FACTORS AFFECTING THE IMAGE OF COAL COMPANIES IN THE PROVINCE OF EAST KALIMANTAN, INDONESIA

Oleh
Yulius Gessong Sampealo[1], Rofiqoh[2], Catur Kurniawan[3], Naswa Nur Salwa[4] & Desi Ameli Putri[5]
[1,2,3,4,5]Department of Accounting, Samarinda State Polytechnic, East Kalimantan, Indonesia
Email: [1]yuliusgessong@gmail.com, [2]fiqopolnes@yahoo.com, [3]catur@polnes.ac.id

Abstract

The objectives to be achieved in this study are to: 1) analyze the direct and indirect impact of financial performance and corporate image on the legal compliance of coal companies in East Klimantan province, 2) analyze the direct and indirect impact of management quality on the company's image in East Kalimantan province, 3) analyze the direct and indirect influence of the work environment on the corporate image and legal compliance through the corporate image in East Kalimantan province, 4) analyze the direct and indirect influence of the community environment on legal compliance through the corporate image, and 5) analyze the direct influence on the law through the corporate image in East Kalimantan province. This study uses a quantitative approach with the PLS-SEM Warp model. Results. This study found that out of the thirteen hypotheses proposed, all exogenous variables had a direct positive and significant effect on their endogenous variables. Conclusion. Of the thirteen hypotheses proposed in this study, the results were positive and significant.

Keywords: ***financial performance, work environment, legal compliance, company image***

BACKGROUND

Based on the results of a data survey through a questionnaire, the title above identifies and refers to coal mining as one of the main sources of income that has a considerable impact on the state of the economy in Indonesia. When viewed from an economic perspective, the existence of a mining industry in an area will have an impact on the development of the region, such as providing opportunities and efforts to increase employment, increase community income, and business opportunities. In addition, the existence of this industry will also increase the economic capabilities of the region concerned (Ayu *et al.,* 2016). One of them is East Kalimantan Province, which is rich in natural resources, especially coal. The coal industry plays an important role in the regional and national economy. In 2017, the coal sector accounted for around 35% of the Gross Domestic Product (GDP) of East Kalimantan Province. If added to the contribution from oil and gas, the total is close to half of the province's GDP (Arinaldo and Aditama, 2019).

Also, as the new capital of the country (IKN), coal companies in East Kalimantan often come under the spotlight regarding the impact of their operations on the environment and the social and economic responsibilities they carry. In this context, corporate image is very important because it can determine the level of public trust, business reputation, and the company's ability to continue to operate sustainably. Therefore, the company's image is greatly influenced by many factors or determinants, including compliance with the law, financial performance, management quality, and the company's relationship with the work environment and the surrounding community.

One of the backgrounds that affect the image of companies in East Kalimantan is the existence of this Corporate Social Responsibility (CSR) program, because in running its business, a company cannot be

separated from the community and the surrounding environment, thus creating a reciprocal relationship between the community and the company. The company needs a positive response from the community because the community is one of the elements that can determine the success of a company's business. The response is obtained through what the company does to its *stakeholders*, including the community and the surrounding environment (Indryanti, 2017).

More and more companies understand the importance of *Corporate Social Responsibility* (CSR) and integrate it into their business strategy. Based on various definitions of CSR, it can be concluded that CSR is a commitment from the business world to continue to act ethically, operate in accordance with the law, and contribute to improving the economy, employee welfare, and quality of life of local communities and society in general (Muhadjir and Qurani, 2011).

The company's compliance with the law includes the extent to which coal companies comply with applicable rules and regulations, both in terms of mining operations, environmental management, and social responsibility. This includes mining companies in East Kalimantan Province because this level of compliance greatly affects the company's image, especially in the coal sector, which is often closely monitored by the government and environmental institutions to realize sustainable economic development and improve the quality of life and environment that benefits the Company itself, the local community, and the community in general (Maulida, 2021).

A company's image is something related to the company that builds a positive image or perception that can be recognized and accepted by the general public (Jefkins, 2016). A positive image can increase the company's attractiveness to customers, investors, and potential workers. The image of coal companies in East Kalimantan is greatly influenced by various factors, including compliance with the law, financial performance, management quality, and the company's impact on the work environment and society.

Financial performance involves various analyses of a company's financial statements, where the data in the financial statements is crucial to understanding the financial position of a company (Hanafi et al., 2018). In this context, it refers to the company's ability to generate profits, manage costs, and maintain financial sustainability. Good financial performance is also often associated with efficient management and good and wise business strategies, which in turn can improve the image of coal companies in East Kalimantan Province.

Management quality reflects the competence and expertise of the management team in managing the operations of an existing company. Training involved in the company's daily operations is essential to achieve operational quality and results (Niyi Anifowose et al., 2022). In the coal sector in East Kalimantan Province, management quality is very important. Management quality is very important to overcome operational challenges and maintain the company's reputation. Good management can also improve the company's image in the eyes of the public and the government (Hasiara, Sudarlan, and Diah, 2020).

This work environment refers to the overall tools and materials used in the surrounding environment where a person works, work methods, and work arrangements both individually and in groups (Mangkunegara, 2017). A work environment that is safe, fair, and supportive of employee welfare can also improve the company's image as a responsible employer (Hasiara, Suyudi, & Susilawati, 2022). In coal companies located in East Kalimantan Province, there are many, and there is also often a company that operates in several locations that are remote, inland, and full of risks (Hasiara, Suyudi, & Sailawati, 2022). Therefore, a good work environment can

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

be an added value in maintaining a positive image of a company.

Community environment refers to the impact of the company's operations on the local community around the mining area. In some cases, coal companies located in East Kalimantan Province often operate in socially and environmentally sensitive areas. Regarding how companies interact with the community in the surrounding environment, every person, government, and industry plays a role in realizing social welfare and managing the quality of life of the community (Safitri, 2022).

Paying attention to social impact, making a positive contribution to development in the community's environmental area, and establishing good relationships with local communities can increase trust and reputation, thus affecting the company's image. Based on the background and formulation of the above problems, the objectives of this study are to: 1 analyze the direct influence of financial performance on the legal compliance of coal companies in East Kalimantan Province, 2) analyze the direct influence of financial performance on the image of coal companies in East Kalimantan Province, 3) analyze the indirect influence of financial performance on legal compliance through the image of coal companies in East Kalimantan Province, 4) analyze the direct influence of management quality on the legal compliance of coal companies in East Kalimantan Province, 5) analyze the direct influence of management quality on the image of coal companies in East Kalimantan Province, 6) analyze the indirect influence of management quality on legal compliance through the image of coal companies in East Kalimantan Province, 7) analyze the direct influence of the work environment on the legal compliance of coal companies in East Kalimantan Province, 8) analyze the direct influence of the work environment on the image of coal companies in East Kalimantan Province, 9) analyze the indirect influence of the work environment on legal compliance through the image of coal companies in East Kalimantan Province, 10) analyze the direct influence of the community environmenton the legal compliance of coal companies in East Kalimantan Province, 11) analyze the direct influence of the community environment on the image of the community.-coal companies in East Kalimantan Province, 12) analyzing the indirect influence of the community environment on legal compliance through the image of the company-Perusacoal production in East Kalimantan Province, and 13) analyze the direct influence of theGod of the law through the image of coal companies in East Kalimantan Province (Diah et al., 2026).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Literature Review

A literature review is a study carried out on theories and previous studies related to research problems (Sugiyono, 2018). It also aims to find out the development of existing theories and research, so that researchers can determine the theoretical basis that will be used in the research being conducted. The part of the literature review in this study is about the image of the company.

Dowling (2001) explained that corporate image is defined as public perception of a company based on experience, interaction, and information received by various stakeholders, such as customers, employees, the government, and the general public. In the context of the coal mining industry in East Kalimantan Province, corporate image is very important because company operations are often associated with environmental, health, and social impact issues on the surrounding community. Therefore, coal mining companies must build a positive image by showing social responsibility and compliance (Suharto et al., 2015).

2.2 Relevant Research Results

The results of the study show that compliance with legal regulations, good

financial performance, quality management, supportive work environment, and contribution to the local community are very important factors in shaping and maintaining the image of coal companies in East Kalimantan Province. This research will also complement the literature by focusing on coal companies in East Kalimantan Province. The perception of companies is greatly influenced by how companies manage environmental and social issues, as well as their efforts in carrying out corporate social responsibility (CSR). There are several factors that affect the image of coal companies in East Kalimantan, namely:

2.2.1 Legal Compliance

In the mining sector, compliance with the law is critical because companies face strict regulations related to environmental protection and worker safety. Also, the extent to which the company complies with all applicable regulations, especially those related to business operations, the environment, occupational safety, and the rights of the local community (Ferrell, Fraedrich, and Ferrell, 2019). Therefore, coal companies in East Kalimantan must follow various regulations set by the government, both at the national and local levels. This compliance not only ensures that the company's operations run smoothly, but also builds the company's image as a responsible entity. Violations of regulations can damage the company's reputation and image in the eyes of the public and the government.

2.2.2 Company image

Company image is defined as the public's perception of a company based on experience, interactions, and information received by various stakeholders, such as customers, employees, the government, and the general public (Dowling, 2001). Company image is an important intangible asset because it can affect the company's reputation, loyalty, and relationships with stakeholders (Kotler & Keller, 2016). In the context of the coal mining industry in East Kalimantan Province, corporate image is very important because the company's operations are often associated with environmental, health, and social impact issues on the surrounding community. Thus, coal mining companies must build a positive image by demonstrating social responsibility, compliance with the law, and contributing to the development of local communities.

2.2.3 Financial Performance

Brigham and Houston (2016) stated that good financial performance can attract investors, increase customer confidence, and strengthen the overall image of the company, which is also one of the main indicators of a company's success in achieving its goals, especially in generating profits and economic growth.

In the context of the mining industry in East Kalimantan, financial performance plays a very important role in achieving profits and also improving the company's image in the eyes of investors or other stakeholders. With strong financial performance, companies can also invest in social responsibility initiatives, such as environmental and community development programs. According to the above statement, it can be hypothesized as follows:

H1: Financial performance has a direct effect on the legal compliance of coal companies in East Kalimantan Province.

H2: Financial performance has a direct effect on the image of coal companies in East Kalimantan Province.

H3: Financial performance has an indirect effect on the company's image through compliance with the laws of coal companies in East Kalimantan Province.

2.2.4 Quality Management

It includes the ability of company leaders to manage resources, make strategic decisions, and manage risks and daily operations (Robbins and Coulter, 2016). In the coal industry, management quality plays an important role

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

because this sector requires good management related to operations, environmental impacts, and social responsibility. Especially coal companies in East Kalimantan must be able to manage their companies in a quality manner in order to form a more positive company image in the eyes of stakeholders. Effective management will also be able to optimize company performance, maintain good relations with the community, and ensure compliance with applicable regulations, thereby increasing the public's positive perception of the company. According to the above statement, it can be hypothesized as follows:

H4: The quality of management has a direct effect on the legal compliance of coal companies in East Kalimantan Province.

H5: The quality of management has a direct effect on the image of coal companies in East Kalimantan Province.

H6: The quality of management has an indirect effect on the company's image through compliance with the laws of coal companies in East Kalimantan Province.

2.2.5 Work Environment

It is related to the overall tools and materials used in the surrounding environment where a person works, work methods, and work arrangements both individually and in groups (Mangkunegara, 2017). A safe, fair, and supportive work environment can also improve the company's image as a responsible employer. A conducive work environment will increase employee productivity and reflect the company's positive image as a decent place to work. This is also related to occupational safety and health (K3), which is a major concern in the mining industry in East Kalimantan Province. As stated above, it can be hypothesized as follows:

H7: The work environment has a direct effect on the legal compliance of coal companies in East Kalimantan Province.

H8: The work environment has a direct effect on the image of coal companies in East Kalimantan Province.

H9: The work environment has an indirect effect on the company's image through compliance with the laws of coal companies in East Kalimantan Province.

2.2.6 Community Environment

Refers to how the company interacts and contributes to the community around its operations. Companies that have an effective and sustainable *Corporate Social Responsibility* (CSR) program are able to build harmonious relationships with the local community. Thus, in the company's interaction with the community in the surrounding environment, every person, government, and industry plays a role in realizing social welfare and managing the quality of life of the community. The company will be seen as an entity that is not only profit-oriented, but also cares about the social welfare of the surrounding community (Safitri, 2022). According to the above statement, it can be hypothesized as follows:

H10: The community environment has a direct effect on the legal compliance of coal companies in East Kalimantan Province.

H11: The community environment has a direct effect on the image of coal companies in East Kalimantan Province.

H12: The community environment indirectly affects the company's image through compliance with the laws of coal companies in East Kalimantan Province.

H13: Compliance with the law has a direct effect on the image of coal companies in East Kalimantan Province.

2.3 Conceptual Framework of Research

The conceptual framework in this study starts from the theoretical foundation and relevant research journals as the main reference. The theoretical foundation includes various concepts and findings that have been

recognized in the scientific literature. After determining the title of the research, the next step is to find the variables to be studied. These variables consist of independent variables (X) and dependent variables (Y). Once these variables are found, the next step is to determine the most suitable analysis technique to evaluate how independent variables and dependent variables interact with each other (Hasiara et al., 2025). The characteristics of the data and the objectives of the research determine the selection of this analysis method. To test the research hypothesis, the chosen analysis method must be able to provide valid and reliable results.

RESEARCH METHODS

This research method uses a quantitative approach, which is a research approach that focuses on collecting and analyzing numerical data to answer research questions. This research aims to measure variables, find patterns, test hypotheses, and generate generalizations that apply to the broader population. This research method involves collecting data from a large number of respondents through questionnaires or structured interviews. This data is then analyzed statistically. Experimental research involves manipulating independent variables to understand their impact on dependent variables. It is used to determine cause and effect.

Operational definitions in research are an important step to transform abstract concepts or variables that are to be studied into concepts that can be observed, measured, and identified in a concrete and measurable way. Operational definitions clearly explain how a concept will be measured or defined in a particular research context. It is important to ensure that the concepts being studied have the same meaning and can be tested consistently by the researcher and other parties involved in the research.

3.2 Legal Compliance

It is a measure of compliance with the law that assesses the extent to which the company complies with applicable regulations, including environmental and labor laws, as well as measures the extent to which the company complies with all applicable regulations, especially related to business operations, the environment, occupational safety, and the rights of local communities. In the mining sector, compliance with the law is critical because companies face strict regulations related to environmental protection and worker safety. Therefore, coal companies in East Kalimantan must follow various regulations set by the government, both at the national and local levels**.**

3.3 Financial Performance

Financial performance is measured using financial ratios that reflect the company's profitability, efficiency, and growth. In the context of the mining industry in East Kalimantan, financial performance plays an important role in achieving profits and also improving the company's image in the eyes of investors or other stakeholders, so that strong financial performance also allows the company to invest in social responsibility initiatives, such as environmental programs and community development. This strengthens the company's image as an entity that is not only profit-oriented, but also concerned about social and environmental welfare.

3.4 Quality Management

Management quality assessment is carried out based on the competence, experience, and ability of management in managing the company effectively. In the coal industry, management quality plays an important role because this sector requires good management related to operations, environmental impacts, and social responsibility. Especially coal companies in East Kalimantan must be able to manage their companies in a quality manner in order to form a more positive company image in the eyes of stakeholders. With effective management,

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

companies will be able to optimize performance, maintain good relations with the community, and ensure compliance with applicable regulations, thereby increasing the positive public perception of the company.

3.5 Work Environment

The measurement of the work environment is focused on factors that affect employee comfort and productivity. Referring to the working conditions and culture that the company offers to the employees who work for the company, a safe, fair, and supportive work environment can improve the company's image as a responsible employer. In coal companies located in East Kalimantan Province, there are many, and often there are also companies that operate in remote, inland, and risk-filled locations. Therefore, a good work environment can be an added value in maintaining a positive image of a company.

3.6 Community Environment

Measuring the community's environment is carried out by looking at the social and economic impacts caused by the company's existence and the CSR programs carried out. It refers to how the company interacts and contributes to the community around its operations. In the context of the coal industry in East Kalimantan, the impact on the local community is a crucial issue. Companies that are committed to social responsibility, that actively contribute to community development, as well as minimize the negative impact of their operations on the community, will have a more positive image. Companies that have an effective and sustainable Corporate Social Responsibility (CSR) program are able to build harmonious relationships with the local community. Thus, the company can be seen as an entity that is not only profit-oriented, but also cares about the social welfare of the surrounding community.

3.7 Company Image

The measurement of the company's image is carried out through respondents' perceptions of how the community and employees perceive the company as a whole. In the context of the coal mining industry in East Kalimantan Province, the company's image is very important because the company's operations are often associated with environmental, health, and social impact issues on the surrounding community. Thus, coal mining companies must build a positive image by demonstrating social responsibility, compliance with the law, and contributing to the development of local communities.

3.8 Population and Sample

a. Populasi

Sugiyono (2012) explained that population is a generalized area consisting of objects/subjects that have certain qualities and characteristics that are determined by the researcher to be studied and then drawn conclusions. From the above understanding, it can be concluded that the population in this study is coal companies located in East Kalimantan Province.

b. Sample

Sugiyono (2015) explained that samples are part of the number and characteristics possessed by the population. Based on the population, we can determine the sample in a study because the sample is part of the number and characteristics that exist in the population. In this study, the sample consisted of respondents who were exposed to the company's image. The number of samples was determined by chance by giving a questionnaire that respondents had to fill out according to their experience.

3.9 Sampling Techniques

The sampling or data collection technique used by the researcher in this study is incidental sampling, which is a sample determination

technique based on chance; that is, anyone who happens to meet the researcher can be used as a sample if it is seen that the person who happens to be met is suitable as a data source (Sugiyono, 2019). The criteria used in sampling or data in the study are respondents who have experience in the field of human resources and finance.

3.10 Data Collection Techniques

Sugiyono (2015) defines data collection techniques as the most strategic step in research because the main purpose of research is to obtain data. The data collection technique in this study uses questionnaires, which are data collection techniques that are carried out by providing a list of questions or written statements to respondents to be answered (Sugiyono, 2015). In this study, the questionnaire is in the form of statements that provide an assessment of each statement on a Likert scale that has a value range of 1 to 5 for the respondents' agreement and disagreement with the statements in the questionnaire. The questionnaire made by the researcher is in the form of a *Google Form,* which can be spread online across the sample, so that the total number of questionnaires is infinite.

3.11 Data Processing Techniques

Research data is processed to generate useful values for

decision-making. In this study, quantitative analysis was used to make decisions. Data analysis and discussion were carried out using *IBM SPSS Statistics Version 24.* The processing method consisted of the following steps: 1) Data tabulation summed up respondents' answers based on the variables present in the study.2) Editing, which edited the data to ensure that it was suitable for use. 3) Removal of data that was considered non-essential to simplify the calculation of hypothesis testing.

To calculate the score of this study, a Likert scale was used with 4 points, namely strongly agree 4, agree 3, disagree 2, and strongly disagree 1.

3.12 Data Analysis Techniques

Data analysis techniques are the most decisive stage in a study because data analysis is the stage to conclude research results. Data analysis techniques in quantitative research use statistical assistance. In this study, the approach used is quantitative research. In quantitative research, data analysis is an activity after all data obtained from respondents or other data sources are collected. Activities in data analysis are grouping data based on variables and types of respondents, tabulating data based on variables obtained from all respondents, and conducting calculations to test hypotheses that have been proposed by researchers.

3.13 Model evaluation

The PLS assessment in this study includes 2 stages, namely Evaluation of the Outer Model and the Inner Model (Structural Model). The outer model determines the specification of the relationship between latent constructs and indicators. Equations for the outer model (Suhartanto et al., 2020) explain that the Outer Model functions to measure how well the indicator explains a variable. This is an assessment that is carried out the same way as validity testing and reliability testing. Inner Model. This model functions to test the feasibility of the Model or the infeasibility of the Model in the research. This test is carried out to determine the assessment criteria, namely APC, ARS, AARS, AVIF, AFVIF, GoF, SPR, RSCR, SSR, and NLBCDR. This assessment uses the criteria as in Table 3.3.

3.14 Data Analysis Techniques

The data were analyzed with the Partial Least Squares Structural Equation Model (PLS SEM). SEM is a hybrid modeling technique that combines different types of statistical calculation methods: factor analysis, path analysis, and regression. SEM is an

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

improvement on and an extension of path analysis and regression methods (Suhartanto *et al*., 2020). The following are the similarities in this study in two stages, namely:

Y1 = oC *b1 X1it + b2 X2it + b3 X3it + b4 X4it + eit*

Y2 = oC *b1 X1it + b2 X2it + b3 X3it + b4 X4it + eit*

Description:

Y1 = Compliance with the law

Y2 = Company image

oC = Constant

β = Variable Coefficient X

X1 = Financial performance

X2 = Quality management

X3 = Work environment

X4 = Community environment

3.13 Uji Hypothesis

The hypothesis test of this study was carried out to find out whether the

Freely affects the bound variables. This was done using a partial t-test and an F-test at the same time, as well as a coefficient of determination (R^2) test. Based on the test results, all test results of the research hypothesis are declared accepted because all the coefficient values are> 0.05, while the P-value is < 0.05.

The hypothesis can be accepted or rejected by calculating a significance level of 5% or a confidence level of 0.05. The hypothesis is rejected. The statistical hypotheses used for decision-making are as follows:

1. HO = HO is accepted and H1 is rejected, if the p-value > 0.05.
2. H1 = H1 is accepted and H0 is rejected, if p-value < 0.05

RESULTS AND DISCUSSION

4.1 Descriptive Analysis

Descriptive analysis was used to describe the characteristics of respondents and the distribution of research data related to the variables used, such as Compliance with the law (KTH), Company image (CP), Financial performance (KK), Management quality (KM), Work environment (LP), and Community environment (LM). This analysis provides an overview of the trends in the data and facilitates understanding patterns from the research results.

Based on survey data, this study involved 595 respondents with different characteristics based on gender, age, and education level. These characteristics influenced their preferences and responses to the research questionnaire given. The following is a description of the sample based on several main categories:

Table 4. Descriptive Samples

Variabel	Category	Sample	Persent
Gender	Men	215	36%
	Women	139	24%
Age	18-25	89	15%
	26-45	70	12%
Study Programs	D4 STr/SA	20	4%
	D4/Equivalent	20	4%
	D3 AK	12	2%

Source: processed data, 2026

The total number of respondents (595) from workers and communities in East Kalimantan Province in this observation can be seen from the descriptive statistics of the number of respondents by gender:

Male respondents amounted to 215 people, or 36%.

Female respondents totaled 139 people, or 24%.

Furthermore, the number of respondents is shown by the age criteria:

Respondents aged 18-25 amounted to 89 people, representing 15%.

Respondents aged 26-45 amounted to 70 people, representing 12%.

Then, the number of respondents who have a bachelor's degree or D3:

Respondents from D3 Accounting/equivalent amounted to 20 people, representing 4%.

Respondents from the Bachelor of Accounting amounted to 20 people, representing 4%.

Respondents for bachelor's degrees outside accounting amounted to 12 people, representing 2%.

4.2 Evaluation of the Inner Model

Inner Model Evaluation (PLS-SEM) is a component of the model that shows the relationship between latent variables (constructs) themselves. Inner models are also referred to as structural models (Hair, Hult, and Ringle, 2017). PLS-SEM also uses inner models to show the structural relationships between latent variables (Risher, 2018). It shows how one latent variable impacts other latent variables in the model. To find out how well a model fits the research data, the evaluation in the model includes the fit test model, path coefficient, and R model fit test. The results and evaluation criteria in the model include the fit test model, path coefficient, and R model fit test (Hair et al., 2019). The inner model evaluation includes the fit test model, path coefficient, and R. Model fit test is used to measure the compatibility of a model with the research data. The following are the results of the fit test model and its measurement criteria.

Table 5. Inner Model Results

Remarks	Results	*P-values*	Criteria	Status
APC	0.194	<0.001	P < 0.001	Fit
ARS	0.467	<0.001	P < 0.001	Fit
AARS	0.463	<0.001	P < 0.001	Fit
AVIF	1.449	-	*Acceptable if* <= 5, *Ideally* <= 3.3	Fit
AFVIF	1.707	-	*Acceptable if* <= 5, *Ideally* <= 3.3	Fit
GoF	0.567	-	*Small* >= 0.1, *Medium* >= 0.25,*Large* >= 0.36	Fit
SPR	1.000	-	*Acceptable if* >= 0.7, *Ideally* = 1	Fit
RSCR	1.000	-	*Acceptable if* >= 0.9, *Ideally* = 1	Fit
SSR	1.000	-	*Acceptable if* >= 0.7	Fit
NLBCDR	1.000	-	*Acceptable if* >= 0.7	Fit

Source: Smart PLS Output Results Version 7.0, 2026

The test results in Table 3.5 above show that the APC value = 0.194, ARS = 0.467, and AARS = 0.463. The values of the three indices indicate fit status, because the condition for the acceptance of the three indices is that the index value is greater than or equal to 0.5 of the p-value (Hair, Hult, and Ringle). Furthermore, AVIF and AFVIF get a fit score of 1.449 and 1.707 because the value is <= 5. Meanwhile, the GoF value in the model is 0.567. This value is classified as large because the required value is≥ 0.36, meaning that the value is very strong for explaining in this research model (Hair et al.). Then, the SPR value is 1,000, and the required value to be accepted is ≥ 0.7, while the RSCR value is 1,000. This is declared ideal. Then, an SSR value of 1,000 means that the value is declared fit because it is above or equal to 0.7. Because it has a ≥ value of 0.7, the value is 100% of the path in the model free from the

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

influence of statistical scrutiny (Yee1 and Angeline Yap Kiew Heong and Wong Siew Chin 2020). Furthermore, NLBCDR is also worth 1,000. This value is declared fit because it is >= 0.7. Based on the results of testing on the ten models in the study, the ten models were declared fit, so that the ten models in the study could be accepted by all, and the acceptance of the ten models could be said to be very good (Rafdinal and Senalasari, 2021).

4.3 Validity and Reliability Tests

Reliability can be used to measure variables or factors (Ghozali, 2018). If a person's answers to questions or statements are consistent over time, the questionnaire is considered reliable. If the *Cronbach Alpha* value of a variable is greater than 0.60, it can be considered reliable. In the context of the PLS Model, the "Outer Model" is the part of the model that deals with the measurement of the observed variables or constructs. Therefore, in the PLS analysis, the model is divided into two main parts: the Outer Model and the Inner Model. This section deals with the measurement of observed variables or constructs. This includes all latent variables (constructs that are not directly observed) and observable variables (variables that are observed directly). At this stage, the researcher examines the compatibility between the observed empirical data and the model proposed to measure latent variables. The evaluation is carried out through a reliability and validity analysis of the construct. The results of the reflective data processing output can be seen in Table 6.

Variables and Indicators	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
Compliance with the law (KTH/Y1)		0.903	0.928	0.720
Company compliance with existing regulations.	0.834			
The company's compliance with laws and ethics.	0.839			
The company's compliance with consumer protection.	0.867			
Corporate compliance with environmental regulations.	0.886			
Training & education programs for employees.	0.815			
Company image (CP/Y2)		0.923	0.942	0.766
The level of trust from the surrounding community.	0.843			
A good level of integrity in society.	0.887			
Good name in the community.	0.911			
High social responsibility.	0.879			
Compliance with applicable laws.	0.854			
Financial performance (KK/X1)		0.884	0.916	0.686
The sales growth rate increased.	0.831			
The net profit achievement rate increases every year.	0.884			
Improved financial profitability ratio	0.853			
The financial liquidity ratio increased.	0.854			
Improved efficiency ratio.	0.706			
Quality management (KM/X2)		0.905	0.930	0.728
Good rate of return on investment.	0.719			
Customer satisfaction levels are improved.	0.859			
Employee retention rates are declining.	0.903			
Innovation in product development is increasing.	0.893			
Operational efficiency can be minimized.	0.880			
Work environment (LP/X3)		0.894	0.922	0.702
The air quality of the dust particles that occur.	0.828			
Decreased noise levels.	0.844			
Maintained air temperature & humidity.	0.863			
Adequate light.	0.846			
The quality of clean water is maintained.	0.806			
Community environment (LM/X4)		0.905	0.930	0.727
The level of population density is maintained.	0.786			

Air pollution from the company is maintained.	0.854			
Water quality is maintained by the company.	0.884			
Forest destruction is also maintained by the company.	0.907			
Use of renewable energy.	0.827			

4.4 Uji Hypothesis

The test results revealed a strong relationship between each of the exogenous variables.

Table 6 Validity test results and reliability test

Source: Warp PLS output data, Version 7.0, 2026

and endogenous variables using path analysis. Based on the test results, all test results of the research hypotheses were declared accepted because all coefficient values > 0.05, while the P-value < 0.05. Based on the values of the hypothesis test results for both direct and indirect relationships, all hypotheses proposed in this study were accepted. To confirm this statement, it can be seen in Figure 2 and Table 7.

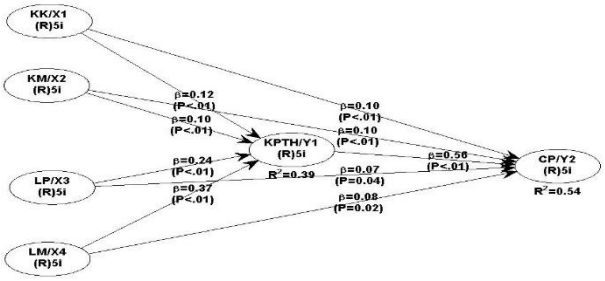


Figure 1. Path Analysis Model Results

Table 7. Hypothesis Test Results

Hipotesis	Coeff	P-value	Verdict
H1. KK has a direct effect on KTH	0.119	0.002	Accepted
H2. KK has a direct effect on CP	0.100	0.007	Accepted
H3. KK has an indirect effect on CP through KTH	0.066	0.011	Accepted
H4. KM has a direct effect on KTH	0.103	0.006	Accepted
H5. KM has a direct effect on CP	0.104	0.005	Accepted
H6. KM has an indirect effect on CP through KTH	0.057	0.024	Accepted
H7. LP has a direct effect on KTH	0.236	<0.001	Accepted
H8. LP has a direct effect on CP	0.073	0.037	Accepted
H9. LP has an indirect effect on CP through KTH	0.132	<0.001	Accepted
H10. LM has a direct effect on KTH	0.372	<0.001	Accepted
H11. LM has a direct effect on CP	0.081	0.024	Accepted
H12: LM has an indirect effect on CP through KTH	0.208	<0.001	Accepted
H13. KTH has a direct effect on CP	0.559	<0.001	Accepted

Source: Smart PLS Output Results Version 7.0, 2026

4.5 Discussion

Discussion is something that needs to be done by researchers. This is done

With the discussion, readers can understand the meaning contained in the research results. The material discussed in the research results is as follows. The first finding shows that financial performance is directly and significantly related to compliance with the law, with a value of 0.119 < 0.002, so it is said that financial performance is directly and significantly related to compliance with the law. This means that financial performance has a direct and significant relationship with

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

compliance with the law. The results of this study are supported by the results of this study (Poncian 2019; Zhou *et al.* 2017; Laura Alcaide Muñoz & Manuel Pedro Rodríguez Bolívar 2015), which state that financial performance is directly related, positive, and significant to compliance with the law.

The **second** finding shows that financial performance is directly related.

and is significant with the company's image, which is valued at 0.559 < 0.001, so it is said that financial performance is directly and significantly related to the company's image. That is, if the value of the coefficient is greater than the value of p-value, then financial performance has a direct and significant relationship with the company's image. The results of this study are in accordance with the results of the research (Deslatte, Schatteman, and Stokan 2018; Dou, Yuan, and Chen 2019). This declares that financial performance is directly and significantly related to the company's image.

The **third** finding shows that. Financial performance is indirectly and significantly related to the company's image through compliance with the law, with a value of 0.066 > 0.011, so it is said that financial performance is indirectly and significantly related to the company's image through compliance with the law. The results of this study are in accordance with the results of previous research (Laura Alcaide Muñoz & Manuel Pedro Rodríguez Bolívar 2015; Zhou et al. 2017; Deslatte, Schatteman, and Stokan 2018; Dou, Yuan, and Chen 2019; Gul *et al*. 2020) who stated that financial performance is indirectly and significantly related to image through compliance with the law.

Findings Fourth, it shows that management quality is directly and significantly related to compliance with the law, with a value of 0.103 < 0.006; thus, the hypothesis proposed that management quality is directly and significantly related to compliance with the law is accepted. This means that the quality of management has a strong, direct, and significant relationship with compliance with the law. The results of this study are in accordance with the results of the research conducted (Olawale Odewole 2016; Barghouthi and Bayyoud 2016; Mizanuzzaman 2016; Akinyi Olang 2017; Nguyen, Kecskés, and Mansi 2020), stating that the quality of management is directly and significantly related to compliance with the law.

The **fifth** finding shows that the quality of management affects on

Direct and significant with the company's image, which is worth 0.100 < 0.007, so that the hypothesis proposed in this study was accepted. This means that the quality of management has a fairly direct and significant relationship with the company's image. The results of this study are in accordance with the results of the research (Smith and Rhiney 2020; Gomes 2020; Partners 2021; Islam, Ali, and Ahmad 2011; Hadi *et al*. 2020), which state that the quality of management has a direct and significant effect on the image of the company.

The **sixth** finding shows that management quality is not related to

Direct and significant with the company's image through compliance with the law is worth 0.057 < 0.024, so it is quite reasonable to examine the fourth hypothesis, which states that management quality has an indirect and significant relationship with the company's image through compliance with the law. The results of this study are in accordance with the results of the research conducted (Olawale Odewole 2016; Indrastuti S. *et al*. 2017; G. N. T. Nguyen and Sarker 2018), which state that the quality of management is indirectly and significantly related to the company's image through compliance with the law.

The **seventh finding** shows that the work environment is related

Direct and significant with compliance with the law is 0.236 < 0.001, so it can be said that the work environment is directly and significantly related to compliance with the

law. This means that the work environment has a direct and significant relationship with compliance with the law. The results of this study are in accordance with the findings of the research results (Dabija and Bejan 2018; Gatti, Seele, and Rademacher 2019; To 2019; Ogola and Mària 2020; Porter and Sherwood 2023; Papiorek and Hiebl 2023), which state that the work environment is directly and significantly related to compliance with the law.

Findings **Eighth:** It shows that the work environment is directly and significantly related to the company's image, with a value of 0.104 < 0.005, so it is said that the work environment is directly and significantly related to the company's image. This means that the work environment is directly and significantly related to the company's image. The results of this study are in accordance with the findings of the research conducted (2020); Wondirad, 2020; Aguinis, Villamor, and Gabriel, 2020; Huang, Wu, and J, 2017; Welbeck *et al.,* 2017), which state that the work environment is directly and significantly related to the company's image.

Findings **Ninth:** It shows that the work environment is indirectly and significantly related to the company's image through compliance with the law, valued at 0.132 < 0.001, so it can be said that the work environment is indirectly and significantly related to the company's image through compliance with the law. This means that the work environment has an indirect and significant relationship with the company's image through compliance with the law. The results of this study are in accordance with the results of the research conducted (Hair, Hult, and Ringle 2017; Welbeck *et al.* 2017; Gerner 2019; Mion and Loza Adaui 2020; Wellbrock et al. 2020), which state that the work environment has an indirect and significant relationship with the company's image through compliance with the law.

Findings **Tenth** show that the community environment is directly related, positive, and significant to compliance with the law, valued at 0.372 < 0.001, so it can be said that the community environment is directly and significantly related to compliance with the law. This means that the community environment has a direct and significant relationship with compliance with the law. The results of this study are in accordance with the findings of the research conducted (Huang, Wu, and J 2017; Welbeck *et al.* 2017; Tamvada 2020), which state that the community environment is directly and significantly related to compliance with the law.

Finding **Eleven** shows that the community environment is directly and significantly related to the company's image, with a value of 0.081 > 0.037, so it can be said that the community environment is directly and significantly related to the company's image. This means that the community environment has a direct and significant relationship with the company's image. The results of this study are in accordance with the findings of the research conducted by (Welbeck *et al.* 2017; Gerner 2019; Mion and Loza Adaui 2020; Wellbrock *et al.* 2020), which state that transparency is directly and significantly related to the company's image.

Findings **Twelfth:** It shows that the community environment is indirectly and significantly related to the company's image through compliance with the law, valued at 0.208 < 0.001, so it can be said that the community environment is indirectly and significantly related to the company's image through compliance with the law. This means that the community environment has an indirect and significant relationship with the company's image through compliance with the law. The results of the study are in accordance with the results of the research conducted (Kwakye *et al*. 2018; Huang, Wu, and J 2017; Welbeck *et al.* 2017; Tamvada 2020), which state that the community environment is indirectly and significantly related to the company's image through compliance with the law.

ISSN 2798-6489 (Cetak)
ISSN 2798-6535 (Online)

Finding **thirteen** shows that compliance with the law is directly and significantly related to the company's image (0.081 < 0.024), so it can be said that compliance with the law is directly and significantly related to the company's image. This means that compliance with the law has a direct and significant relationship with the company's image. The results of this study are in accordance with the findings of the research results (Welbeck *et al.* 2017; Gerner 2019; Mion and Loza Adaui 2020; Wellbrock *et al.* 2020; Smith and Rhiney 2020), which state that compliance with the law is directly and significantly related to the company's image.

CONCLUSION

The conclusion is the final information that the researcher must convey on the results

obtained during the research. Several pieces of information need to be conveyed as follows: 1) Financial performance (KK) has a direct effect on compliance with the law (KTH).2) Financial performance (KK) has a direct effect on the company's image (CP).3) Financial performance (KK) has an indirect effect on the company's image (CP) through compliance with the law (KTH).4) Management quality (KM) has a direct effect on compliance with the law (KTH).5) Management quality (KM) has a direct effect on the company's image (CP).6) Management quality (KM) has an indirect effect on the company's image (CP) through compliance with the law (KTH).7) The work environment (LP) has a direct effect on compliance with the law (KTH). 8) The work environment (LP) has a direct effect on the company's image (CP). 9) The work environment (LP) has an indirect effect on the company's image (CP) through compliance with the law (KTH). 10) The community environment (LM) has a direct effect on compliance with the law (KTH).11) The community environment (LM) has a direct effect on the company's image (CP).12) The community environment (LM) has an indirect effect on the company's image (CP) through compliance with the law (KTH).13) Compliance with the law (KTH) has a direct effect on the company's image (CP)

REFERENCES

Aguinis, H., Villamor, I., & Gabriel, K. P. (2020). Understanding employee responses to COVID-19: a behavioral corporate social responsibility perspective. *Management Research*, *18*(4), 421–438. https://doi.org/10.1108/MRJIAM-06-2020-1053

Agusty, F. (2014). *Management Research Methods, Semarang: BP Diponegoro University.* Alphabet.

Akinyi Olang, M. (2017). Effect of Working Capital on the Dividend Pay-Out by Firms Listed at the Nairobi Securities Exchange, Kenya. *International Journal of Finance and Banking Research*, *3*(2), 22. https://doi.org/10.11648/j.ijfbr.20170302.11

Barghouthi, O. A., & Bayyoud, M. (2016). *Competitive Advantage of Palestinian Economy in Light of Porter Model*. *2*(3), 84–101. https://doi.org/10.11648/j.ijfbr.20160203.14

Dabija, D.-C., & Bejan, B. M. (2018). Green DIY store choice among socially responsible consumer generations. *International Journal of Corporate Social Responsibility*, *3*(1). https://doi.org/10.1186/s40991-018-0037-0

Deslatte, A., Schatteman, A. M., & Stokan, E. (2018). Public Performance & Management Review Handing over the Keys : Nonprofit Economic Development Corporations and Their Implications for Accountability and Inclusion Handing over the Keys : Nonprofit Economic Development Corporations and Their Implications f. *Public Performance & Management Review*, *0*(0), 1–25. https://doi.org/10.1080/15309576.2018.1441726

Diah, A. M., Hasiara, L. O., Lesmana, D., Raharjo, S., Aprianti, Y., & Yudaruddin, R. (2026). Information technology capability

and financial reporting quality in local governments: the mediating role of accounting information system quality. *Cogent Business and Management*, *13*(1). https://doi.org/10.1080/23311975.2026.2654816

Dou, C., Yuan, M., & Chen, X. (2019). Government-background customers, audit risk, and audit fee. *China Journal of Accounting Studies*, *7*(3), 385–406. https://doi.org/10.1080/21697213.2019.1703391

Gatti, L., Seele, P., & Rademacher, L. (2019). Grey zone in – greenwash out. A review of greenwashing research and implications for the voluntary-mandatory transition of CSR. *International Journal of Corporate Social Responsibility*, *4*(1), 1–15. https://doi.org/10.1186/s40991-019-0044-9

Gerner, M. (2019). Assessing and managing sustainability in international perspective: corporate sustainability across cultures – towards a strategic framework implementation approach. *International Journal of Corporate Social Responsibility*, *4*(1). https://doi.org/10.1186/s40991-019-0043-x

Gomes, O. (2020). Optimal growth under socially responsible investment: a dynamic theoretical model of the trade-off between financial gains and emotional rewards. *International Journal of Corporate Social Responsibility*, *5*(1). https://doi.org/10.1186/s40991-020-00049-z

Hair, J. F., Hult, G. T. M., & Ringle, C. M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*.

Hasiara, L. O., Diah, A. M., Widyanto, E. A., Hasriadi, L. M., & Yudaruddin, R. (2025). Investigating the direct and indirect effects of accounting practices on business information and entrepreneurial growth in the supporting regions of Indonesia's new capital city. *Cogent Business and Management*, *12*(1). https://doi.org/10.1080/23311975.2025.2519967

Hasiara, L. O., Suyudi, M., & Sailawati, S. (2022). Multi-Component Analysis of Unqualified Opinion (UQO). *Proceedings of the International Conference on Applied Science and Technology on Social Science 2021 (ICAST-SS 2021)*, *647*, 816–822. https://doi.org/10.2991/assehr.k.220301.134

Hasiara, L. O., Suyudi, M., & Susilawati, S. (2022). Multi Component Analysis of the Results of the Government's Internal Audit Against Quality of Financial Statements. *Proceedings of the International Conference on Applied Science and Technology on Social Science 2021 (ICAST-SS 2021)*, *647*, 794–800. https://doi.org/10.2991/assehr.k.220301.131

Hasiara, L. O., Sudarlan dan Diah Muhammad Ahyar. (2020). Regional government management strategy in achieving unqualified opinion (UQO) in East Kalimantan Province, Indonesia. *International Journal of Innovation, Creativity and Change*, *12*(9), 271–282.

Huang, H., Wu, D., & J, G. (2017). Chinese shareholders' reaction to the disclosure of environmental violations: a CSR perspective. *International Journal of Corporate Social Responsibility*, *2*(1). https://doi.org/10.1186/s40991-017-0022-z

Kwakye, T. O., Welbeck, E. E., Owusu, G. M. Y., & Anokye, F. K. (2018). Determinants of intention to engage in Sustainability Accounting & Reporting (SAR): the perspective of professional accountants. *International Journal of Corporate Social Responsibility*, *3*(1). https://doi.org/10.1186/s40991-018-0035-2

Mion, G., & Loza Adaui, C. R. (2020). Understanding the purpose of benefit corporations: an empirical study on the Italian case. *International Journal of Corporate Social Responsibility*, *5*(1). https://doi.org/10.1186/s40991-020-00050-6

Mitra, N. (2021). Impact of strategic management and corporate social responsibility on firm performance in the post-mandate period: evidence from India. *International Journal of Corporate Social Responsibility*, *6*(1). https://doi.org/10.1186/s40991-020-00052-4

Mizanuzzaman, M. (2016). Loss and Damage Assessment in the Context of Fire Hazards: A Study on Selected Garment Factories in Bangladesh. *International Journal of Finance and Banking Research*, *2*(2), 24. https://doi.org/10.11648/j.ijfbr.20160202.11

Nguyen, P. A., Kecskés, A., & Mansi, S. (2020). Does corporate social responsibility create shareholder value? The importance of long-term investors. *Journal of Banking and Finance*, *112*, 1–21. https://doi.org/10.1016/j.jbankfin.2017.09.013

Ogola, F. O., & Mària, J. F. (2020). Mechanisms for development in corporate citizenship: a multi-level review. *International Journal of Corporate Social Responsibility*, *5*(1). https://doi.org/10.1186/s40991-020-00051-5

Olawale Odewole, P. (2016). The Trends and Patterns of the Capital Structure and Performance of the Nigerian Banks. *International Journal of Finance and Banking Research*, *2*(3), 72. https://doi.org/10.11648/j.ijfbr.20160203.13

Papiorek, K. L., & Hiebl, M. R. W. (2023). Information systems quality in management accounting and management control effectiveness. *Journal of Accounting and Organizational Change*. https://doi.org/10.1108/JAOC-09-2022-0148

Porter, C., & Sherwood, M. (2023). The effect of increases in board independence on financial reporting quality. *Accounting Research Journal*, *36*(2–3), 109–128. https://doi.org/10.1108/ARJ-12-2021-0344

Rafdinal, W., & Senalasari, W. (2021). Predicting the adoption of mobile payment applications during the COVID-19 pandemic. *International Journal of Bank Marketing*, *39*(6), 984–1002. https://doi.org/10.1108/IJBM-10-2020-0532

Seriki, O. O. (2020). Looking through the African lenses: a critical exploration of the CSR activities of Chinese International Construction Companies (CICCs) in Africa. *International Journal of Corporate Social Responsibility*, *5*(1), 1–9. https://doi.org/10.1186/s40991-020-00055-1

Smith, D., & Rhiney, E. (2020). CSR commitments, perceptions of hypocrisy, and recovery. *International Journal of Corporate Social Responsibility*, *5*(1), 1–12. https://doi.org/10.1186/s40991-019-0046-7

Suhartanto, D., Kusdibyo, L., Chen, B., Dean, D., & Setiawati, L. (2020). Predicting consumer behaviour in the tourism industry: Comparing Structural Equation Modelling (SEM) and multiple regression. *IOP Conference Series: Materials Science and Engineering*, *830*(3). https://doi.org/10.1088/1757-899X/830/3/032090

Tamvada, M. (2020). Corporate social responsibility and accountability: a new theoretical foundation for regulating CSR. *International Journal of Corporate Social Responsibility*, *5*(1). https://doi.org/10.1186/s40991-019-0045-8

Welbeck, E. E., Owusu, G. M. Y., Bekoe, R. A., & Kusi, J. A. (2017). Determinants of environmental disclosures of listed firms in Ghana. *International Journal of Corporate Social Responsibility*, *2*(1). https://doi.org/10.1186/s40991-017-0023-y

Wellbrock, W., Ludin, D., Röhrle, L., & Gerstlberger, W. (2020). Sustainability in the automotive industry: importance of and impact on automobile interior – insights from an empirical survey. *International*

Journal of Corporate Social Responsibility, *5*(1). https://doi.org/10.1186/s40991-020-00057-z

Wondirad, H. A. (2020). Competition and microfinance institutions' performance: evidence from India. *International Journal of Corporate Social Responsibility*, *5*(1), 1–19. https://doi.org/10.1186/s40991-020-00047-1

Yee, T. S., & Angeline Yap Kiew Heong, & Wong, Siew Chin. (2020). & ACCOUNTING. *Manajemen Accounting Review*, *19*(3).

Zu, L. (2019). Purpose-driven leadership for sustainable business: From the Perspective of Taoism. *International Journal of Corporate Social Responsibility*, *4*(1). https://doi.org/10.1186/s40991-019-0041-z