



THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE MEDIATED BY GREEN HUMAN RESOURCE MANAGEMENT

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Abstract

This study focuses on analyzing the implementation of Corporate Social Responsibility (CSR) strategies with a role through Green Human Resource Management (GHRM) on financial performance in hotels. The surveys were distributed via Google Forms to HR Managers, Front Office Managers, and Front Desk staff from luxury hotels in Batam City. This study utilized a one-shot study sampling approach, collecting data simultaneously over a specified period, aligning with the problem at hand. The analysis method employed in this study is Structural Equation Modeling (SEM) using the software called Smart-PLS. The test results indicate that customer value does not significantly affect financial performance. Furthermore, the results also reveal that society does not have a significant effect on performance. The insignificance of the CSR dimension concerning society and customers is noted regarding financial performance. The impact of implemented CSR activities by luxury hotels in Batam City has not been uniformly felt, possibly due to the influence of the Covid-19 pandemic, which has significantly impacted financial performance. However, when testing using other CSR dimensions, it is observed that GHRM has a positive impact on the financial performance of luxury hotels in Batam City.

Keywords: *Corporate Social Responsibility, Financial Performance, Green Human Resource Management*

INTRODUCTION

The hospitality sector within the tourism industry provides lodging services for both domestic and international travelers in specific areas (Gita, 2016). Hotels have been rapidly expanding and competing fiercely to satisfy their customers. However, due to the COVID-19 pandemic, the tourism industry experienced a significant decline, impacting tourist arrivals and making it challenging for hotels. Government policies, like *Pembatasan Sosial Berskala Besar* or PSBB in Indonesia, aimed to reduce the spread of the virus, further decreasing foreign and local tourist arrivals (Livia et al., 2019).

This decrease in tourist arrivals also occurred in Batam City, which is one of the industrial and tourism cities. So, it is not surprising that many foreign tourists, such as

those from Australia, China, England, India, the Philippines, Russia, France, America, and others, come to visit for vacation or work. According to the results of the BPS Batam City survey, it shows that the level of tourists coming from 2016 to 2019 increased each year. However, survey results from 2020 to 2021 showed that the tourism sector in Batam City declined dramatically due to the influence of the Covid-19 pandemic (BPS Kota Batam, 2022). The following is a table of BPS Batam City survey results for foreign tourist visitor data:

Table 1. Number of Foreigner Tourists entry to Batam City

Data of Foreign Tourists entering Batam City	
Years	Data of Tourist
2016	1.432.472



2017	1.564.717
2018	1.887.244
2019	1.947.943
2020	306.777
2021	2.651
2022	267.235

Source: (BPS Kota Batam, 2022)

From 2021 to 2023, Batam City experienced a notable surge in the volume of international visitors, reaching 267,235 people by March 2023. Hotels in the area are making efforts to attract more tourists, especially after the post-COVID-19 pandemic, as the hospitality sector faced a decline in both visitors and income. To address these challenges, Batam City hotels are focusing on enhancing environmental and social management around their premises to ensure visitor satisfaction and overall comfort (Livia et al., 2019). The increased numbers of foreign tourists entering Batam City will impact the hotel accommodation rates in Batam City and the hospitality sector, both in non-star hotels and star hotels. However, the rates are expected to rise more significantly in luxury hotels. Therefore, the object of this study focuses on luxury hotels in Batam City (Acquah et al., 2021). The increase in the hospitality sector in Batam is positively impacting the local economy through tourism. However, this growth comes with both positive and negative effects. The negative impact is primarily due to increased waste generation, particularly plastic and non-recyclable items, which poses social and environmental concerns. Addressing this issue, the hospitality sector must implement environmental management policies and consider Corporate Social Responsibility (CSR). This CSR approach encompasses three dimensions: Customer, Employee, and Society (Acquah et al., 2021).

Green Human Resource Management (GHRM) is a form of human resource management (HRM) policy aimed at

increasing the sense of concern of hotel employees in protecting the environment with the aim of promoting environmental sustainability actions for both the hospitality sector and the industry sector (Malik, Mughal, et al., 2021). So, the implementation of GRHM also linked with the CSR concept to be a sustainable conceptual (Oliveira, et al., 2020). The relationship of Green Human Resource Management to financial performance shows In the Iranian industry, GHRM influences employee behavior both directly and indirectly through mediating roles, corporate social responsibility, and a green psychological climate (Sabokro et al., 2021).

This study focuses on the implementation of Corporate Social Responsibility (CSR) strategies with a role through GHRM on financial performance in hotels to remain sustainable and increase the level of profitability of hotel performance. The goal is to be one of the references in the hotel sector to improve financial performance and the positive impact that can be felt for hotels as well as on the social environment and society.

THEORETICAL FRAMEWORK

Institutional Theory

The concept of institutional theory seeks to explain how organizations tend to gravitate toward greater equality over time. Furthermore, this theory proposes that within specific contexts, firms prefer to adopt structures and procedures like well-established equivalents, resulting in shared features among organizations operating in the same setting. Furthermore, previous researchers have argued that adherence to institutional standards is critical for organizations aiming to obtain and maintain legitimacy. This viewpoint might inspire businesses to follow established societal norms (Zhao et al., 2022).

Institutional theory improves our understanding of the need for institutions to adopt greater uniformity, resulting in a decline in institutional variation. To increase their



legitimacy, companies typically aim to adhere to generally known and approved standards within their specific business. Institutional theory explains how both deliberate and unintentional decisions guide institutions in aligning with the norms, values, and ideologies prevalent in organizations. As a result, organizations that successfully conform to the desired environmental attributes gain legitimacy and are recognized by society and their surroundings as deserving of their resources. This institutional theory can be used because that can be combined in this discussion. The decision if using this theory is to take a limited entity by the environmental agency, so there is some strategy that needs to be applied, so the strategy can yield positive results toward the social responsibility to the society (Zhao et al., 2022).

Corporate Social Responsibility (CSR)

Corporate Social responsibility (CSR) is a social responsibility that covers all business activity with a beneficial nature both economically, legally, ethic and socially in the community as well as a responsibility to the entire community to be Eco-Friendly (Oware & Mallikarjunappa, 2019). The CSR concept's application can improve the level of efficiency and the level of quality of the enterprise due to the sustainability effect (Ramzan et al., 2021). The implementation of CSR also refers to the Triple Bottom Line (TBL) aspect which has an advantageous impact on the environment and the stakeholders (Latifah, 2021).

CSR is often used by corporations to maintain a sustainable relationship, this sustainable relationship is affected by the CSR that brings a positive impact, so this strategy enhances the use for strategy for improvement of the reputation of the corporation and becomes more valuable (Benali et al., 2021). This is also the same as expressed by (Kuo et al., 2021) and (Feng et al., 2022) which reveal that CSR has a positive influence and is the main piece to becoming successful in their business. Other theoretical research with

significant results of research using the dimensions of CSR namely: Customer, Employee, and Society state that developments in the hospitality sector have a positive and significant impact. This means that the application of the CSR concept will improve the performance of an organization that will be better. The result from (García et al., 2021) also show that the dimension of CSR namely Customer, Employee & Society which state that developments in the hotel sector have a positive and significant impact. This means that the application of the CSR concept will improve the performance of an organization for the better.

The other positive effect of using CSR is the income because the usage of CSR profitability that the organization gets will be higher so it will increase the financial performance. But if the organization fails to carry out social responsibility then it is likely that an organization will cost more and consequently reduce profits (Lin et al., 2019).

Financial Performance

Financial performance is a measurement of the financial of an organization or corporation over a period used to determine the level of efficiency in running the business to generate profitability. This profitability will determine whether this corporation will operate in a long-term period or in the short term (Ichsan et al., 2021). The result revealed by some analysts explains that CSR and financial performance have varying relationships, but this relationship has significant positive effect on financial performance expected by (García et al. 2021), (Hichri & Ltifi, 2021), (Sardana et al., 2020), (Shahzad et al., 2022), and (Shammari et al., 2022).

The disclosure of the concept of CSR which is combined with financial performance that has a two-way relationship, but the CSR study with the dimension used from the CSR effect such as Customer, Employee, and Society will discuss specifically by focusing



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 on the hospitality industry sector is very little to the financial performance (Cantalops et al., 2018). This will be developed with hypotheses such as:

H1: Customer has a significant positive on Financial Performance

Customers have a significant positive value for financial performance because if they can increase customer satisfaction and comfort, many customers form a loyal attitude so that they continue to use the services offered by the company (Ramzan et al., 2021).

H2: Employee has a significant positive on Financial Performance

Employees have a significant positive value for financial performance because if the company can provide the rights needed by all employees so that employees can carry out their obligations, it supports the improvement of financial performance (Feng et al., 2022).

H3: Society has a significant positive on Financial Performance

Society has a significant positive value on financial performance because it is socially able to create better relationships with stakeholders and increase the company's reputation which makes the company get more profitable value (Benali et al., 2021).

Suganthi, (2019) explain there's an indirect relationship with the performance through the role of green practices that have a significant impact, then with this impact shows that the influence of CSR can be influenced by the roles of green practices that will influence the performance (Mousa & Othman, 2020; Obeidat et al., 2020) so thus study applies the impact of Green Human Resource Management as an intervening variable.

Green Human Resource Management (GHRM)

Green Human Resource Management is a study that was concerned with the global business environment that adopts the strategies to be used, where this strategy aims to inspire employees to be aware of green environment management (Joyce & Vijai, 2020). So, the

usage of the GHRM is designed and developed to influence the entire employee to follow the green behavior (Kumar Kar & Praharaj, 2020).

The implementation of the GHRM strategy leverages human resource management to advance the scope expanding the organization to pursue the natural and environmental, thus named as a green activity that is committed to widespread corporate social responsibility (Jyoti, n.d.).

This implies that GHRM and CSR have an interrelated relationship that makes the impact on the financial performance significantly positive, this aim is interrelated because the result of CSR and human practices get the support of all stakeholders. So that every employee is dedicated to preserving the environment (Mughal, et al., 2021). This also makes GHRM practices to employees manage their work environment become better and better, also this application helps to improve the reputation of their corporation (Acquah et al., 2021). The other things that integrated CSR and GHRM programs will encourage the companies to carry out green environmental programs to improve their environment and also to encourage a sense of cooperation in the community and economy to increase their productivity (Sabokro et al., 2021). This hypothesis can be formulated as:

H4: Customer has significant positive on Green Human Resource Management

Customers have a significant positive value towards Green Human Resource Management because customers who have a level of satisfaction and comfort according to the company's achievements, GHRM can improve strategies to maintain customer attitudes (García et al. 2021).

H5: Employee has significant positive on Green Human Resource Management

Employees have a significant positive value towards Green Human Resource Management because employees who have a loyal attitude, full of creativity can increase good company resources (García et al. 2021)..



H6: Society has a significant positive on Green Human Resource Management

Society has a significant positive value towards Green Human Resource Management because good social values can form good company resources (García et al. 2021).

So, the application of CSR to financial performance with the effect of GHRM as a mediation variable has a positive impact on an organization because of the CSR factor in the practical implementation by the GRHM. So, this effect will be a good decision for the organization that the financial performance surely received a significant profitability impact (García et al., 2021). The hypothesis can develop such as:

H7: Customer has a significant and positive influence on Financial Performance mediated by Green Human Resource Management

Customers are a factor in the implementation of GHRM practices, so this is what makes a positive relationship also to financial performance in the company (García et al., 2021).

H8: Employee has a significant and positive influence on Financial Performance mediated by Green Human Resource Management

Employees are a factor in the implementation of GHRM practices, so this is what makes a positive relationship also to financial performance in the company (García et al., 2021).

H9: Society has a significant and positive influence on Financial Performance mediated by Green Human Resources Management

Society is a factor in the implementation of GHRM practices, so this is what makes a positive relationship also to financial performance in the company (García et al. 2021).

The research method employs quantitative surveys, facilitating direct data collection through pre-designed questionnaires (Sugiyono, 2016). The surveys were distributed via Google Forms to HR Managers, Front Office Managers, and Front Desk staff from luxury hotels in Batam City. This study utilized a one-shot study sampling approach, collecting data simultaneously over a specified period, aligning with the problem at hand. The analysis method employed in this study is Structural Equation Modeling (SEM). The data was tested using software called Smart-PLS, which measures parameter relationships using regression analysis techniques to determine the viability of these variable relationships.

The sampling technique follows the Hair model, which is employed when the precise number of people to be surveyed is uncertain. The Hair model uses a 1:10 ratio, where the number of questions from all variables is multiplied by 10. In this study, there are a total of 34 questions distributed across 5 variables. Therefore, the study will use 340 samples (Hair et al., 2019).

Table 2. Variable Indicator

Variable	Indicator	Source
CSR towards society	Our hotel implements special programs to minimize its negative impact on the natural environment.	(García et al., 2021)
	Our hotel participates in activities aimed to protect and improve natural environment quality.	
	Our hotel targets sustainable growth which considers future generations.	
CSR towards customers	Our hotel emphasizes the importance of its social responsibilities before society.	(García et al., 2021)
	Our hotel provides full and accurate information to our customers.	
	Our hotel respects consumers' rights beyond legal requirements.	

RESEARCH METHOD



<p>CSR towards employees</p>	<p>Customer satisfaction is a priority for our hotel.</p> <hr/> <p>Our hotel supports employees who want to acquire additional training.</p> <hr/> <p>Our hotel policies encourage employees to develop their skills and careers.</p> <hr/> <p>Our hotel implements flexible policies to provide a good work & life balance for its employees.</p> <hr/> <p>The management of our hotel is primarily concerned with employees' needs and wants.</p>	<p>(García et al., 2021)</p>	<p>Our hotel has a clear developmental vision to guide employees' actions in environmental management.</p> <hr/> <p>A number of formal or informal communication channels serve to spread green culture in our hotel.</p> <hr/> <p>We offer practical activities for employees to participate in environment management, such as newsletters, suggestion schemes, problem-solving groups, low-carbon champions and green action teams.</p>
	<p>We use green employer branding to attract green employees.</p> <hr/> <p>Our hotel recruits employees who have a green awareness.</p> <hr/> <p>We develop training programs in environment management to increase employees' environmental awareness, skills and expertise.</p>		<p>Hotels reduction of total direct and indirect toxic emissions</p> <hr/> <p>Hotels increased volume of recycled materials</p> <hr/> <p>Hotels increased renewable energy consumption rate</p> <hr/> <p>Hotels increased number of eco-friendly products/services developed</p>
<p>Green Human Resource Management</p>	<p>We have green knowledge management (linking environmental education and knowledge to behaviors with the aim of developing preventative solutions).</p> <hr/> <p>Our hotel sets green targets, goals, and responsibilities for managers and employees.</p> <hr/> <p>In our hotel, managers are set objectives on achieving green outcomes included in appraisals.</p> <hr/> <p>We make green benefits (transport/travel) available rather than giving out pre-paid cards.</p> <hr/> <p>Our hotel has recognition-based rewards in environment management for staff (public recognition, awards, paid vacations, time off, gift certificates)</p>	<p>(García et al., 2021)</p>	<p>Hotels reduction of total direct and indirect energy consumption</p> <hr/> <p>Our firm's brand recognition is good relative to competitors during the last three years</p> <hr/> <p>Our firm's image is good relative to competitors during the last three years</p> <hr/> <p>The average growth in our firm's sales is good relative to competitors during the last three years</p>
			<p>Financial Performance</p> <hr/> <p>Our hotel's average occupancy rate is good relative to competitors during the last three years</p> <hr/> <p>Customers' satisfaction level is good relative to competitors during the last three years</p> <hr/> <p>Employees' satisfaction level is good relative to competitors during the last three years</p> <hr/> <p>Revenues per room in our hotel is good relative to competitors during the last three years</p>



RESULTS AND DISCUSSION

The result was obtained from the dissemination of the questionnaire from a total of 340 questionnaires distributed. From the total distributed questionnaires there are 40 questionnaires that can't be used so the number of questionnaires that can be used for data testing is 300 questionnaires. These findings are shown in the table below.

Table 3. Number of Respondents

Description	Number of Respondents
Questionnaire distributed	340
Returned questionnaire	300
Unreturned questionnaire	40
Questionnaire to be used in analysis	300

Source: Primary Data Processed (2022).

Table 4. Descriptive Statistics

Job Title Description	Number of Respondents	Percentage
HR Manager	33	11%
Front Office Manager	35	11,7%
Reception or Front Desk	213	69,9%
Assistant Front Office	19	7,4

Source: Primary Data Processed (2022).

Based on the outcomes of the preceding table, it shows that this study has the highest number of respondents who work as receptionists or front desks, amounting to 213 respondents or 69.9% compared to HR Managers totaling 33 respondents, Front Office Managers totaling 35 respondents, and Front Office Assistants totaling 19 respondents.

Meanwhile, the overall respondents in this study amounted to 220 respondents divided into two genders, namely women and men with results showing that there were more female respondents namely 164 respondents

than male respondents who only amounted to 136 respondents or equivalent to 54.7% with 45.3%. The results of these respondents are shown in the following table:

Table 5. Respondents by Gender

Gender	Number of Respondents	Percentage
Woman	164	54,7%
Man	136	45,3%

Source: Primary Data Processed (2022).

All respondents who became the research sample were still divided according to the age limit from 21 years to more than 50 years so that results were obtained showing that the age of 21 years to less than 30 years was at most, amounting to 146 respondents or 48.7% compared to those aged between 30 to 40 years, namely 109 respondents, and those aged 40 to 50 years totaling 44 respondents, and the 50-year-old is only 1 respondent. So, it is obtained in the table as follows:

Table 6. Respondents by Age

Age	Number of Respondents	Percentage
21 - < 30	146	48,7%
≥30 - <40	136	45,3%
≥40 - <50	109	36,3%
≥50	44	14,7%

Source: Primary Data Processed (2022).

Validity test usually is used to test the data whether the data is valid or non-valid, and the data tested uses two models of test used Outer Loading Test and AVE Test (Average Variance Extracted). The results of the outer loading test are shown in the table below for the use of variable Customer. Employee, Society, GHRM, and Performance with a total of 34 questions from the 5 variables used.

Table 7. Validity Test Results

Variable	Outer Loadings	AVE	Description
CUST 1	0,796	0,5	Valid
CUST 2	0,783	97	



CUST 3		0,740						
EMP1		0,859						
EMP2	Employee	0,841	0,724	Valid				
EMP3		0,858						
EMP4		0,845						
GHRM		0,764						
GHRM		0,764						
GHRM		0,810						
GHRM		0,744						
GHRM		0,711						
GHRM		0,782						
GHRM	Green Human Resource Management	0,787	0,521	Valid				
GHRM		0,766						
GHRM		0,758						
GHRM		0,644						
GHRM		0,739						
GHRM		0,607						
GHRM		0,613						
GHRM		0,616						
GHRM		0,549						
GHRM		0,557						
P1		0,883						
P2		0,809						
P3	Performance	0,841	0,699	Valid				
P4		0,833						
P5		0,842						
P6		0,831						
P7		0,861						
SOC1					0,855			
SOC2		Society			0,845	0,584	Valid	
SOC3	0,811							
SOC4	0,698							

Source: Primary Data Processed (2022).

Outer loading test results are valid because the parameter test result can be declared valid when the test value is > 0.5. The AVE test results are valid because the validity value of AVE test must be > 0.5 (Hair et al., 2019). The results of the discriminating test show a value of more than 0.7 so that all variables tested are valid. The table data results are as follows:

Table 8. Discriminant Validity Test Result

Variable X > Y	Original Sample	Sample Mean	STDEV	T Statistics	P Values	Description
Custom						
Emplo						
GHRM						
Perfo						
Socie						

	Customer	Employee	Performance	Society
Customer	0,773			
Employee	0,557	0,851		
GHRM	0,715	0,900	0,706	
Performance	0,587	0,863	0,875	0,836
Society	0,707	0,742	0,838	0,742 0,765

Source: Primary Data Processed (2022).

The reliability of this research test is divided into two tests models, namely Cronbach's Alpha and Composite Reliability provided that if the results of the Cronbach's Alpha test show a value of > 0.6 and the results of the Composite Reliability test show a value of > 0.7, the variables tested are declared reliable. The following table of results from reliability tests for variables in this study include:

Table 9. Reliability Test Result

Variable	Cronbach's Alpha	Composite Reliability	Description
Customer	0,663	0,816	Reliable
Employee	0,873	0,913	Reliable
GHRM	0,931	0,94	Reliable
Performance	0,928	0,942	Reliable
Society	0,761	0,848	Reliable

Source: Primary Data Processed (2022).

The direct effect test aims to find out the result of determining the effect of the independent variables on the dependent variables test through path coefficients. The test result was declared as a valid and significant variable when the P-value is <0.05 and the T-statistic value must be >1.97 to declare the results are significant.

Table 10. Direct Effect Test Results

Original Sample	Sample Mean	STDEV	T Statistics	P Values	Description



SOC > Performance	0,055	0,05 6	0,04 5	1,238	0,21 6	Not Significant
SOC > GHRM	0,243	0,24 5	0,04 0	6,081	0,00 0	Significant
GHRM > Performance	0,496	0,49 9	0,07 4	6,700	0,00 0	Significant
EMP > Performance	0,388	0,38 4	0,06 4	6,075	0,00 0	Significant
EMP > GHRM	0,605	0,60 3	0,03 4	17,77 9	0,00 0	Significant
CUST > Performance	-	0,02 2	0,03 5	0,647	0,51 8	Not Significant
CUST > GHRM	0,206	0,20 6	0,02 8	7,376	0,00 0	Significant

Source: Primary Data Processed (2022).

The secondary effect between variables is ascertained using the indirect effect test. The test result was declared as a valid and significant variable when the P-value is <0.05 and the T-statistic value must be >1.97 to declare the results are significant. These use three independent variables, namely customer, employee, and society with one mediation variable namely green human resource management, and one dependent variable namely financial performance.

Table 11. Indirect Effect Test Results

Variable X > Y > Z	Original Sample	Standard Error	T Statistics	P Values	Description	
CUST > GHRM > Performance	0,10 2	0,1 03	0,02 0	5,08 7	0,0 00	Significant
EMP > GHRM > Performance	0,30 0	0,3 01	0,04 9	6,12 7	0,0 00	Significant
SOC > GHRM > Performance	0,12 1	0,1 22	0,02 7	4,46 7	0,0 00	Significant

Source: Primary Data Processed (2022).

The predetermined hypothesis's outcomes are displayed in the preceding table based on the findings of the direct effect test. There were sufficient variations between the researcher's hypothesis and the test results to derive the following explanation:

H1 is rejected. Customer has no significant influence on Financial Performance. This result because the impact by the pandemic of Covid-19 that make the number of the Customer rate is decline so in this problem will affect to financial

performance, so the impact that causes a loss on an organization (Al Kerdawy, 2019)

H2 is accepted. Employee has a significant positive influence on Financial Performance. This is because of the ambition of an employee-dimensional from the CSR program which the program is applied to the organization and then the program is demonstrate to employees for the concern of the environment, so the employee must commit by themselves to an organization with the application of CSR to sustainable and keep the financial performance stable or can get the higher profitability. This result of discussion is line with the other researcher by (Yuan et al., 2020), (Cuong & Lan, 2021; Feng et al., 2022; Lu et al., 2018) & (Bahta et al., 2021).

H3 is rejected. Society has no significant influence on Financial Performance. This result because the impact from the CSR which is the program implementation that must be applied by the hospitality sector of luxury hotels in Batam City has not delivered at all because have not experienced and evenly distributed by the CSR affect even overall.

H4 is accepted. Customer has a significant influence on Green Human Resource Management, because these results make efficiency on the organization in achieving the desired goals, and the number of the customer also increased the affect will become a good impact not only for the organization but also to all stakeholders. Because of the impact these has become a positive way that the concept of GHRM to the environment of the community and for all customers. These findings are similar to (Malik, Hayat Mughal, et al., 2021; Úbeda-García et al., 2021) & (Al Kerdawy, 2019).

H5 is accepted Employee has a significant influence on Green Human Resource Management, result of this study are due to the CSR practices on the employee dimension with the GHRM that strengthens employee towards environmental and social



concerns become more responsible. The result of this study as same as discussed by (Al Kerdawy, 2019b; Kim et al., 2019; F. Zhao et al., 2021) & (Herrera & de las Heras-Rosas, 2020).

H6 is accepted. Society has a substantial influence on Green Human Resource Management, these is due to the impact on the business development due to widespread and the functional charges to the community environment as well as the corporate environment can proved the performance and the activity of environment on all entity of the activity for the society environment. The result of research similar to (Freitas, Caldeira Oliveira, et al., 2020; Sabokro et al., 2021; Yusliza et al., 2019) & (Cheema & Javed, 2017).

H7 is accepted. Green Human Resource Management has a significant influence on Financial Performance. The result of this study is proving that the role of Green Human Resource Management is used to makes the environment for the company more awake, thus building a positive impact and becoming an crucial role in managing the performance of the company be continuously evolving, these discussion are related to the (Gomaa et al., 2022; Zaid et al., 2018) & (Acquah et al., 2021).

Based on the indirect effect test that shows the relationship between the independent variable to the dependent variable with the mediation of other variables according to the previous table data, it explains the hypothesis that has been determined as follows:

H8 is accepted. Customer has a significant influence on Financial Performance mediated by Green Human Resource Management. This is due to the influence of CSR on the uses of the dimension is customer. This becomes a beneficial impact on Financial Performance in the organization (Úbeda-García et al., 2021). And has a positive impact for all the stakeholders as well as on the

environment and society (Freitas, Caldeira Oliveira, et al., 2020). This result also related with (Cuong & Lan, 2021; Zaid et al., 2018).

H9 is accepted. Employees have a significant impact on financial performance, which is mediated by Green Human Resource Management. These impacts are because of the CSR and GHRM practice that strengthen employee relationship with environmental and social awareness, so the employees will be more responsible in sustainability. This result is discharge out by (Al Kerdawy, 2019; Bahta et al., 2021; Herrera & de las Heras-Rosas, 2020; F. Zhao et al., 2021) & (Feng et al., 2022).

H10 is accepted. Society has a significant influence on Financial Performance, which is mediated by Green Human Resource Management. The impact CSR practices on the dimension of used is society that has an impact on both side because the affect by the GHRM to environment and society. Because GHRM on society and environment can improve the financial performance of an organization and also take a charge in the development of the business. These results are similar discussed by (Úbeda-García et al., 2021; Yusliza et al., 2019) & (Cheema & Javed, 2017).

The R-Square test is used to determine whether the dependent variable affects the independent variable or not affected. The R-Square value is between 0-1. When the value of R-Square is closer to 1 means that the R-Square value has a good relationship and stronger ability to contribute to the dependent and the independent variable.

Table 12. R-Square Test Results

Variabel	<i>R Square Adjusted</i>
<i>Green Human Resource Management</i>	0,894
<i>Performance</i>	0,794

Source: Primary Data Processed (2022).



Based on Table 12, the test result shows that the value of the R-Square obtained from the Green Human Resource Management is 0.894 which means that all independent variables simultaneously influence 89.4% on the Green Human Resource Management. Other factors not in the model have an impact on the remaining 10.6%.

The result of the test based on Table 12, shows that the value of the R-Square obtained from the Performance is 0.794 which means that all independent variables simultaneously influence 79.4% on the Performance. The remaining 20.6% is influenced by other variables not included in the model.

CONCLUSIONS

This study is used the CSR variables and GHRM practices a mediation-effects on financial performance in the hospitality sector of the luxury hotels in Batam City with the aim of finding out whether the roles and practices of CSR and GHRM have a significant influence in luxury hotels that located in Batam City. From the test result performed that the value of the customer has not significantly affect to the financial performance. Then the test results also show that society has not significant effect on performance, the insignificance of the CSR dimension in society, and customers on financial performance. The impact of implemented CSR activities by the luxury hotels in Batam City, many of whom have not felt the effects of CSR evenly and influenced by the Covid-19 pandemic so this what makes a big impact to the financial performance. However, for testing by using of the other CSR dimensions, GHRM has a positive impact influence on the financial performance to the luxury hotels in Batam City.

The limitation of this study is to get samples because the sample objects that used are focused only on one location that are only the luxury hotels in Batam City, so this makes the number of samples obtained tend to be less

because it's focused only on one targeted area and the use of the independent variables are only using the dimension by Corporate Social Responsibility. For the further researcher, to expand the research sample by examining all types of hotels that are not only luxury hotels in Batam City. In addition, researchers can then use other research methods to expand the results of observations on Financial Performance variables, especially to find out what other factors can improve a company's financial performance. Also, the research can extensively in the tourism sector listed on the Bursa Efek Indonesia (BEI) not just focus on hospitality. So, the data obtained will be more varied for testing.

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