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Cash flow, corporate governance, corporate social responsibility on financial performance

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ABSTRACT

This study aims to analyze the influence of Operating Cash Flow, the Implementation of Good Corporate Governance (GCG), and Corporate Social Responsibility (CSR) Practices on the Financial Performance of Mining Sector Companies listed on the Indonesia Stock Exchange from 2018 to 2022. The sample consists of 20 mining companies, totaling 100 data points, determined using the purposive sampling method. This quantitative research employs associative quantitative analysis in a causal relationship framework, utilizing secondary data with a ratio scale, processed through SPSS version 26. Data analysis techniques include descriptive statistics, classical assumption tests, model tests (multiple linear regression), and hypothesis tests. The findings indicate that, partially, Cash Flow, Institutional Ownership, and Managerial Ownership have a positive and significant impact on Financial Performance, while the Independent Board of Commissioners and Corporate Social Responsibility do not significantly affect Financial Performance. Collectively, Cash Flow, Institutional Ownership, Managerial Ownership, Independent Board of Commissioners, and Corporate Social Responsibility significantly influence Financial Performance, accounting for 74.0% of the variance, with the remaining 26.0% influenced by variables not included in this study.

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1. INTRODUCTION

A company's financial success is often measured by its ability to generate and grow profits, with the Return on Assets (ROA) being a key metric. ROA is particularly relevant for mining companies due to their significant investments in assets such as mining areas, materials, and heavy equipment. It reflects a company's ability to generate profit from its assets and shareholders' equity (Dika Putra & Wirawati, 2020; Suryani & Rossa, 2020). ROA is crucial for assessing financial health and performance, providing a consistent measure over time (Ariawan, 2023; Vivian et al., 2022). It is also useful for comparing financial performance across different periods, such as pre- and post-acquisitions, highlighting profitability and asset utilization changes (Dewi & Suryantini, 2018). Stakeholders rely on ROA for informed decision-making in investment, resource allocation, and strategic planning within the mining sector (Amelia et al., 2024).

The decline in coal commodity prices caused the performance of mining companies to weaken during the first three months of 2024. Companies listed on the capital market exchange, like PT Bukit Asam Tbk, have implemented strategies to maximize both domestic and international markets to maintain their financial performance amidst global economic volatility. For instance, PT Bukit Asam Tbk reported a revenue decline to IDR 9.4 trillion in its first quarter 2024 performance report, down from IDR 9.95 trillion in the first quarter of 2023. They also recorded a net profit of IDR 790.9 billion, a 31.98 percent decrease compared to the net profit of IDR 1.16 trillion for the same period in 2023. The company, listed under the stock code PTBA on the Indonesian Stock Exchange, attributed this decline partly to a 5.59 percent decrease in coal sales on an annual basis, from IDR 9.84 trillion to IDR 9.29 trillion (Kurnia, 2024).

A decline in a company's financial performance can be attributed to various factors, including changes in cash flow. The cash flow report is a crucial component of financial reporting, used to assess a company's financial health. It details the company's cash expenditures and receipts during its operations, reflecting how effectively and efficiently it manages all business transactions. A robust cash flow report indicates that the company's financial condition is very sound (Ariani, 2022). Based on previous research, it has been proven that cash flow significantly affects financial performance. (Dona & Afriyeni, 2019; Tampubolon & Iskak, 2023).

Optimal financial performance is influenced both directly and indirectly by the implementation of good corporate governance. Good Corporate Governance (GCG) is a system that regulates and oversees company control processes to enhance value for all stakeholders and serves as a tool for monitoring company performance. Companies that implement GCG correctly, consistently, and effectively can enhance their value and achieve optimal financial performance, which ultimately supports the long-term sustainability of the company (Karnila Ali, Febiyanto, & Reza Gunarti, 2024)**,** In addition to focusing on financial performance, it is crucial to prevent the company from falling into an unhealthy financial state by implementing the Good Corporate Governance (GCG) approach. (Difoasih & Sihombing, 2023)**.** In this study, the GCG framework comprises institutional ownership, managerial ownership, and an independent board of commissioners. These indicators are crucial as they closely oversee and implement corporate governance practices. Previous research underscores that GCG impacts financial performance, as evidenced by the roles of managerial and board of commissioners' ownership. (Dika Putra & Wirawati, 2020; Rahman & Subagio, 2021; Suryani & Rossa, 2020).

Disclosure of information carried out by companies not only reveals financial performance but also includes social activities carried out by the company (Karnila Ali et al., 2024). The social practices carried out by companies are called Corporate Social Responsibility (CSR). Implementation of CSR aims to increase environmental awareness and engage in charitable efforts to ensure sustainable business success(Shofia & Anisah, 2020). Implementation of CSR is currently mandatory for companies. This was strengthened by the enactment of Regulation Number 40 of 2007 concerning Limited Liability Companies (UU PT). Corporate Social Responsibility Disclosure is a term for disclosing a company's social activities. Factors that encourage companies to disclose CSR are a tendency towards government social assistance, a tendency towards ecological concerns, financial and social considerations, and corporate legitimacy. These four factors indicate that company activities must consider social and environmental factors to win the hearts of the community. Companies can use Corporate Social Responsibility Disclosure to improve their financial performance. The more transparent a company is in its CSR disclosures, the more it can help investors and creditors in making decisions. CSR disclosure has a positive influence on the company's financial performance (Dilrukshi, 2022) .

The synergy between Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) is essential for improving sustainability and performance in mining companies. Effective GCG supports the implementation of CSR by providing oversight and accountability, while CSR practices enhance GCG by aligning corporate actions with societal and ethical standards (Devenin & Bianchi, 2018). Mining companies are increasingly adopting CSR initiatives to gain legitimacy and address local environmental and social issues (Setyadi, 2024; Sharma & Bhatnagar, 2015). These initiatives can attract investors and boost productivity (Yousefian et al., 2024). Research shows a positive relationship between GCG and CSR, with

GCG enhancing the impact of CSR on company performance (Ben Fatma & Chouaibi, 2024; Hamzah et al., 2022). The combination of GCG and CSR has been found to improve financial performance (Rusda & Asmedi, 2024), and CSR's moderating role further strengthens GCG and financial outcomes (Pungkisiwi & Hermanto, 2024).

This research aims to examine & analyze the influence of operating cash flow, institutional ownership, managerial ownership, independent board of commissioners, CSR, on the financial performance of mining sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period partially and simultaneously. This research is expected to provide a better understanding & provide insight into how changes in cash flow reports, the implementation of good corporate governance (GCG), and corporate social responsibility (CSR) practices affect financial performance. mining sector companies. This helps company management to better understand the factors that influence their financial performance and take the necessary actions to improve them, so that it can be used by company management to formulate more effective business strategies. By knowing the influence of GCG and CSR on financial performance, management can improve their governance and social responsibility practices to achieve better financial performance. This research provides valuable information for investors about the factors that influence the financial performance of mining sector companies. Investors can use this information to make better investment decisions by considering the company's cash flow statements, GCG quality and CSR practices. By paying attention to increasing Transparency and Accountability By highlighting the importance of GCG and CSR, this research can encourage mining sector companies to be more transparent and accountable in their operations. This increase in transparency and accountability can increase the trust of stakeholders, including investors, regulators and the general public.

2. RESEARCH METHOD

This research uses an associative quantitative method to test established hypotheses, employing purposive sampling with the following criteria: (a) Mining sector companies listed on the Indonesia Stock Exchange from 2018 to 2022; (b) Companies with audited, complete, and accessible annual reports, sustainability reports, and financial reports for the period; (c) Companies consistently profitable during this time. Secondary data from these reports, sourced from the IDX, is analyzed.

In 2017, Indonesia was the second-largest global producer of mined tin and nickel, contributing significantly to global production and reserves. The country also ranked fourth in mined zirconium production and held notable copper and gold reserves. The mining sector plays a crucial role in the economy by providing jobs, improving living standards, and supporting infrastructure development, thereby contributing to Indonesia's national income (Chung, 2023; Ariawan, 2023).

The variables in this research consist of a dependent variable (Y) and an independent variable (X). (a) Operating Cash Flow (X1) is the company's operational activities and other activities to earn profits, using operating cash flow divided by total assets. (b) Institutional Ownership (X2) is Institutional ownership is the percentage of share ownership by institutions or agencies, institutional ownership is obtained from total institutional ownership divided by the number of outstanding shares. (c) Managerial ownership (X3) is the percentage of share ownership by management, managerial ownership is total management ownership divided by the number of outstanding shares. (d) Independent Board of Commissioners (X4), namely the party that implements the GCG mechanism and has no affiliation with the company, the formula used is the number of independent commissioners / number of commissioners. CSR (X5) is the provision of information that reveals how the company is responsible for management environment and social activities around the company. Return on Assets (ROA) as an independent variable (Y). ROA is obtained from net profit divided by total assets.

The analytical method used in this research is a statistical analysis method using descriptive statistical analysis & classic assumption tests, namely normality, multicollinearity, autocorrelation and heteroscedasticity tests aimed at testing the truth of the hypothesis.

3. RESULTS AND DISCUSSIONS

3.1 Descriptive Statistical Analysis

The data used comprises 100 observations over the period from 2018 to 2022. The descriptive analysis in this study utilizes the mean value, minimum value, maximum value, and standard deviation of all variables used in the research. The results of the descriptive data analysis are presented in the table 1.

Based on the descriptive statistical test results in the table 1, it can be seen that the minimum value of the CF variable is -0.200, which belongs to PT. TBS Energi Utama Tbk. in 2019. The maximum value of 0.660 is held by PT. Mitrabara Adiperdana Tbk. in 2022. The CF variable has a mean value of 0.148, which indicates that each sample company in this study has an average change in cash flow of 64%. The standard deviation value is 0.1446, which is smaller than the mean value, indicating that the sample data is less varied. For Institutional Ownership / IO (X2), it can be seen that the minimum value of the IO variable is 0.00, which belongs to PT. Rukun Raharja Tbk. from 2018 to 2022. The maximum value of 0.93 is held by PT. TBS Energi Utama Tbk. in 2018. The IO variable has a mean value of 0.641, which indicates that each sample company in this study has an institutional ownership level of 64.1%. The standard deviation value is 0.230, which is smaller than the mean value, indicating that the sample data is less varied. For Managerial Ownership / MO (X3), it can be seen that the minimum value of the MO variable is 0.00, which belongs to PT. Elnusa Tbk. from 2018 to 2022. The maximum value of 0.740 is held by PT. Rukun Raharja Tbk. from 2018 to 2022. The MO variable has a mean value of 0.158, which indicates that each sample company in this study has a managerial ownership level of 15.8%. The standard deviation value is 0.239, which is larger than the mean value, indicating that the sample data is varied.

Table 1. Descriptive Data Analysis Results

	N	Minimum	Maximum	Mean	Std.Deviation
X1: Cash Flow (CF)	100	-2000	,6600	,148254	,1446550
X2: Institutional Ownership (IO)	100	,00	,93	,6416	,23030
X3: : Managerial Ownership (MO)	100	,000	,7400	,158050	,2393473
X4: Independent Board of Commissioners (IBC)	100	,20	,67	,3876	,08130
X4: Corporate Social Responsibility (CSR)	100	,05	,75	,2845	,13916
Y: Return On Asset (ROA)	100	,02	58,52	10,5414	12,44457
Valid N (Listwise)					

Independent Board of Commissioners / IBC (X4), it can be seen that the minimum value of the IBC variable is 0.20, which belongs to PT. IMC Pelita Logistik Tbk. in 2021. The maximum value of 0.67 is held by PT. TBS Energi Utama Tbk. from 2019 to 2020. The IBC variable has a mean value of 0.387, which indicates that each sample company in this study has an independent board of commissioners level of 38.7%. The standard deviation value is 0.081, which is smaller than the mean value, indicating that the sample data is less varied. For Corporate Social Responsibility / CSR (X5), it can be seen that the minimum value of the CSR variable is 0.05, which belongs to PT. Elnusa Tbk. from 2018 to 2019. The maximum value of 0.75 is held by PT. Bukit Asam Tbk. in 2022. The CSR variable has a mean value of 0.284, which indicates that each sample company in this study has a CSR disclosure level of 28.4%. The standard deviation value is 0.139, which is smaller than the mean value, indicating that the sample data is less varied. For Return on Asset / ROA (Y). Based on the descriptive statistical test results in the table, it can be seen that the minimum value of the ROA variable is 0.02, which belongs to PT. Transcoal Pacific Tbk. in 2020. The maximum value of 58.52 is held by PT. Mitrabara Adiperdana Tbk. in 2022. The ROA variable has a mean value of 10.54, which indicates that each sample company in this study has an ROA level of 105%. The standard deviation value is 12.44, which is larger than the mean value, indicating that the sample data is varied.

3.2 Classical Assumption Test

a. Normality Test

The normality test is used to see whether the data distribution is normal or not. The normality test in this study follows the guidelines of the Kolmogorov-Smirnov (KS) test. The normality test aims to test whether, in a multiple linear regression model, the residual variables have a normal distribution or not. The results of the normality test can be determined by looking at the distribution of points on the diagonal axis of the normal probability plot graph. The following are the criteria for the normality test measurement: (a). If the Asymp. Sig (2-tailed) value < 0.05, the residual data is not normally distributed. (b). If the Asymp. Sig (2-tailed) value > 0.05, the residual data is normally distributed.

Table 2. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters [a.b]	Mean	,0000000
	Std. Deviation	6,18476835
Most Extreme Differences	Absolute	,048
	Positive	,048
	Negative	-,044
Test Statistic		,048
Asymp. Sig. (2-tailed)		200[c.d]

a. Test distribution is Normal
b. Calculated from data.
c. Lilliefors Significance Correction
d. This is a lower bound of the true significance.

Based on the table 2. above, it can be seen that the Asymp. Sig (2-tailed) value is 0.200, which is greater than 0.05. This proves that the regression model in this study meets the criteria for the normal probability plot graph yields the following results normality test. results:

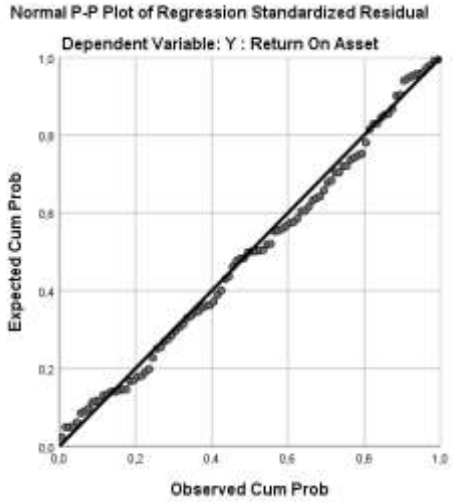

Figure 1. Normal Probability Plot Graph

b. Multicollinearity Test

The method used to detect the presence of multicollinearity symptoms in the regression model is by looking at the tolerance value and the variance inflation factor (VIF) value If the tolerance value is ≥ 0.10 and the VIF value is ≤ 10, then there is no multicollinearity in the data tested..The following are the results of the multicollinearity test in this study. This demonstrates that each variable in this study is free from multicollinearity symptoms.

Table 3. Multicollinearity test results

Model	Coefficients						
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-4,520	4,890		-924	,358		
X1 : Cash Flow	72,832	4,685	,847	15,546	,000	886	1,129
X2 : Institutional Ownership	7,782	3,900	144	1,995	049	504	1,983
X3 : Managerial Ownership	11,658	3,732	224	3,124	,002	510	1,960
X4 : Independent Board of Commissioners	-3,609	8,088	-024	-446	,657	941	1,063
X5 : Corporate Social Responsibility	-4,121	4,829	-,046	-853	396	901	1,110

c. Autocorrelation Test

The method used for the autocorrelation test in this study is the Durbin-Watson Test (DW). The following are the results of the autocorrelation test in this study.

Table 4. Autocorrelation Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,868 [a]	753	740	6,34713	1,964

a. Predictors: (Constant), X1 : Cash Flow, X2 : Institutional Ownership, X3 : Managerial Ownership, X4:Independent Board of Commissioners, X5 : Corporate Social Responsibility

b. Dependent Variable: Y : Return On Asset

Based on the table above, it can be seen that the DW value is 1.964. Using the decision-making basis that DW values between -2 and +2 indicate no autocorrelation . Thus, it can be concluded that the regression model in this study is free from autocorrelation symptoms.

d. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is an inequality in the residual values from one observation to another in the regression model. The method used to test for heteroscedasticity symptoms in this study is the scatterplot graph approach.

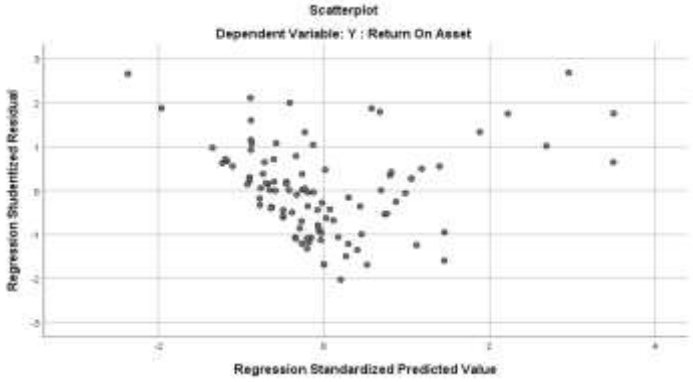

Figure 2. The scatterplot graph

3.3 Multiple Linear Regression Analysis

To determine the influence and relationship of each variable, this study conducted statistical tests using the multiple linear regression analysis method. The results of the multiple linear regression analysis can be seen in the table below.

Table 5. Results of Multiple Linear Regression Analysis

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	-4,520	4,890		-,924	358
X1 : Cash Flow	72,832	4,685	847	15,546	,000
X2 : Institutional Ownership	7,782	3,900	,144	1,995	,049
X3 : Managerial Ownership	11,658	3,732	224	3,124	,002
X4 : Independent Board of Commissioners	-3,609	8,088	-,024	-446	,657
X5 : Corporate Social Responsibility	-4,121	4,829	-,046	-853	396

a. Dependent Variable: Y: Return On Asset

It can be seen that the regression coefficient equation in this study can be formulated as follows: ROA = -4,520 + 72,832 CF + 7,782 IO + 11,658 MO – 3,609 IBC – 4,121 CSR + ε
Based on the regression equation above, the following explanations can be provided: (a) The constant value is -4.520. This indicates that if the variables of cash flow, institutional ownership, managerial ownership, independent board of commissioners, and CSR are assumed to be zero, then the value of the financial performance (ROA) variable is -4.520. (b) The regression coefficient value for the Cash Flow variable (X1) shows a positive direction of 72.832. The positive sign indicates a direct relationship between Cash Flow and Financial Performance (ROA). The value of 72.832 means that if the Cash Flow variable increases by 1 unit, assuming institutional ownership, managerial ownership, independent board of commissioners, and CSR remain constant, it will increase the financial performance (ROA) by 72.832. (c) The regression coefficient value for the institutional ownership variable (X2) shows a positive direction of 7.782. The positive sign indicates a direct relationship between the institutional ownership variable and financial performance (ROA). The value of 7.782 means that if the institutional ownership variable increases by 1 unit, assuming the variables of cash flow, managerial ownership, independent board of commissioners, and CSR remain constant, it will increase the financial performance (ROA) by 7.782. (d) The regression coefficient value for the managerial ownership variable (X3) shows a positive direction of 11.658. The positive sign indicates a direct relationship between managerial ownership and financial performance (ROA). The value of 11.658 means that if the managerial ownership variable increases by 1 unit, assuming the variables of cash flow, institutional ownership, independent board of commissioners, and CSR remain constant, it will increase the financial performance (ROA) by 11.658. (e) The regression coefficient value for the independent board of commissioners variable (X4) shows a negative direction of -3.609. The negative sign indicates an inverse relationship between the independent board of commissioners and financial performance (ROA). The value of -3.609 means that if the independent board of commissioners variable increases by 1 unit, assuming the variables of cash flow, institutional ownership, managerial ownership, and CSR remain constant, it will decrease the financial performance (ROA) by 3.609. (f) The regression coefficient value for the CSR disclosure variable (X5) shows a negative direction of -4.121. The negative sign indicates an inverse relationship between CSR and financial performance (ROA). The value of -4.121 means that if the CSR disclosure variable increases by 1 unit, assuming the variables of cash flow, institutional ownership, managerial ownership, and independent board of commissioners remain constant, it will decrease the financial performance (ROA) by 4.121.

3.4 Partial Test (t-test)

The partial test in this study was conducted to determine whether there is a partial influence of each independent variable on the dependent variable. The method used to determine the partial influence is by observing the significance value (sign.) of each independent variable with an error degree of 5%. The following are the partial test results of each independent variable in this study.

Based on the results shown in the table above, the partial test results for each independent variable can be explained as follows: (a) The significance value of the operating cash flow (X1) is

0.000, indicating that the significance value is less than 0.05. The positive sign indicates a positive relationship between the independent variable and the dependent variable. This result means that operating cash flow (X1) has a positive and significant partial effect on ROA (Y). This partial test result confirms that hypothesis 1 is accepted. (b) The significance value of institutional ownership (X2) is 0.049, indicating that the significance value is less than 0.05. The positive sign indicates a positive relationship between the independent variable and the dependent variable. This result means that institutional ownership (X2) has a positive and significant partial effect on ROA (Y). This partial test result confirms that hypothesis 2 is accepted. (c) The significance value of managerial ownership (X3) is 0.002, indicating that the significance value is less than 0.05. The positive sign indicates a positive relationship between the independent variable and the dependent variable. This result means that managerial ownership (X3) has a positive and significant partial effect on ROA (Y). This partial test result confirms that hypothesis 3 is accepted. (d) The significance value of independent board of commissioners (X4) is 0.657, indicating that the significance value is greater than 0.05. The negative sign indicates a negative relationship between the independent variable and the dependent variable. This result means that independent board of commissioners (X4) does not have a significant partial effect on ROA (Y). This partial test result confirms that hypothesis 4 is rejected. (e) The significance value of CSR disclosure (X5) is 0.396, indicating that the significance value is greater than 0.05. The negative sign indicates a negative relationship between the independent variable and the dependent variable. This result means that CSR disclosure (X5) does not have a significant partial effect on ROA (Y). This partial test result confirms that hypothesis 5 is rejected.

3.5 Simultaneous Test (F-test)

In this study, the F-test is conducted to determine the simultaneous influence of all independent variables on the dependent variable. The method used for the F-test is by observing the significance value (sign.) of the regression model simultaneously, with a significance level of 5%. Here are the results of the F-test for the regression model in this study.

Table 6. Results of Multiple Linear Regression Analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11544,984	5	2308,997	57,315	,000 [b]
	Residual	3786,885	94	40,286		
	Total	15331,869	99			

a. Dependent Variable: Y: Return On Asset

b. Predictors: (Constant), X1 : Cash Flow, X2 : Institutional Ownership, X3 : Managerial Ownership, X4:Independent Board of Commissioners, X5 : Corporate Social Responsibility

Based on the F-test results above, it is shown that the significance value of the simultaneous influence of the independent variables on the dependent variable is 0.000 (0.000 < 0.05). This means that there is a simultaneous influence of all the independent variables on the dependent variable. The results of the F-test prove that hypothesis 6 is accepted.

3.6 Coefficient of Determination (R2)

Below are the results of the determination coefficient test in this study.

Table 7. Results of 6 Coefficient of Determination (R2)

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,868 [a]	753	740	6,34713	1,964

a. Predictors: (Constant), X1 : Cash Flow, X2 : Institutional Ownership, X3 : Managerial Ownership, X4:Independent Board of Commissioners, X5 : Corporate Social Responsibility

b. Dependent Variable: Y : Return On Asset

The determination coefficient test results show an R^2 value of 0.754, indicating that 75.4% of the variation in financial performance (ROA) is explained by the independent variables in the

regression model. This suggests the model effectively explains the relationship between changes in cash flow, institutional ownership, managerial ownership, independent board of commissioners, and CSR disclosure with financial performance. A higher R^2 value signifies a better ability of the model to explain the dependent variable variation, and in this case, the R^2 of 0.754 indicates a significant portion of the ROA variation is elucidated by the independent variables..

3.7 Discussion

a. The Effect of Cash Flow Changes on Financial Performance

Operating cash flow represents the company's operational activities and other activities generating profit not derived from investment and financing activities. The significance value of the cash flow change variable is 0.000, indicating that the significance value is less than 0.05. The positive sign indicates a direct relationship between the independent variable and the dependent variable. This result implies that the cash flow change variable has a positive and significant partial effect on ROA. This partial test result proves that hypothesis 1 is accepted. As stated by (Riyanto, Raspati, Rahayu, & Sopian, 2021)**,** a decrease in cash flow from operating activities leads to a decline in financial performance. High cash flow reflects the company's ability to generate high profits for shareholders. The greater the cash flow obtained, the greater the company's ability to pay and settle its short-term debts, thus enabling better operational performance, which impacts the increase in financial performance. Previous studies showed that cash flow has a positive and significant effect on financial performance (Riyanto et al., 2021).

b. The Effect of Institutional Ownership on Financial Performance

Institutional ownership refers to the ownership of company shares by financial institutions such as insurance companies, banks, pension funds, and investment banking (Setiawan & Setiadi, 2020). According to studies conducted by (Candradewi & Sedana, 2016; Fitrianingsih & Sulistiana, 2024; Handayani, 2018) (Fitrianingsih & Sulistiana, 2024), institutional ownership positively affects financial performance. The significance value of the institutional ownership variable is 0.049, indicating that the significance value is less than 0.05. The positive sign indicates a direct relationship between the independent variable and the dependent variable. This result implies that the institutional ownership variable has a positive and significant partial effect on ROA. This partial test result proves that hypothesis 2 is accepted. Institutional ownership acts as one of the supervisors in a company or institution. High institutional ownership in a company will increase agency conflicts because institutional owners can control the company's management to engage in perquisites for personal benefit. If such conditions occur within the company, the negative influence of institutional ownership on the company's financial performance will emerge.

c. The Effect of Managerial Ownership on Financial Performance

Managerial ownership means that the company's owners also manage the company. The larger the proportion of managerial ownership, the smaller the chance of conflicts because if the owner acts as the company's manager, decisions will be made cautiously to avoid harming the company (Setiawan & Setiadi, 2020). According to studies conducted by (Agustina, Yuniarta, & Sinarwati, 2015; Candradewi & Sedana, 2016), managerial ownership positively affects financial performance. The significance value of the managerial ownership variable is 0.002, indicating that the significance value is less than 0.05. The positive sign indicates a direct relationship between the independent variable and the dependent variable. This result implies that the managerial ownership variable has a positive and significant partial effect on ROA. This partial test result proves that hypothesis 3 is accepted. The company's financial performance can be reflected by its stock price in the market. The higher the company's stock price, the higher its financial performance. Efforts to improve the company's financial performance can be made by reducing agency costs arising from conflicts of interest between management and shareholders. One way to reduce agency costs is to involve owners (shareholders) in the management. Another mechanism to reduce agency issues is executive compensation plans, such as granting shares to managers. Granting shares to managers makes them also company owners, motivating them to work better, thereby achieving the company's goal of maximizing shareholder welfare.

d. The Effect of Independent Board of Commissioners on Financial Performance

The independent board of commissioners is part of corporate governance. The board of commissioners is the highest internal control mechanism responsible for overseeing the actions of top management. The board of commissioners is accountable for ensuring that the company implements good corporate governance. According to studies conducted by (Candradewi & Sedana, 2016; Handayani, 2018) the independent board of commissioners negatively affects financial performance. The significance value of the independent board of commissioners variable is 0.657, indicating that the significance value is greater than 0.05. The negative sign indicates an inverse relationship between the independent variable and the dependent variable. This result implies that the independent board of commissioners variable does not have a partial effect on ROA. This partial test result proves that hypothesis 4 is rejected. The independent board of commissioners is unaffiliated with the company. They play a controlling role in evaluating managers' decisions through their skills, expertise, knowledge, and objectivity to reduce agency costs and prioritize shareholders' interests. The independent board of commissioners is expected to be responsible for bringing independent judgment on issues of strategy, performance, and resources, including key appointments and standards of conduct (Rahmawati, Rikumahu, & Dillak, 2017).

e. The Effect of CSR Disclosure on Financial Performance

The significance value of the CSR disclosure variable is 0.396, indicating that the significance value is greater than 0.05. The negative sign indicates an inverse relationship between the independent variable and the dependent variable. This result implies that the CSR disclosure variable does not have a partial effect on ROA. This partial test result proves that hypothesis 5 is rejected. According to (Pratiwi & Setyoningsih, 2017), CSR Disclosure is a form of transparency regarding the social activities carried out by the company concerning the social impact and environmental management resulting from the company's operational activities. Moreover, (Agustin & Dewi, 2019) explained that companies that tend to disclose CSR will achieve high profitability levels, which means the company's financial performance will also improve**.** CSR Disclosure positively impacts the company's financial performance / ROA (Cang & Utama, 2024). However, the study by (Puspitaningrum & Indriani, 2021) stated that CSR Disclosure does not affect the company's financial performance**.**

f. The Effect of Cash Flow Changes, Institutional Ownership, Managerial Ownership, Independent Board of Commissioners, and CSR Disclosure on Financial Performance

Operating cash flow represents the company's operational activities and other activities generating profit not derived from investment and financing activities (I. K. Dewi & Yudowati, 2020). Institutional ownership refers to the ownership of company shares by financial institutions such as insurance companies, banks, pension funds, and investment banking (Setiawan & Setiadi, 2020). Managerial ownership means that the company's owners also manage the company. The larger the proportion of managerial ownership, the smaller the chance of conflicts because if the owner acts as the company's manager, decisions will be made cautiously to avoid harming the company (Setiawan & Setiadi, 2020). The independent board of commissioners is part of corporate governance. The board of commissioners is the highest internal control mechanism responsible for overseeing the actions of top management. According to (Pratiwi & Setyoningsih, 2017), CSR Disclosure is a form of transparency regarding the social activities carried out by the company concerning the social impact and environmental management resulting from the company's operational activities. Based on the F-test results above, the simultaneous effect significance value of the independent variables on the dependent variable is 0.000 (0.000 < 0.05). This indicates a simultaneous influence between all the independent variables on the dependent variable. This F-test result proves that hypothesis 6 is accepted.

4. CONCLUSION

Recognizing the significant impact of cash flow changes, institutional ownership, and managerial ownership on financial performance can guide managers and policymakers in making informed decisions. Companies should prioritize cash flow management, encourage institutional investment, and support managerial ownership to improve financial outcomes. While an independent board of commissioners and CSR disclosure do not directly affect financial performance, they are still important for corporate governance and long-term viability. A holistic approach that includes these factors is crucial for enhancing a company's financial stability and performance.

This study has several limitations: (1) The availability and quality of financial data from mining companies during the selected period may affect the analysis and conclusions, especially if data is incomplete or inaccurate. (2) The 2018-2022 study period may not capture long-term trends or cycles in the mining sector, suggesting a need for a longer timeframe or additional data points. (3) External factors like economic fluctuations, regulatory changes, or unexpected crises such as the COVID-19 pandemic could influence financial performance, potentially biasing the results.

Future research should consider: (1) Conducting longitudinal studies beyond 2018-2022 to gain deeper insights into evolving financial trends in the mining sector. (2) Undertaking comparative studies across different regions or countries to understand the factors influencing profitability and sustainability. (3) Complementing quantitative analysis with qualitative methods, like interviews or case studies, to better understand the contextual factors affecting financial performance in mining companies.

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