favorable impact on ROA performance in mining companies listed on the IDX.

For ROE, the t-value is also smaller than the t-table value (-1.127 < -1.65978), it demonstrates that CSR lack a positive effect on ROE. This supports the findings of Alfawaz & Rigel (2022) and Pratiwi et al. (2020), who concluded that CSR does not have a significant positive effect on ROE. Similarly, the t-value for ROI is -1.659, which is slightly smaller thanIthe t-table value (-1.65978), confirming that an increase in CSR does not lead to an increase in ROI.

These results may be influenced by the turbulence companies faced during 2021-2022 amid the COVID-19 pandemic. Based on Presidential Decree No. 17 of 2023, the national disaster status for Covid-19 was officially revoked on June 21, 2023. Supporting this perspective, Putri & Rosdiana (2022) explain taht financial performance was not positively impacted by CSR during the pandemic, as it was difficult to generate profits, resulting in lower ROA, ROE, and ROI. The Ministry of Energy and Mineral Resources also reported that the COVID-19 pandemic had a significant negative impact on the national economy, particularly in the energy and mining sectors.

Furthermore, from a short-term perspective, the costs and resource utilization of CSR activities can reduce short-term profits and impact a company's financial performance, which in turn can lower Return on Assets (ROA) and Return on Equity (ROE). Furthermore, if CSR initiatives are inconsistent or insufficient, they may not provide financial benefits and could even have a negative impact. Although social initiatives have the potential to provide long-term benefits, in the short term, they can reduce profits and disrupt operational efficiency. This has the potential to cause dissatisfaction among shareholders and reduce Return on Investment (ROI).

Stakeholder theory posits that organizations are obliged to account for the interests of multiple stakeholders, encompassing both societal and environmental considerations, in their decision-making. Although CSR can improve reputation and relationships with stakeholders, the costs associated with CSR can reduce short-term profits, thereby negatively impacting ROA, ROE, and ROI.

Therefore, although Corporate Social Responsibility (CSR) has long-term potential to foster stakeholder trust and loyalty, its immediate impact on financial performance, particularly ROA, ROE, and ROI, may be negative. This research offers important insights into the equilibrium that firms need to maintain between social responsibility and financial performance.

Working Capital Management's Effect on ROA, ROE, and ROI. The outcome of hypothesis examination demonstrates that WCM has a positive effect on ROA, ROE, and ROI. This is evidenced by the obtained t-value for ROA (2.386) exceeding the t-table value (1.65978), indicating that the effective management of current obligations and assets can enhance ROA, supporting the view that effective WCM greatly increases both profitability and returns on capital.

For ROE, the t-value is 3.742, which also exceeds the t-table value, indicating that effective working capital management improves ROE. These findings are in line with the findings of the study carried out by Hasibuan & Oktami (2022), which underscores that proper WCM can be enhanced a firm's financial results, especially in terms of liquidity and profitability.

For ROI, the observed t-value is 2.909, which exceeds the t-table value, indicating companies that effectively manage accounts receivable, inventory, and accounts payable efficiently can optimize capital utilization and improve investment efficiency. In other words, each unit of capital invested generates a higher return when working capital is managed effectively. This aligns with Nianty et al. (2023), who found that efficient WCM enhances profitability, as reflected in the increase in ROI.

Meanwhile, Trade-Off Theory provides a complementary explanation for the positive impact of WCM. The theory suggests that firms must balance the need to balance cash availability and returns in asset retention excessive current assets might maintain cash availability but limit returns, whereas holding too few current

assets increases profitability but risks liquidity shortages. Thus, optimal WCM seeks to achieve equilibrium between these two objectives Luo (2025). Companies that effectively manage this trade-off are able to maintain adequate cash flow while simultaneously maximizing profit potential, which leads to stronger financial performance as reflected in ROA, ROE, and ROI.

In addition to financial benefits, efficient working capital management strengthens stakeholder confidence, which plays an important role in supporting the company's reputation and stability. The company's ability to demonstrate sound financial governance underpins sustainable business relationships and the achievement of long-term objectives.

CSR and Working Capital Management Effect on ROA, ROE, and ROI

The results of hypothesis testing show that CSR and working capital management jointly affect ROA, ROE, and ROI. This is indicated by the significance values: ROA (0.010 < 0.050), ROE (0.001 < 0.050), and ROI (0.007 < 0.050), which indicate a statistically significant relationship. This finding can be theoretically justified through Stakeholder Theory and Trade-Off Theory.

According to Freeman (1984), stakeholder theory posits that firms are responsible not merely for shareholders, but also for a broader network about stakeholders, such as employees and customers, suppliers, nearby communities, and government institutions. Companies are thus expected to align financial decision-making with social and ethical considerations. When CSR and WCM are managed in harmony, firms can simultaneously meet stakeholder expectations and sustain financial stability. CSR fosters stakeholder trust and legitimacy, while WCM ensures operational efficiency and liquidity together creating a synergistic foundation for sustainable profitability.

The Trade-Off Theory provides additional insight into this relationship. It suggests that firms must balance social and financial objectives by weighing short-term costs against long-term benefits. CSR activities, although costly in the short term, can enhance reputation, social legitimacy, and long-term stakeholder loyalty. Conversely, effective WCM focuses on optimizing liquidity and minimizing financial risk, ensuring the firm's ability to finance its CSR commitments without compromising profitability. Therefore, the joint significance of CSR and WCM reflects an optimal balance between maintaining liquidity, fulfilling social obligations, and achieving long-term financial goals.

Considering these findings, it can be concluded that an integrated strategy combining CSR and working capital management is essential in promoting sustainable financial performance. Companies that can balance social responsibility and financial efficiency are more likely to achieve competitive advantage and long-term business sustainability. Therefore, it is vital for companies to formulate CSR policies that align with business objectives and financial strategies in a holistic and integrated manner. As

businesses evolve, the synergy between societal accountability commitments and effective working capital management has the potential to become a key factor in strengthening a company's position and enhancing stakeholder trust.

5. CONCLUSIONS AND SUGGESTIONS

As indicated by the results of the empirical tests and discussion, the analysis indicated that CSR does not exert a positive impact on financial performance. On the contrary, Working Capital Management (WCM) demonstrates a significant positive effect on the financial performance of mining companies listed on the IDX during the 2021–2024 period. These results indicate that while companies may engage in CSR activities, expenditures related to CSR have not yet yielded direct financial benefits and may even reduce financial performance if not managed efficiently. In contrast, effective working capital management continues to play a vital role in sustaining liquidity, ensuring operational stability, and enhancing a firm's capacity to adapt to market fluctuations. Simultaneously, CSR and WCM have been proven to significantly influence financial performance, indicating that combining social responsibility strategies with optimal working capital management can complement each other in supporting a company's financial performance. Although their combined contribution is relatively moderate, ranging from 8.9% to 12.8%, this still underscores that internal management such as WCM is a dominant factor, whereas CSR requires more targeted and strategic implementation in order to generate a positive impact on financial performance.

The findings reinforce stakeholder theory and trade-off theory. CSR supports stakeholder trust and long-term legitimacy but may increase costs and reduce profitability in the short term. Meanwhile, WCM reflects the trade-off between liquidity and profitability, emphasizing the need for financial balance. The study also contributes to an integrative CSR WCM model, showing that aligning social responsibility with efficient financial management can create sustainable value for both stakeholders and shareholders.

Companies are advised to review their CSR strategies to ensure a harmony between financial performance and social responsibility. CSR programs need to be designed to be more selective and efficient so as not to burden the company's finances, while still supporting social and environmental welfare. Companies are also encouraged to manage their working capital optimally and prepare transparent sustainability reports in accordance with international standards so that stakeholders can understand the allocation and impact of CSR activities.

Further research should include additional variables that may affect financial performance, such as product innovation, customer satisfaction, macroeconomic conditions, leadership commitment, and regulations. Expanding the scope of the research to other industrial sectors beyond mining could provide broader generalizations. Additionally, alternative methods for measuring

financial performance, such as Economic Value Added (EVA) or cash flow-based metrics, could be used to generate more accurate and comprehensive findings.

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