JURNAL AKUNTANSI DAN KEUANGAN (JAK)
P- ISSN: 2301-4717 E-ISSN: 2716-022X
Homepage:https://ojs.unimal.ac.id/index.php/jak/index

Determination of Abnormal Returns from the Point of View of Environmental Performance in Mining Companies

Nur Afni Yunita[1*], Juliani[2], Naz'aina[3], Muhammad Yusra[4]
[1,2,3,4] Prodi Akuntansi Fakultas Ekonomi dan Bisnis Universitas Malikussaleh, Lhokseumawe, Indonesia
*Corresponding author: nurafni.yunita@unimal.ac.id| Phone Number:082167312144
DOI: https://doi.org/10.29103/jak.v12i1.16151

ARTICLE INFO
Received: 12-1-2024
Received in revised: 20-1-2024
Accepted: 25-3-2024
Available online: 31-03-2024

KEYWORDS
Environmental, Social, Governance, Abnormal Return

ABSTRACT
This research aims to examine the influence of environmental, social and governance on abnormal returns. The sample in this research are mining companies that disclosed ESG disclosure scores in 2020-2022. The sampling technique used was purposive sampling to obtain 45 companies that disclosed ESG disclosure scores for 3 consecutive years from 2020-2022. Testing in this research uses descriptive statistics and hypothesis testing. The results of this study show that environmentalism has no effect on abnormal returns. However, social and governance have a positive effect on abnormal returns.

INTRODUCTION

Companies that prioritize survival aspects must certainly appear to care about society in managing their products. Trust arises in product quality which has an impact on loyalty in using the product, this will affect the company's profits. Companies can gain public trust by managing environmental activities creatively and innovatively. A form of corporate responsibility in environmental activities is in the form of implementing a program called a green concept or environmental performance.

Socially responsible investments pay attention to ESG factors. Environmental, Social, Governance (ESG) is a company standard for its investment practices, referring to three main concepts: environmental, social, and corporate governance. Companies that are environmentally, socially, and governance-responsible will consider environmental factors in their operations and strive not to damage the environment. Therefore, companies must develop appropriate strategies to maintain their existence and improve their business performance, particularly by focusing on financial performance, environmental performance, and social performance (Putri & Pramudiati, 2020).

According to Suratno et al, (2006) in Ardian (2023) environmental performance is the company's performance in creating a good environment. Good environmental performance is a reflection of the environmental protection activities carried out by the company. This was appreciated by the government with the creation of the Environmental Management Performance Rating Assessment Program (PROPER) which is managed by the State Ministry of the Environment. If the company gets a good score in the aspect of environmental concern, the company's survival will also be good, because the company's survival does not only depend on improving the company's financial performance but also on attention to all company stakeholders, including the environment.

The second factor that must also be considered is Social Performance. According to Li and Xu (2024) corporate social responsibility or also known as Corporate Social Responsibility is Corporate

social responsibility (CSR) has become a benchmark for the public to evaluate whether a company is significantly contributing to social value in addition to economic benefits. Within organizations, CSR initiatives include a range of activities, from comprehensive strategies to targeted efforts aimed at improving supply chains, enhancing energy efficiency, and promoting diversity, equity, and inclusion. According to Syafrullah and Muharam (2017), companies that improve their social performance will have better financial performance. This will have an impact on increasing company profits and the company's financial performance through increasing investment. Disclosure of corporate social responsibility is expressed in the Corporate Social Responsibility Dislosure Index (CSRDI).

The next factor that must be considered is corporate governance. Kausalya et al, (2013) in Pratiwi & Purwanto, (2016) reveal that corporate governance is a process and structure used by company organs to increase business success and company accountability in order to realize shareholder value in the long term while still paying attention to other stakeholders. According to Syafrullah and Muharam (2017), it is an important aspect in increasing economic efficiency, including a series of relationships between company management, board of directors, shareholders and stakeholders. The implementation of corporate governance is considered good news by stakeholders and investors because the information presented provides information about the company's condition, both in terms of financial performance, company characteristics and company value. A company with good financial performance, adequate company characteristics, and orderly GCG will provide a good signal to investors and can provide a great opportunity for investors to obtain high net profits from each capital invested so that the market will respond positively. reflected in abnormal returns. In 2021, according to data from the Indonesian Central Statistics Agency, the mining sector stock index experienced fluctuations which can be seen in Figure. 1 below.

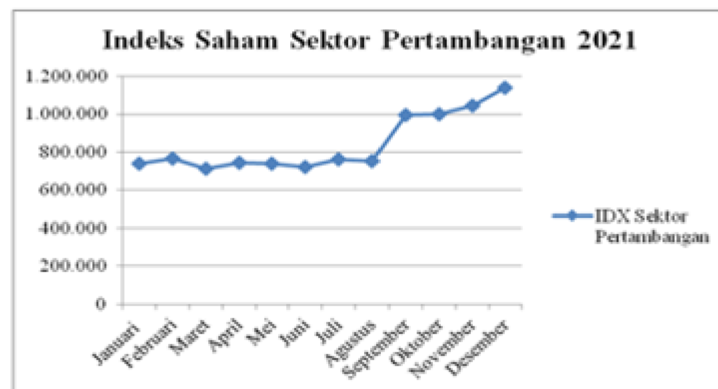

Figure 1. Mining sector stock price index

Based on the graph above, the mining sector stock index in 2021 will fluctuate. The mining stock index in September began to experience a drastic increase compared to previous months, until it reached its highest peak in December, while in March the mining sector stock index showed the lowest index. Based on the data above, it can be concluded that this causes abnormal returns in mining companies, both positive abnormal returns and negative abnormal returns.

The aim of this research is to find out and prove the effect of performance *environmental*, social, and governance on abnormal returns in mining sector companies listed on the Indonesia Stock Exchange. This study is expected to provide additional knowledge and open new perspectives in the field of accounting. This research is also expected to contribute to companies in improving performance in the non-profit sector so that it becomes a positive signal to attract stock investment.

LITERATURE REVIEW

Signaling Theory

Signal theory is based on the assumption that the information received by each party is not the same. This theory is related to information asymmetry which shows the existence of information asymmetry between company management and parties with an interest in information. For this reason, managers need to provide information to interested parties through the publication of financial and non-financial reports. This causes information to be an important element for investors or business people, because this information provides information, notes or a picture of the company regarding past, current and future conditions for the continuity of the company's business (Ratmono & Sagala, 2015).

According to Jefri & Kurnianti (2020), signaling theory underlies voluntary disclosure. Voluntary

disclosure is disclosure made by a company outside of what is required by accounting standards or regulatory body regulations, such as information relating to the environment, social and governance of a company. Management tries to disclose private information which, in its opinion, is of great interest to investors, especially information in the form of good news so that it can provide a positive signal to investors and help investors in making decisions. Management also tries to convey information that can increase the company's credibility and success even though this information is not mandatory. This makes investors more interested in investing in companies because they have a good image and guarantee the sustainability of a company.

Abnormal Returns

Jogiyanto (2009) in Cheng & Christiawan (2011) defines abnormal return as the difference between actual return and expected return. Abnormal returns will be positive if the return obtained is greater than the expected return or calculated return. Meanwhile, abnormal returns will be negative if the return obtained is smaller than the expected return or calculated return. Event studies analyze the abnormal returns of securities that may occur around the announcement of an event. Actual Return or the actual return that occurs at time t, is the difference in the current price relative to the previous price. Expected return is the estimated return expected by investors, which is determined by an estimation model.

*Abnormal returns*usually caused by several factors, for example dividend announcements, announcements of productive companies, increasing interest rates, legal demands, etc. Investors don't like things that are unexpected or beyond expectations. Abnormal returns are something that occurs beyond investors' expectations (Syafrullah & Muharam, 2017).

Environmental Performance (Environment)

The relationship between the company and the environment is a cause and effect relationship, that is, if the company continues to maintain the sustainability and balance of nature, the company will gain more benefits such as the availability of resources which guarantee the survival of the company and the opposite will happen if the company neglects the sustainability and balance of nature. According to Suratno et al, (2006) in Ardian (2023) environmental performance is the company's performance in creating a good environment. Good environmental performance is a reflection of environmental protection activities carried out by the company. With information regarding the company's environmental performance, it will reveal how much effort the company has made in carrying out its responsibilities to overcome the environmental impacts it causes (Meiyana & Aisyah, 2019).

In this research, the Global Reporting Initiative (GRI) G4 index is used. According to Sari and Nuzula (2016) corporate environmental disclosure is expressed in the Environmental Corporate Dislosure Index (ECDI). The ranking obtained by a company can show how much attention the company pays to the environment with the environmental investments it makes (Sari and Nuzula, 2016).

Social Performance (Social)

According to Cheng and Christiawan (2011:26) corporate social responsibility or also known as Corporate Social Responsibility is the responsibility of an organization towards the impacts of its decisions and activities on society and the environment which is manifested in the form of transparent and ethical behavior. in line with sustainable development and community welfare; consideration of stakeholder expectations, in line with established laws and international norms of behavior and integrity with the organization as a whole. Law Number 40 of 2007 article 1 paragraph (3) concerning Limited Liability Companies (2007) provides a definition that Social and Environmental Responsibility is the Company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment which is beneficial, both for the Company itself. , local communities and society in general.

According to Hidayansyah and Irwanto (2015), the benefits of implementing corporate social responsibility for companies include Brand Differentiation, namely providing a distinctive, good and ethical company image in the eyes of the public, Human Resources, namely increasing perception, reputation and dedication in work, License of Operate, namely fulfilling operational standards and concern for the environment and society and Risk Management. It is recommended that companies be able to give a positive impression of their operational activities to the community, manifested in the form of transparent and ethical behavior that is in line with sustainable development, including community health and welfare; taking into account stakeholder expectations, in line with established laws and international norms of conduct; as well as integration with the organization as a whole. Company decisions and company operational activities must have benefits for the social environment of the surrounding community so that they are expected to be able to improve the quality of life in the

surrounding environment. Disclosure of corporate social responsibility is expressed in the Corporate Social Responsibility Dislosure Index (CSRDI).

Governance(Governance)

Corporate governance or often referred to as good corporate governance. According to the Regulation of the Minister of State for State-Owned Enterprises Number PER01/MBU/2011, the definition of Good Corporate Governance is the principles that underlie a company management process and mechanism based on statutory regulations and business ethics. Kausalya et al., (2013) in Pratiwi & Purwanto, (2016) reveal that corporate governance refers to the systems, principles and processes by which a company is governed. Corporate governance is a process and structure used by company organs to increase business success and company accountability in order to realize shareholder value in the long term while still paying attention to other stakeholders, based on statutory regulations and ethical values.

Corporate governance provides guidelines on how to control and direct a company so that it can fulfill goals and objectives that can add value to the company and can be beneficial for all stakeholders in the long term. Stakeholders in this case include all parties from the board of directors, management, shareholders, employees and the community. According to Sari and Nuzula (2016) disclosure of good corporate governance is expressed in the Good Corporate Governance Dislosure Index (GCGDI).

Hypothesis Formulation

The Influence of Environmental Performance on Abnormal Returns

According to Syafrullah & Muharam (2017) Companies need to pay attention to the environmental conditions in which the company carries out its operational activities. If the company gets a good score in the aspect of environmental concern, the company's survival will also be good, because the company's survival does not only depend on improving the company's financial performance but also on attention to all company stakeholders, including the environment. So that the company can gain legitimacy from its stakeholders, this can guarantee the sustainability of a company and can provide a good signal to shareholders.

In research conducted by Prabandari and Suryanawa (2014), companies must pay attention to community expectations regarding the company's seriousness in protecting the environment by improving the quality of environmental performance. Through quality environmental performance, companies are able to fulfill the desires of stakeholders which will result in harmonious relationships. This is good news in the capital market so it is likely that investors will respond positively. The results of this research found that environmental performance (Environmental) has a positive effect on investor reactions, especially in high profile companies as measured through abnormal returns.

In research conducted by Lingga and Suaryana (2017), the results of the analysis can be concluded that environmental performance has a positive effect on company value. Companies that have good environmental and social performance will be responded positively by investors through increasing share prices which will have an impact on increasing company returns. The results of research conducted by Rohmah and Wahyudin (2015) concluded that environmental reporting is influenced by the company's environmental performance, and the level of economic performance is influenced by environmental disclosures made by the company. Companies disclose social information with the aim of building the company's image and getting attention from the public so that they continue to accept the company's presence in their environment. From the research above, it can be concluded that the higher the environmental performance that is carried out, the more positive signals it can give to investors. This will influence abnormal returns.

H1: Environmetal's performance (Environment) has a positive effect on Abnormal Return

The Influence of Social Performance on Abnormal Returns

Based on the results of research conducted by Cheng and Christiawan (2011), it was concluded that disclosure of information regarding social performance (CSR) in annual reports had a significant positive effect on company abnormal returns. As a form of corporate responsibility towards society and other stakeholders, companies are often involved in CSR activities. Stakeholders can give more appreciation to companies involved in CSR activities. This is in line with signaling theory where companies can increase company value through their reporting by sending signals through their annual reports. Disclosure of company activities related to CSR is one way to send a positive signal to stakeholders and the market regarding the company's future prospects, that is, the company provides a guarantee for the company's survival in the future. Disclosures about a company's social performance or often referred to as CSR can send positive signals or other information stating that the company is better than other

companies because it cares about the social impact of the company's activities. CSR disclosures made by companies have information content.

Research conducted by Zahroh and Hersugondo (2021) concluded that social performance has a positive and significant effect on company financial performance. When a company seeks to build and maintain relationships with the environmental, social and political environment in which the company operates. This is done so that the company gets strong legitimacy so that the company can run smoothly regardless of aspects of the company's financial performance. The results of research conducted by Sari & Nazula (2016) obtained the same results, namely that disclosure of corporate social performance had a significant effect on environmental performance and company value. Companies are required to not only increase profits for themselves and be responsible to shareholders, but also to stakeholders. The form of corporate responsibility to stakeholders is called social responsibility or often referred to as Corporate Social Responsibility (CSR). As time goes by, the public as stakeholders have increasingly higher awareness of the company's business activities.

H2: Social Performance has a positive effect on Abnormal Return

The Influence of Governance on Abnormal Returns

By implementing the principles of good corporate governance, the company will add value in the eyes of stakeholders. This is because good corporate governance can encourage the formation of clean, transparent and professional work patterns. The higher the level of good corporate governance, the higher the level of company compliance and can improve company performance. Conversely, the lower the level of good corporate governance, the lower the level of company compliance and resulting in poor company performance. The research results show that governance has a positive and significant influence on abnormal returns. Companies that apply the concept of good corporate governance can achieve various benefits, one of which is increasing stakeholders' trust in the company.

According to research conducted by Kuncorowati, Miqdad & Roziq (2021) concluded that the research results explain that GCG has a significant effect on abnormal returns. GCG is related to public trust in the company. Implementing GCG in companies can provide protection to investors. Investors will feel safe about their investments, because they tend to get returns or abnormal returns that are in line with their expectations. This is caused by company information which is considered good news by stakeholders and investors because the information presented provides information about the company's condition, both in terms of financial performance, company characteristics and company GCG.

H3:*Governance*(Governance) has a positive effect on Abnormal Return

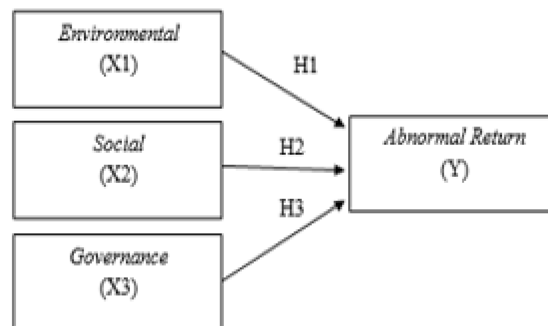

Figure 2. Framework of Research

RESEARCH METHODS

The research data is in the form of secondary data, namely annual reports, financial reports and share prices from each company that is part of the mining sector on the Indonesia Stock Exchange for the 2020-2022 period. The population was 47 companies with purposive sampling technique as sample selection. The criteria set are as follows:

1. Companies that are consecutively listed on the IDX for the 2020-2022 period
2. Have complete data for variable measurement

Based on the criteria above, the sample obtained was 45 companies. The data used is panel data processed using E-views. The data analysis methods used are panel data analysis, regression analysis and hypothesis testing.

Abnormal Reutrn

*Abnormal returns*is the difference between actual return and expected return. Actual Return or the actual return that occurs at time t, is the difference in the current price relative to the previous price. Expected return is the estimated return expected by investors, which is determined by an estimation model. According to Jogiyanto (2013) in Triana & Lukman (2021) the abnormal return formula is

$$ARit = Rit - E(Rit) \quad (1)$$

ARit = *Abnormal Return,* Rit = Annual *Return of company in year t*tt, E(Rit) *Expected return of Company* I in year -t

Environmetal Performance

According to Suratno et al, (2006) in Ardian (2024) environmental performance is the company's performance in creating a good environment. Good environmental performance is a reflection of environmental protection activities carried out by the company. In this research, the Global Reporting Initiative (GRI) G4 index is used. According to Sari (2021), corporate environmental disclosure is stated in the Environmental Corporate Dislosure Index (ECDI) which is formulated as follows

$$ECDI_j = \frac{\sum X_{IJ}}{n_j} \quad (2)$$

$ECDI_j$ = *Environmental Corporate Disclosure Index* company, X_{ij} = Total number of Environmental disclosures by the company, n_j = = Maximum number of items for company

Performance Social Performance

According to Cheng and Christiawan (2011:26) corporate social responsibility or also known as Corporate Social Responsibility is the responsibility of an organization towards the impacts of its decisions and activities on society and the environment which is manifested in the form of transparent and ethical behavior. in line with sustainable development and community welfare; consideration of stakeholder expectations, in line with established laws and international norms of behavior and integrity with the organization as a whole. According to Sari (2021) Disclosure of corporate social responsibility is stated in the Corporate Social Responsibility Dislosure Index (CSRDI) which is formulated as follows:

$$CSRD_j = \frac{\sum Xi_j}{n_j} \quad (3)$$

CSRDIj = Corporate Social Responsibility Disclosure Index company, Xij = Total number of CSR disclosures by the company, nj = Maximum number of items for company

Governance

According to Kausalya et al., (2013) in Pratiwi & Purwanto, (2016) governance is a process and structure used by company organs to increase business success and company accountability. *Corporate governance*is a process and structure used by company organs to increase business success and company accountability in order to realize shareholder value in the long term while still paying attention to other stakeholders, based on statutory regulations and ethical values. According to Sari (2021), good corporate governance disclosure is stated in the Good Corporate Governance Dislosure Index (GCGDI) which is formulated as follows:

$$GCGDI_j = \frac{\sum Xi_j}{n_j} \quad (4)$$

GCGDIj = Good Corporate Governance Disclosure Index , Xij = Total number of GCG disclosures by the company, nj = Maximum number of items for company

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Based on the results of descriptive statistical analysis, the following table shows the results of the analysis of the dependent variable, namely abnormal returns and the independent variables, namely environmental, social and governance. Consisting of the mean (average) value, maximum value, minimum value and standard deviation. The results of descriptive statistics are shown in table 1 below

Table 1. Descriptive Statistical Analysis

	Y	X1	X2	X3
Mean	-1.653527	0.386275	0.714815	0.792593
Median	-1.076177	0.352941	0.750000	0.809524
Maximum	37.44520	0.823529	0.937500	0.904762
Minimum	-50.63972	0.117647	0.250000	0.571429
Std. Dev.	5.842781	0.158093	0.113923	0.065681

Selection of Panel Data Regression Models

In selecting a good model for panel data analysis, model selection techniques are needed. There are 3 models in panel data regression, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM). To determine a good model, the Chow Test and Hausman Test must be carried out. The Chow test was carried out to compare the CEM and FEM models and the Hausman test was carried out to compare the FEM and CEM.

Test Chow

The chow test is a test carried out to select the best model between the fixed effect model (FEM) and the common effect model (CEM). The basis for decision making in the chow test is by looking at the probability value. The results of the chow test are shown in Table 2.

Table 2. Test Chow

Effects Test	Statistics	df	Prob.
Cross-section F	29.510422	(44.87)	0.0000
Chi-square cross-section	373.663575	44	0.0000

Based on table 2 above, it can be seen that the Probability Cross-Section F value is 0.0000. From the results above, it shows that the value of Probability Cross-Section F is smaller than 5% (0.0000 < 0.05), meaning that the model selected in the Chow test is the fixed effect model (FEM).

Hausman test

This Hausman test is a test that will compare the fixed effect model (FEM) and the random effect model (REM). The criteria for taking the Hausman test are seen in probability. If the probability value > α (significant level of 0.05) then H0 is accepted, then the best model is the random effect model (REM). And if the probability value < α (significant level of 0.05) then H0 is rejected, then the best model is the fixed effect model (FEM). As in table 3 below

Table 3. Hausman test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	0.000000	3	1,0000

Based on table 3. above, it shows that the random Cross-Section Probability value is 1.0000, where the random Cross-Section Probability value is greater than 5% (1.0000 > 0.05) meaning that the model selected in the Hausman test is the random effect model (REM).

Hypothesis test

Based on the model selection above, the model chosen is the Random Effect Model (REM). The results of panel data regression with the Random Effect Model in this research are as follows

Table 4. Hypothesis test

Variables	Coefficient	Std. Error	t-Statistics	Prob.
Abnormal Returns	0.000858	0.000852	1.006374	0.3161
Environmental	-0.019793	0.060782	-0.325634	0.7452
Social	0.272317	0.063473	4.290306	0.0000
Governance	1.008491	0.057019	17.68690	0.0000
R-squared	0.011980	Mean dependent var		-1.653527
Adjusted R-squared	0.010647	SD dependent var		5.842781

Based on Table 4, the linear regression equation obtained is

Y= 0.000858 -0.019793 ENV + 0.272317 SOC + 1.008491 GOV

For hypothesis testing, the results obtained are:

1. The Environmental Performance variable has a significant value of 0.7452 > 0.05, so H1 is rejected, which means that Environmental Performance has no effect on Abnormal Return, with a negative relationship direction.
2. The Social Performance variable has a significant value of 0.0000 < 0.05, so H2 is accepted, which means that Social Performance has an effect on Abnormal Return, with a positive relationship direction.
3. The Governance variable has a significant value of 0.0000 < 0.05, so H3 is accepted, which means that Governance has an effect on Abnormal Return, with a positive relationship direction.

The adjusted R-Squared value in this research was 0.010647, this shows that the ability of the independent variable to explain the dependent variable is very weak because the value is 0.010647 or 1.06%. Meanwhile, the remaining 98.94% was influenced by other factors outside this research.

The Influence of Environmental Performance on Abnormal Returns

This research obtained the results that environmental performance had no effect on abnormal returns in the research objects of Indonesian mining companies from 2020-2021 which revealed environmental scores. The insignificant results indicate that whether there is a lot of information regarding environmental responsibility will not affect stock prices. Investors do not only look at environmental factors as information in making investment decisions. Most investors do not care about environmental disclosures made by companies, most investors in the companies sampled are more oriented towards company profits. Most investors only use the company's financial performance as an analytical tool for making investment decisions.

With good company financial performance, of course the company's ability to generate profits will be higher, and this will provide greater opportunities for investors to gain profits. Of course, disclosure of non-financial information is also important to be taken into consideration in decision making, but for environmental variables investors see the large amount of expenditure required to measure the values used by the issuing company so that environmental disclosure does not have a significant effect on the company's abnormal returns.

This research is in line with research conducted by Syafrullah and Muharam (2017), Utomo (2019) and Husada and Handayani (2021) stated that there was no influence from environmental performance reporting on financial performance and abnormal returns.

The Influence of Social Performance on Abnormal Returns

Based on the test results in this research, it shows that social variables have a positive and significant effect on abnormal returns. This is indicated by a significant value of 0.0000 < 0.05, thus it is concluded that this research accepts H2 which states that social performance reporting has an effect on abnormal returns with a positive relationship. This means that when a company reports high social performance, abnormal returns will increase.

Companies that improve their social performance will have better financial performance. The company is also expected to make a contribution to the surrounding community, where in carrying out production activities it is not only profit oriented, but also pays attention to social issues and problems that occur, so that it can raise the trust of all company stakeholders. This will have an impact on increasing company profits and company financial performance through increasing investment (Syafrullah and Muharam, 2017). Disclosure of information regarding social performance in the annual report has a significant positive effect on the company's abnormal returns. As a form of corporate responsibility towards society and other stakeholders, companies are often involved in social activities. Stakeholders can give more appreciation to companies involved in CSR activities. This is in line with signaling theory where companies can increase company value through their reporting by sending signals through their annual reports. Disclosure of company activities related to social is one way to send a positive signal to stakeholders and the market regarding the company's future prospects, that is, the company provides a guarantee for the company's survival in the future. Disclosure about a company's social performance can send a positive signal or other information stating that the company is better than other companies because it cares about the social impact of the company's activities, thereby causing a positive reaction in the form of an increase in share prices and giving rise to abnormal returns. CSR disclosures made by companies contain information, so investors will react to the announcement (Cheng and Christiawan, 2011).

The results of this research are in line with several studies conducted by Cheng and Christiawan

(2011), Zahroh and Hersugondo (2021), and Sari & Nazula (2016) stated that social performance has a positive and significant effect on financial performance and company value so that abnormal events can occur. return on a company.

The Influence of Governance on Abnormal Returns

Based on the test results in this research, it shows that the governance variable has a positive and significant effect on abnormal returns. This is indicated by a significant value of 0.0000 < 0.05, thus it is concluded that this research accepts H3 which states that governance reporting has an effect on abnormal returns with a positive relationship. This means that when a company reports high governance performance, abnormal returns will increase.

By implementing the principles of good corporate governance, the company will add value in the eyes of stakeholders. This is because good corporate governance can encourage the formation of clean, transparent and professional work patterns. The higher the level of good corporate governance, the higher the level of company compliance and can improve company performance. Conversely, the lower the level of good corporate governance, the lower the level of company compliance and resulting in poor company performance. The research results show that governance has a positive and significant influence on abnormal returns. Companies that apply the concept of good corporate governance can achieve various benefits, one of which is increasing stakeholders' trust in the company (Syafrullah and Muharam, 2017).

It can be interpreted that good implementation of GCG will provide a signal to investors to invest capital in the company so that it will influence the level of abnormal returns obtained. GCG is related to public trust in the company. Implementing GCG in companies can provide protection to investors. Investors will feel safe about their investments, because they tend to get returns or abnormal returns that are in line with their expectations. This is caused by company information which is considered good news by stakeholders and investors because the information presented provides information about the company's condition, both in terms of financial performance, company characteristics and company GCG. A company with good financial performance, adequate company characteristics, and orderly GCG will provide a good signal to investors and can provide a great opportunity for investors to obtain high net profits from each capital invested so that the market will respond positively. reflected in abnormal returns.

The results of this research are in line with research conducted by Kuncorowati, Miqdad & Roziq (2021) and Melia (2015) who stated that the results of their research were in the form of a positive and significant influence on abnormal returns in companies.

CONCLUSION

The research results showed that the environmental performance variable had no effect, while the social performance and governance variables had an influence on abnormal returns. On the other hand, this research has weaknesses, the abnormality influenced by all variables is very weak. Therefore, it is hoped that future research will add other variables and expand the object to all manufacturing companies over a longer time span.

BIBLIOGRAPHY

Ardian, Alvin and Martdian Ratna Sari (2021). ESG, CSR and Company Characteristics in Forming Investor Reaction. Equity: Journal of Economics and Finance, Vol 8 No.1 (p.138-163).

Cheng, M., & Christiawan, Y. J. (2011). The influence of corporate social responsibility disclosure on abnormal returns. Journal of Accounting and Finance, 13(1), 24-36.

Hidayansyah, PF, Hubeis, M., & Irwanto, AK (2015). The influence of corporate social responsibility disclosure on financial performance and share prices in the property sector on the Indonesian stock exchange. Journal of Management and Organization, 6(1), 74-89.

Husada, EV, & Handayani, S. (2021). The influence of ESG disclosure on company financial performance (Empirical study on financial sector companies listed on the IDX for the 2017-2019 period). Journal of Accounting Development, 8(2), 122-144.

Hutama, K., & Budhidharma, V. (2022). Analysis Of The Influence Of Environmental And Sustainable Policies On Abnormal Returns And Volatility Of Stock Returns During The Covid-19 Pandemic. In Journal of Finance and Banking (Vol. 1, Issue 2).

Jefri, J., Siregar, ES, & Kurnianti, D. (2020). The Influence of ROE, BVPS, and Stock Trading Volume on Stock Returns. PROFIT Journal of Economic Education and Economic Studies, 7(2), 101-112.

Kuncorowati, FP, Miqdad, M., & Roziq, A. (2021). The Influence of Profitability, Company Size, and Good

Corporate Governance on Disclosure of Corporate Social Responsibility and Its Impact on Abnormal Returns in LQ45 Companies.
Li, Jiatai and Xiangyi Xu. (20024). The Relationship between Corporate Social Responsibility and Financial Performance. Highlights in Business, Economics and Management, Vol.35, 116-122
Lingga, W., & Suaryana, IGNA (2017). Direct and indirect effects of environmental performance on firm value. Accounting E-Journal, 20(2).
Meiyana, A., & Aisyah, MN (2019). The influence of environmental performance, environmental costs, and company size on financial performance with corporate social responsibility as an intervening variable. Nominal Barometer of Accounting and Management Research, 8(1), 1-18.
Melia, A. (2015). The influence of good corporate governance on company performance in the financial sector. Business accounting review, 3(1), 223-232
Prabandari, KR, & Suryanawa, K. (2014). The Influence of Environmental Performance on Investor Reactions in High Profile Companies on the Indonesian Stock Exchange. Udayanauntansi University Accounting E-Journal, 2(7.2), 299-312.
Ratmono, D., & Sagala, WM (2015). Disclosure of corporate social responsibility (CSR) as a means of legitimacy: its impact on the level of tax aggressiveness. Nominal Barometer of Accounting and Management Research, 4(2), 16-30.
Rohmah, IL, & Wahyudin, A. (2015). The Influence Of Environmental Performance On Economic Performance With Environmental Disclosure As An Intervening Variable (Empirical Study On Manufacturing Companies Listed On The Stock Exchange In 2010-2012). Accounting Analysis Journal, 4(1).
Sari, WA, Handayani, SR, & Nuzula, NF (2016). The Effect of Corporate Social Responsibility Disclosure on Financial Performance and Company Value (Comparative Study of Multinational Companies Listed on the Indonesia Stock Exchange and Malaysia Stock Exchange 2012-2015). Brawijaya University Undergraduate Business Administration Journal, 39(2).
Syafrullah, S., & Muharam, H. (2017). Analysis of the influence of environmental, social and governance (ESG) performance on abnormal returns (Study of Indonesian and Malaysian companies that disclose ESG scores and are listed on the Indonesian Stock Exchange and Malaysian Stock Exchange 2010-2015). Diponegoro Journal of Management, 6(2), 222-235.
Triana, C., & Lukman, H. (2021). The Influence of Profitability, Pbv, Firm Size and Dividends on Abnormal Returns. Journal of Accounting Paradigms, 3(4), 1787-1795.
Utomo, MN (2019) Environmental Performance, Environmental Disclosure, and Company Value: Empirical Study of Non-Financial Companies on the Indonesian Stock Exchange
Zahroh, BM, & Hersugondo, H. (2021). The Influence Of Environmental, Social And Governance Performance On Financial Performance With Ceo Power As A Moderation Variable (Study of Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period). Diponegoro Journal of Management, 10(4).

.