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The effect of CEO's social relational and moral capital on board process and performance of socially responsible company

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A B S T R A C T

This study investigates the effects of stakeholder relations quality, and the social and moral capital of CEOs on the board processes and performance of socially and environmentally responsible companies. Data is collected from 40 companies listed on the Sri-Kehati Index of the Indonesia Stock Exchange and evaluated under the PROPER program by the Ministry of Environment Indonesia. Using GeSCA for analysis, results show that CEO's relational and moral capital significantly impact board processes and performance. The quality of stakeholder relationships is more pronounced at the individual CEO level than the company level. Further analysis indicates that CEO's relational capital strengthens the relationship between their moral capital and stakeholder relationship quality at the company level. Additionally, while the CEO's relational capital significantly affects both board processes and performance, the CEO's moral capital and the company's responsible status only significantly impact board performance. Mediation analysis reveals that the CEO's relational capital significantly mediates the relationship between the CEO's moral capital and the company's responsible status, affecting board processes. The findings underscore the importance of CEO's relational capital at both individual and company levels for socially and environmentally responsible companies.

1. Introduction

Various efforts are made by the company to reduce social and environmental impacts in carrying out its business operations while still producing company performance that meets shareholder expectations. Companies in running their business to achieve sustainable corporate performance goals need to integrate social and environmental concerns for stakeholders where the company runs its business into the company's competitive advantage strategy Relations with the community and the environment are critical factors for companies to run their business sustainably in achieving corporate objectives, namely getting profits, personal objectives namely meeting the needs of employees working in the company (people) and societal objectives namely meeting community needs such as development towards community independence and preventing environmental disturbances that may be caused by activities as mentioned above (planet) (Hadi, 2019b) (Caulkins, 2013). Corporate social responsibility has been a topic of research since the 1950s and in recent decades with various definitions, theories, methodologies, and variables used to describe and relate corporate social and environmental responsibility to corporate competitive advantage strategies and corporate performance. The concept of corporate social responsibility was first raised by Bowen (1953) quoted from Wang (2015) in his book "Social Responsibility of the Businessman" which discusses the relationship between companies and society where companies need to realize the importance of business ethics to be able to have long-term superior performance (S. Wang, 2015). Phenomena on the Stock Exchange of different countries, in general, show that socially and environmentally responsible companies have higher stock performance and company value than other companies. This refers to one of the index references that focus investment on environmental,

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social and good corporate governance issues and principles or often called Environmental, Social and Good Governance (ESG). Cumulative Kineja Index – Return (USD) Sept Period September 2007 – September 2020 showed that companies with good ESG had a higher return on investment than MSCI World's overall corporate average index in the 23 countries (MSCI 2020) (Source: www.msci.com). Similarly, the S&P 500 Environmental &; Socially Responsible Index (S&P 500 ESR) consisting of 292 companies that were socially and environmentally responsible in the last 10 (ten) years (period 2010-2019) provides annualized returns and annualized risks-adjusted returns, namely total return = 13.62% (1.04), price return = 11,16% (0,85) dan net total return = 12,88% (0,98) higher than the overall average of S&P 500 Index stocks that deliver annual and risk-adjusted annual returns of 13.01% (0.98), 10.7% (0.81), and 12.31% (0.83), respectively (S&P500 2020).

In Indonesia, the same can be seen from the Sustainable and Responsible Investment (SRI)-KEHATI stock index published by the Indonesian Biodiversity Foundation (KEHATI) in collaboration with IDX since June 8, 2009 with reference to the United Nations' Principles for Responsible Investment (PRI). Screening stages in the selection process of SRI-KEHATI index constituents in the first stage of the selection process, SRI-KEHATI made a selection based on a negative list of companies that carried out activities in the value chain process related to the use of pesticides, nuclear, weapons, tobacco, alcohol, pornography, gambling, genetic modification, and coal mining. After passing the negative list stage, the company's financial criteria with market indicators are used, namely minimal market capitalization Rp. 1 trillion, total assets at least Rp. 1 trillion, Free Float Ratio above 10%, and positive Price to Earnings Ratio (PER). Through the SRI-KEHATI Index selection process mentioned above, 25 shares of public companies listed on the IDX are selected, reviewed and updated in May and November every year. Since its launch, historically 25 companies included in the SRI-KEHATI index have shown better performance with an average value of around 10 percent above the index compared to several major indices such as the Composite Stock Price Index (JCI) and the Stock Index with the largest market capitalization (Blue Chip) LQ45, Throughout the journey of the SRI-KEHATI index since its launch in 2010 to 2019, There are several companies that are continuously in the index some companies leave the index replaced by new companies that are included in the list of SRI-KEHATI index companies. There are 12 (twelve) sustainable companies in the last 10 years in the SRI-KEHATI index. All 12 (twelve) companies have been operating for more than 30 years (except Bank Mandiri which is the result of the merger of several state-owned banks), have gone through and can survive various multidimensional crises along the way starting from pre-independence Indonesia (TLKM, BBRI, UNVR), post-independence, political and social crises Old Order (1945-1965), New Order (1966-1998), Reformasi (1998 – present). In addition to economic performance, the influence of corporate social and environmental responsibility, also allows these companies to survive and sustainably run their business.

Case studies of companies included in the SRI_KEHATI Index consecutively over the last 10-year period, namely Astra Group (AALI and ASII) by Bhinekawati (2017) in her book "Corporate Social Responsibility and Sustainable Development, Social Capital and Corporate Development in Developing Economies" (Bhinekawati, 2017), show that the role of social capital, that is, the company's resources or capabilities built from networks or social relationships that trust each other (Bourdieu, 1986) facilitate cooperation and joint action (Coleman, 1990) with positive results (Uphoff, 2000), from the process of institutionalizing corporate social responsibility, good corporate governance and concern for the environment, has made Astra Group have sustainable economic performance and contribute to sustainable development or Sustainable Development Goals (SDGs). From the case study, it shows that successful social responsibility is to implement social and environmental responsibility as an integrated part of the company's business strategy function, is the company's self-regulation in creating good corporate governance, implementing stakeholder management, accumulating social capital that will result in sustainable corporate performance and the company can successfully overcome the crisis and carry out transformation (Bhinekawati, 2017). From the business phenomenon and case studies above, in general, it can be concluded that companies in running their business need to pay attention to interrelated business, social and environmental interests, social and moral capital to stakeholders. It is the responsibility of the company's managers (board of commissioners and directors) to be able to align these business, social and environmental interests into the company's strategic decisions so that it becomes the company's competitive advantage to achieve sustainable company performance. The implementation of social and environmental responsibility is a strategic decision, especially related to investment and resource allocation that requires the ability of the executive manager (CEO) to be able to protect the interests of shareholders but at the same time still be able to fulfill obligations to other stakeholders (I. M. García-Sánchez et al., 2019), requires a high commitment to corporate stakeholders and the implementation of corporate governance in a good decision-making process (Zhu, Wang, and Bart et al., 2016) in order to produce sustainable corporate performance as measured by the performance of corporate social and environmental responsibility (ESG Score), relative position in the industry, investment and corporate finance (ROA, TobinQ) (Puggioni & Stefanou, 2019; Z. Wang & Sarkis, 2017). Other studies still show gaps in research results from stakeholder factors (customers, employees, suppliers, government, non-government institutions, media and society) that have an influence on the implementation of corporate social and environmental responsibility (Cudjoe et al., 2019; A. M. M. Eyasu & Arefayne, 2020). From the business phenomenon and previous empirical research, it also shows that although companies carry out social and environmental responsibilities to stakeholders, if the company or executive manager (CEO) violates morals, ethics and laws in carrying out its business, it will have an impact on declining company performance due to the lack of moral legitimacy and the costs of companies incurred to overcome social and environmental conflicts, and moreover, companies that completely ignore social and environmental responsibilities will experience business bankruptcy. In addition, there are still gaps from the results of previous research gaps related to influential factors in the process and quality of alignment of relationships with stakeholders (shareholders, employees, customers, government, non-government institutions, media, and communities where the company runs its business) based on agency theory, stewardship theory, and stakeholder theory. The research conducted to date has been carried out more with a supervisory approach through corporate governance mechanisms (structure, composition, and compensation to the board of directors and commissioners), as well as the tendency to trade-off between the interests of shareholders and other stakeholders. In addition to stakeholder factors, there are also other factors, namely moral legitimacy and social capital that affect the company's reputation, and environmentally friendly practices that are important factors to consider both individual executive managers (CEOs) and companies in the relationship between corporate social and environmental responsibility and sustainable corporate performance. Based on the persistence of research gaps and to answer these research problems, this study formulated how to build a conceptual model and test empirical research models to overcome research gaps, stakeholder alignment and its effects on individual relational, social and moral capital, executive managers (CEOs) and companies based on stakeholder theory through process approach methods (input – output – outcome) strategic decision-making, social and environmental responsibility undertaken by the company. This needs to be done to answer the gap in research results on the relationship of stakeholder factors in corporate social and environmental responsibility activities, corporate governance decision-making processes due to limited supervisory mechanisms by shareholders through the structure and characteristics of decision making, compensation of the board of commissioners and directors.

The purpose of this study is to answer the previous research gap by exploring how the quality of stakeholder relations carried out by the company through social and environmental responsibility, building an analytical predictive model to explain how the relational quality of stakeholders affects social, strategic decision-making processes of the company's board of directors and commissioners. Contributions with this research are theoretically expected to first contribute to the development of administrative science and corporate business governance, corporate business morals and ethics, and corporate social and environmental responsibility. Second, contribute to future research from the limitations of conceptual models and empirical models that have not been tested in this empirical research. While managerial practically contributes strategic guidelines for executive managers (CEOs) of companies in managing and aligning company business stakeholders in an effort to improve competitiveness and sustainable company performance as well as being practical guidelines for shareholders (as principals) in selecting and determining executive managers (as agents) based on the social and moral capital of individual executive managers.

2. Literature Review

As mentioned in the introduction, companies must be able to understand and align relationships with stakeholders in order to create value for stakeholders. According to Freeman et al. (2007) company stakeholders are defined into primary stakeholders, namely employees, customers, suppliers, financiers who have formal legal contracts with the company and secondary stakeholders, namely the government, non-government institutions, media and the public which does not have a formal legal contract but is a social contract that affects the sustainability of the Company's business (Freeman et al., 2010). In stakeholder theory (R. E. Freeman et al. 2010) avoid trade-offs by aligning all interests (co-operative alignment). The value creation mindset in stakeholder theory is supported by the first empirical research on stakeholders and company performance conducted by Waddock and Graves (1997) quoted from Freeman et al, (2010) showing a positive correlation between corporate social performance through alignment of stakeholders with the company's financial performance. Waddock and Graves' (1997) research using the Kinder, Lydenbergm Domini (KLD) index of 430 companies that have positive indicators of stakeholders such as society, employee relations, environment, products and diversity shows positive indicators of company financial performance such as return on investment (ROA), stock price and company value (Zhao & Murrell, 2016). Similarly, recent studies in various ASEAN countries (Waworuntu et al., 2014), China (Fan et al., 2017), Australia (Indah Fajarini Sri &; Mochamad Arief, 2018), Bangladesh ((Resmi et al., 2018), France (Brulhart et al., 2019) and Ethiopia (A. M. Eyasu & Endale, 2020) in various industries have consistently shown a positive correlation between stakeholder alignment through social and environmental responsibility activities with corporate social and financial performance as stated by stakeholder theory (Brower et al., 2017) (Brower & Mahajan, 2013) (Freeman et al., 2010). From the discussion, it can be concluded that stakeholder theory has been widely used in relation to the company's business strategy where the board of directors and commissioners has an important role in alignment, resolution of conflicts of interest mentioned above and creating as much value (value creation) as possible for stakeholders. The company's business is like a human being who has different characters and interests so that trust, reputation must be built with purpose for all stakeholders.

2.1. Stakeholder Relationship Quality

Employees are one of the actors in the primary stakeholders who act as co-benefactors and co-creators of corporate social and environmental responsibility (Bolton et al., 2011). How the state of the art of the company aligns relationships with employees in carrying out social and environmental responsibility and its benefits to the company from several previous studies. The implementation of social and environmental responsibility by companies towards employees is carried out through active participation (Koch et al., 2019), commitment, trust and attachment (Hansen et al., 2011) which will provide differentiation and identity values for companies in business competition as well as to obtain and maintain the best talent for the company, as well as being the company's main liaison in the implementation of corporate and environmental responsibilities with society (Bolton et al., 2011; Camilleri, 2016; Kaźmierczyk et al., 2020; Slack et al., 2015). The alignment of social and environmental responsibilities towards employees will affect and correlate with job satisfaction and employee performance (Tran et al., 2021) and performance (Nguyen & Tu, 2020). Furthermore, the second primary stakeholder is the Customer. Customers are important actors for the sustainability of the company. Customers are directly involved in the value chain of the company's value creation process. How the company's state of the art aligns relationships with customers in corporate social and environmental responsibility from several previous studies. Customers will respond to the company's social and environmental responsibility activities through awareness, advertising, and brand identification (Al-Ghamdi & Badawi, 2019; Dang et al., 2020; Font & Lynes, 2018; Pomering & Dolnicar, 2009), environmentally friendly products and initiatives (Li et al., 2019), as well as customer participation and engagement (Edinger-Schons et al., 2019). Several previous studies have shown that corporate social and environmental responsibility has a significant influence on buying and rebuying interest, customer satisfaction and loyalty with increasing credibility and corporate image (Dang et al., 2020; J. Gunawan et al., 2020; Hu et al., 2019; I. Khan & Fatma, 2019). The increasing use of social media is also an effective means for companies to engage in active participation and customer engagement in corporate social and environmental responsibility activities and decision-making. For example, Coca Cola Europe uses online forums to engage customers and other stakeholders in social and environmental responsibility communication and decision-making (Edinger-Schons et al., 2020). Like employees and customers, suppliers are one of the important actors in the sustainability of the company. As part of the company's supply chain to create value (value creation), with globalization, building relational, network and competitive long-term contracts with suppliers is important for the Company (Jääskeläinen et al., 2020; Saini, 2010; Tseng et al., 2015). The implementation of ethical standards of social and environmental responsibility for suppliers related to environmentally friendly products, occupational security and safety, and social and environmental responsibility in the Company's global supply chain (Tseng et al., 2015) (Jajja et al., 2020) and the establishment of social relational capital of suppliers and companies (Jääskeläinen et al., 2020) will improve the company's image, efficient supply chain costs, providing competitive advantage and sustainability. Conversely, unethical actions in supplier and company relationships in global supply chains can damage the image and harm the company, such as the case of the fodder industry, Menu Foods, China which had to pay damages to its customers amounting to $ 24 million because suppliers deliberately used "gluten and melamine" ingredients to pass inspections of chemicals in food, or shoe company Nike, Adidas uses suppliers who pay cheap employee labor in developing countries has been in the spotlight in the implementation of social and environmental responsibility (Lu et al., 2012).

From the study and discussion mentioned above, in this study a predictive model will be built using the results of previous research as a construct variable of the quality of primary stakeholder relationships, namely commitment, trust, participation, attachment and communication is a form of alignment carried out by the company with employees in carrying out the company's social and environmental responsibilities, so that in this study the quality of employee relationship alignment is defined as a form of commitment, trust, participation, attachment and communication carried out by the company to employees through corporate social responsibility and the environment. Furthermore, awareness, communication, participation, attachment and building credibility and brand image of the company are forms of alignment carried out by the company with customers in carrying out corporate social and environmental responsibility, so that in this study the quality of customer relationship alignment is defined as a form of awareness, communication, participation, attachment and building credibility and brand image carried out by the company through corporate social and environmental responsibility. Similarly, the implementation of ethical standards and building long-term competitive cooperation with suppliers is a form of alignment carried out by the company in carrying out corporate social and environmental responsibility. So, in this study the quality of supplier relationship alignment is defined as a form of implementing ethical standards and building long-term competitive cooperation through corporate social and environmental responsibility. Furthermore, the form of social and environmental responsibility with actors outside the company who do not have formal contractual ties but affect the company's operations and sustainability is the alignment of relationships carried out by the company with the government, non-government organizations (non-government organizations), NGOs, the media and the community who are categorized as secondary stakeholders (Freeman et al., 2010). In general, the category of secondary stakeholders on the one hand can act as regulators (Dharmapala & Khanna, 2018; Knudsen, 2017b; Kourula et al., 2019), and acting as a social pressure group (Brand et al., 2020; S. Y. H. Liu et al., 2020; Masud et al., 2018; Villo et al., 2020) and on the other hand can carry out cooperation that is not binding, encouraging, facilitating and as a beneficiary manfaat (Cahan et al., 2015; Giamporcaro et al., 2020a; H. Z. Khan et al., 2020; Lodsgård & Aagaard, 2017; Schlegelmilch & Simbrunner, 2019) towards the implementation of corporate social and environmental responsibility. Corporate social and environmental responsibility is principally a voluntary activity (principle of voluntarism) that is not regulated and is at the discretion of company management (Ball et al., 2018; Dentchev et al., 2015; Knudsen, 2017b), but on the other hand the government has legitimacy and regulatory influence on every company's business activities in a broad sense, including the implementation of the company's social and environmental responsibility (Dharmapala & Khanna, 2018; Giamporcaro et al., 2020a; Kourula et al., 2019). This dynamic relationship between companies and governments can be seen from the variety of government interventions in corporate social responsibility activities with the enactment of social and environmental responsibility hard laws in various countries such as India (Dharmapala & Khanna, 2018), Indonesia (Hadi, 2019b), China (Chen et al., 2018),, and the European Union (Kinderman, 2020; Knudsen, 2017a) to self-regulated or soft law as is the case in the UK (Kourula et al., 2019), France (Giamporcaro et al., 2020b),, Scandinavian countries (except Denmark) (Kinderman, 2020) where the role of government orchestrates non-governmental authorities, business associations, the private sector to regulate itself as a socially and environmentally responsible company through a multi-stakeholder approach, for example through providing tax incentives, promoting labor safety and health standards, encouraging collaboration among (Giamporcaro et al., 2020b, 2020a; Kourula et al., 2019). With the diverse roles of the government, the alignment of corporate social and environmental responsibilities also varies from the level of compliance with regulations, to the implementation of social and environmental responsibilities exceeding the required level of compliance (Ball et al., 2018; Dentchev et al., 2015; Hadi, 2019b).

As one of the secondary stakeholders of non-governmental organizations, NGOs initially developed as social and environmental pressure groups for companies, especially NGOs that have high capabilities, independent funding sources, influential and supported by media such as Greenpeace, and if not responded properly will reduce the legitimacy and image of the company even if there is a confrontation will cause greater losses to the company. The relationship between companies and NGOs is complex and dynamic involving conflicts of interest, dialogue, interdependence,, resolution, solutions and opportunities for cooperation in increasing legitimacy and pro-social and environmental behavior for companies (Arenas et al., 2009; Brand et al., 2020; Eid & Sabella, 2014). In its development, the company collaborates more with NGOs to jointly contribute to providing benefits to society and the environment through donations and philanthropy, caused-marketing and sponsorship, social and environmental employee volunteerism, community welfare and development (Eid & Sabella, 2014) (Schlegelmilch & Simbrunner, 2019). The alignment of corporate and NGO relationships is done through compromise and accommodation of common interests and expectations (Eid & Sabella, 2014; J. Liu et al., 2020), mutual agreement on funding and resource support (Burgos, 2012), mutual value creation through human resource cooperation and innovation (J. Liu et al., 2020; Lodsgård & Aagaard, 2017), and mobilizing and stimulating social and environmental change (Brand & Blok, 2019). Like secondary government and NGO stakeholders as described above, the media also has a dual role both as a pressure group (usually negative news coverage) and as a collaborator and facilitator (usually positive news coverage) in corporate social and environmental responsibility activities (Cahan et al., 2015; Pérez et al., 2020). How the state-of-the-art company aligns with the media in carrying out social and environmental responsibility and its benefits for the company from several previous studies. Media, especially social media such as twitter, Facebook, and other interactive media is a more transparent source of information, trusted and used by other stakeholders as a source of balancing information and clarifying information received from companies through website, annual reports, or corporate sustainability reports related to corporate social and environmental responsibility (Dunn, Katherine; Harness, 2019; Kim et al., 2014; Saxton et al., 2020). Previous research has shown that companies that successfully carry out social and environmental responsibilities well will get wider media coverage, which can increase trust, credibility, image, and corporate social (Grover et al., 2019; Lee et al., 2019). However, other studies show that there is a tendency for companies to make more use of media coverage and social media that have large networks and become the center of social networks (social network centrality) to increase legitimacy, and build company reputation (Cahan et al., 2015).

Like employees and customers, the community is a beneficiary and at the same time a creator in a broad sense in the social and environmental responsibility activities carried out by the company. By referring to the model proposed by Cascante and Brennan (2012), there are 3 (three) types of community development carried out by the company, namely: Imposed, directed, and self-help, each of which has advantages and weaknesses in its implementation (Brennan et al., 2013). In order to succeed in carrying out community development in the form of economic benefits, namely opening jobs, business opportunities and increasing community income It is necessary to understand the characteristics of the community and cooperate in the implementation of community development with the stages that need to be carried out by the company starting from understanding the character of the local community, knowledge about the local community, identifying formal and non-formal local leaders, encouraging the community to identify the most important problems (crucial society problem), foster self-confidence, determine action programs with strengths, weaknesses and availability of resources, and sustainably encourage community independence in solving problems (Hadi, 2019b). Hadi (2019) identified several factors that become lessons learned in the implementation of corporate social and environmental responsibility with community development namely: lack of self-reliance, no start-up from scratch (nemu), no sustainability or stopping at the beginning, overlapping with other companies, not starting with good social mapping so that it is not inclusive, not focused and too many activities, and not empowering (Hadi, 2019b). From the study and discussion above, in this study a predictive model will be built using the results of previous research as a construct variable of the quality of secondary stakeholder relations as follows: Minimum implementation of compliance required (compliance), likeness beyond compliance (beyond compliance), maintaining harmonious relationships and multi-stakeholder collaboration with the government is a form of alignment that many companies do in carrying out corporate social and environmental responsibility, so that in this study the quality of government relationship alignment is defined as the minimum form of compliance required, Volunteerism goes beyond compliance, maintaining dynamic relationships and stakeholder collaboration carried out by the company through the implementation of corporate social and environmental responsibility.

Further collaboration of mutual benefit, financial and resource support, shared value creation and innovation, mobilization and stimulation of social and environmental change with NGOs is a form of alignment carried out by companies in carrying out corporate social and environmental responsibilities, so that in this study the quality of NGO relationship alignment is defined as a form of mutual benefit collaboration, financial and resource support, shared value creation and innovation, mobilization and stimulation of social change carried out by the company through the implementation of corporate social and environmental responsibility.

The use of media coverage to disclose the success of corporate social and environmental responsibility, increase company trust and credibility and cooperate with the media that is central and has a wide network is a form of alignment carried out by the company in carrying out corporate social and environmental responsibility, So that in this study the alignment of media relations is defined as a form of utilizing media coverage to reveal success, increase trust and credibility of the company and cooperate with the media which is the center and has a wide network carried out by the company through the implementation of social responsibility and the corporate environment. Furthermore, learning in developing these communities, companies need to pioneer community development starting with social mapping that focuses on collaboration with other companies in empowering communities in an inclusive and sustainable manner, so that in this study the quality of community relations alignment is defined as a form of focused community development, inclusive, collaborative and sustainable in empowering communities (local communities, local communities that are influential or influenced by the sustainability of the company) through the implementation of social responsibility and corporate environment.

With the study of theory and research as well as the definitions that have been described earlier, in this study the hypothesis of the quality relationship alignment of the company's primary and secondary stakeholder relationships with employees, customers, suppliers, government, NGOs, media and community as follows:

H_{1a}: *The quality of primary stakeholder relationship alignment (QPKP) is significantly affected by the alignment of company interests to employees (EMPR).*

H_{1b}: *The quality of primary stakeholder relationship alignment (QPKP) is significantly affected by the alignment of the company's interests to customers (CUSR).*

H_{1c}: *The quality of primary stakeholder relationship alignment (QPKP) is significantly affected by the alignment of the company's interests to suppliers (SUPR).*

H_{1d}: *The quality of secondary stakeholder relationship alignment (QPKS)is significantly affected by the alignment of corporate interests to the government (GOVR).*

H_{1e}: *The quality of secondary stakeholder relationship alignment (QPKS) is significantly affected by the alignment of corporate interests to the government of non-governmental institutions (NGOR).*

H_{1f}: *The quality of secondary stakeholder relationship alignment (QPKS) is significantly affected by the alignment of corporate interests to the media (MEDR).*

H_{1g}: *The quality of secondary stakeholder relationship alignment (QPKS) is significantly affected by the alignment of corporate interests to the community (COMR).*

H_2: *The quality of secondary company stakeholder relationship (QPKS) alignment has a significant effect on the quality of primary company stakeholder relationship alignment (QPKP).*

2.2. Socially and Environmentally Responsible Companies

In empirical research conducted by Ahn and Park (2018) on companies listed on the Korea Stock Exchange and long-lived, it shows that the process of social capital accumulation is obtained through the fulfillment of promises, self-sacrifice, humanism, openness, long-term engagement, pro-social goals, corporate giving to stakeholders. While the process of moral legitimacy accumulation, as defined by Suchman (1995), is obtained through the achievement of goals that are aligned with the public interest (consequential legitimacy), the application of standards that are aligned with community ethics (structural legitimacy), the application of processes and procedures that are socially correct and accepted by society (procedural legitimacy) (Ahn & Park, 2018; Ball et al., 2018).

The quality of stakeholder relationships carried out by the company through social and environmental responsibility towards primary stakeholders by the company will form social relational capital and moral legitimacy that exerts significant influence and increases customer attachment, trust, satisfaction and loyalty (Edinger-Schons et al., 2020; Fatma et al., 2016; S. Gunawan et al., 2020; Loureiro et al., 2012), increase employee productivity and morale (Hansen et al., 2011; Kaźmierczyk et al., 2020), employee participation, engagement, trust and loyalty (Slack et al., 2015; Tran et al., 2021) and employee motivation, commitment and performance (Nguyen & Tu, 2020), as well as cost efficiency and global supply chain excellence (Jajja et al., 2020; Tseng et al., 2015). Similarly, the quality of relations with government, non-governmental institutions and the media will form social relational capital and moral legitimacy that will reduce cost (Arenas et al., 2009; Cahan et al., 2015), improve image (Chang et al., 2019) and corporate attachment to society and possible negative impacts caused by companies in running their business (Hadi, 2019b). And finally, companies that carry out corporate social and environmental responsibility show that improving the quality of stakeholder relations positively and significantly affects company sustainability during the Covid-19 pandemic (Abdillah et al., 2022).

From the study and discussion of empirical research alignment to primary and secondary stakeholder actors, in this research socially and environmentally responsible companies are defined as companies that have capital in the form of intangible assets with the formation of social relational accumulation and moral legitimacy from the alignment of primary and secondary stakeholder relationships. With the definition and study of previous research, the hypothesis of the relationship between the alignment of primary and secondary stakeholders with companies that are specifically responsible and the environment in this dissertation is proposed as follows:

H$_3$: *The quality of primary corporate stakeholder relationship alignment (QPKP) has a significant effect on socially and environmentally responsible companies (SRCO).*

H$_4$: *The quality of secondary corporate stakeholder relationship alignment) QPKS) has a significant effect on socially and environmentally responsible companies (SRCO).*

2.3. Social Relational Capital

Social relational capital as one dimension of social capital as defined by Nahapiet and Ghoshal (1998) is a dynamic capability as defined by Dryer and Singh (1998) is an intangible asset that has a positive correlation to company performance. This is shown in several empirical studies in the form of building social cohesion (Hadi, 2019b), joint sense making, information sharing, and knowledge integration (Sukoco et al., 2018), and the utilization of social media and digital networks (Smith et al., 2017) by companies and executive managers (CEOs) significantly improve company performance (Ferris et al., 2017; Smith et al., 2017; Sukoco et al., 2018). In this study, it will then use an integrative approach of social relational capital from Coleman (1990), Field, Schuller, & Baron (2000) as quoted from Claridge (2020), namely social relational capital at the individual (micro), organizational (meso) and community (macro) levels (Claridge, 2020). Social relational capital in social networks has an influence because the ability to build relationships with stakeholders both primary and secondary (macro) will become social relational capital and the formation of trust (trust) executive manager (CEO). Social relational capital will make it easier for executive managers (CEOs) to align interests, resolve conflicts and cohesiveness in the decision-making process with the company's board of directors. While in research conducted by Fandino et al. (2015) social relational capital which in this case is the accumulation of alignment with stakeholders through corporate social and environmental responsibility activities in the form of professional network contacts owned by the CEO, by sharing information and knowledge (information and knowledge sharing), a trusted working environment (trusted working environment), mutual cooperation for mutual benefits (partnership mutual benefits), competitive advantages with their professional networks and stimulation of interaction and cooperation (Fandiño et al., 2015). With the discussion of stakeholder alignment discussed earlier, in this study the following hypotheses were proposed:

H$_5$: *The quality of primary company stakeholder relationship alignment (QPKP) has a significant effect on the CEO's social relational capital (CEOR).*

H$_6$: *The quality of secondary company stakeholder relationship alignment (QPKS) has a significant effect on the CEO's social relational capital (CEOR).*

H$_7$: *The CEO's social relational capital (CEOR) has a significant effect on socially and environmentally responsible companies (SRCO).*

2.4. Moral Capital

Previous studies have investigated the relationship between socially and environmentally responsible business practices and company performance and the factors that influence them, including CEO moral capital (Phillips, 2006). Research conducted by Basdeo, et al., (2006) namely the impact of market actions on firm reputation which found that the moral capital can affect the company's reputation and can also affect the company's environmental responsibility (Basdeo et al., 2006). In addition, moral capital and social relational capital are two concepts that are interrelated in the context of CEOs of socially and environmentally responsible companies. Social relational capital as mentioned earlier such as networking and connections with stakeholders, can serve as a source of moral capital for CEOs (Fandiño et al., 2015) (Greenwood & van Buren III, 2010) . Through interaction with individuals and groups in social capital, CEOs can accept and acquire moral values that can influence their decisions and behavior in social and environmental responsibility (Phillips, 2006). Through interaction with non-governmental organizations or communities, CEOs can understand better about relevant social and environmental issues, and accept moral values that lead to responsibility and sustainability (Waddock et al., 2002). However, several other studies show the opposite of moral capital as a driver of social capital. Strong moral capital can also be a driver for CEOs in building and strengthening their social capital. If CEOs have a high moral conviction in social and environmental responsibility, they may seek connections with people who share similar values and engage in groups or networks that focus on social and environmental initiatives (Phillips, 2006). Strong moral capital can assist CEOs in building and maintaining relationships with stakeholders who share values and a commitment to social responsibility. Thus, the synergy between social capital and moral capital: social capital and moral capital not only support each other, but also enhance each other. CEOs with strong social capital can leverage their networks and relationships to strengthen their moral capital, and vice versa (Fandiño et al., 2015; Miklian et al., 2017). CEO with a good reputation socially and morally, this can give them greater access to a network of stakeholders who share similar moral values and support social responsibility initiatives. Conversely, CEOs with strong social capital can help spread the company's moral values more widely through their networks, by building and influencing communities that support social and environmental responsibility (Fandiño et al., 2015; Phillips, 2006). From such empirical research as a whole, the social capital and moral capital of CEOs of socially and environmentally responsible companies are interrelated and influence each other. They can function with each other as sources of values, decisions, and behaviors that contribute to success in carrying out social and environmental responsibility, and in this study the following hypotheses were proposed:

H_7: *The quality of primary stakeholder relationship alignment (QPKP) has a significant effect on the CEO's moral capital (CEOM).*

H_8: *The quality of secondary stakeholder relationship (QPKS) alignment has a significant effect on the CEO's moral capital (CEOM).*

H_9: *The CEO's moral capital (CEOM) has a significant effect on the CEO's social relational capital (CEOR).*

H_{10}: *The CEO's social relational capital (CEOR) has a significant effect on socially and environmentally responsible companies (SRCO).*

H_{11}: *CEO moral capital (CEOM) has a significant effect on socially and environmentally responsible companies (SRCO).*

2.5. Process and Performance of the Board of Directors and Commissioners of the Company

Companies to be able to maintain sustainable performance must have a competitive advantage in the dynamic changes in the business environment. In developing competitive advantage, the company will exploit specific resource capabilities, both internal and external to the company. Starting from the theoretical concepts of Schumpeter (1934), Penrose (1959), Williamson (1975, 1985), Teece (1982), Wernerfelt (1984), Barney (1986), Teece (1997) developed a theory of dynamic capability namely the company's ability to integrate, build and reconfigure internal and external resources to respond to dynamic environmental changes. Thus, the company's competitive advantage lies in its managerial and organizational processes, which are formed by the position of its specific assets and available paths. The excellence of managerial and organizational processes in the form of the company's ability to establish relationships (relational capability) with internal and external companies is currently an important factor that determines the Company's performance (Barney, 2018; Chau & Witcher, 2008; Teece, 2014; Teece et al., 1997; Williamson, 2002)As shown in research by Bhinekawati (2017) that the process of corporate social capital accumulation through the institutionalization of social and environmental responsibility activities integrated in the company's business strategy is a dynamic capability of the company that significantly affects sustainable company performance (Bhinekawati, 2017). Another empirical research conducted by Akram et al. (2016) on 240 respondents of IT companies in China shows that relational leadership of company leaders positively and significantly affects the social relational of organizations or companies (Akram et al., 2016). Corporate social relations as one of the dimensions of social capital as defined by Nahapiet and Ghoshal (1998) is a dynamic capability as defined by Dryer and Singh (1998) are intangible assets that have a positive correlation to company performance. This is shown in several empirical studies in the form of building social cohesion (Hadi, 2019b), joint sense making, information sharing, and knowledge integration (Sukoco et al., 2018), and the utilization of social media and digital network (Miklian et al., 2017; Smith et al., 2017) by companies and executive managers (CEOs) of companies significantly improves Company performance (Ferris et al., 2017, 2020).

In the decision-making process of the board of directors and commissioners (board of directors and commissionair) within the company, the social relational accumulation of the company's board of directors and commissioners in aligning the different interests of the members of the board of directors and commissioners is in building cohesiveness, managing cognitive conflict (Forbes & Milliken, 1999; Levrau & Berghe, 2004) and open discussion of decision-making options (Levrau & Berghe, 2004; Pardis et al., 2016) that will affect the performance of the board of directors and commissioners. The performance of the board of directors and commissioners can be seen from how effective the company's strategic decision making is in the process of board meetings to develop alternatives and analysis of strategies and implementation of corporate social and environmental responsibility that will improve the Company's performance (Forbes & Milliken, 1999; I.-M. García-Sánchez & Araújo-Bernardo, 2020). Competence built through external relationships is a specific ability and difficult to replicate because it is an accumulation of intangible assets which according to Dyer and Singh (1998) involves the relational of individual companies with individuals or groups outside the organization. This intangible asset will also be a company-specific reputation in the form of relation-specific assets, knowledge-sharing routines, complementary resources and capabilities, and effective governance. Specific capabilities in building and aligning relationships dynamically will give the Company a competitive advantage (Dyer & Singh, 1998).

From the discussion of the previous research, the process and performance of the board in this study is defined as the mechanism and decision-making process of the board of directors and commissioners that are effective in managing conflict, utilize the skills, knowledge, and involvement of the board that results in decisions that meet the requirements of good corporate governance, namely transparency, accountability, responsibility, independence, and fairness. In the meso-scale approach of the board of directors' decision-making process within the company, the accumulation of social relational capital and the moral legitimacy of executive managers will make it easier for CEOs to align the disparate interests of board members and commissioners namely in building cohesiveness, managing cognitive conflict and open discussion of decision-making options that will affect the performance of the board of directors and commissioners. The performance of the board of directors and commissioners can be seen from how effective the company's strategic decision making is in the process of board meetings to develop alternatives and analysis of strategies and implementation of corporate social and environmental responsibility that will improve company performance. From the discussion of corporate governance theory and previous research, the process and performance of the board are defined as the decision-making mechanisms and processes of the board of directors and commissioners that are effective in managing conflicts, utilizing skills, knowledge, and board involvement that results in decisions that meet the requirements of good corporate governance, namely transparency, accountability, responsibility, independence, and fairness and put forward the following hypotheses:

H$_{12}$: *The CEO's social relational capital (CEOR) has a significant impact on the decision-making process of the Company's Board of Directors and Commissioners (BOPR).*

H$_{13}$: *The moral capital of the CEO (CEOM) has a significant impact on the decision-making process of the Board of Directors and Commissioners of the Company (BOPR).*

H$_{14}$: *Companies that are socially and environmentally responsible (SRCO) have a significant impact on the decision-making process of the Company's Board of Directors and Commissioners (BOPR).*

H$_{15}$: *The CEO's social relational capital (CEOR) has a significant impact on the performance of the Company's Board of Directors and Commissioners (BOPF).*

H$_{16}$: *The CEO's moral capital (CEOM) has a significant impact on the performance of the Company's Board of Directors and Commissioners (BOPF).*

H$_{17}$: *Companies that are socially and environmentally responsible (SRCO) have a significant impact on the performance of the Company's Board of Directors and Commissioners (BOPF).*

H$_{18}$: *The decision-making process of the Board of Directors and Commissioners of the Company (BOPR)significant impact on the performance of the Company's Board of Directors and Commissioners (BOPF)*

With a review of the literature that has been carried out and the hypotheses proposed as mentioned above, in this study a conceptual model was built as follows:

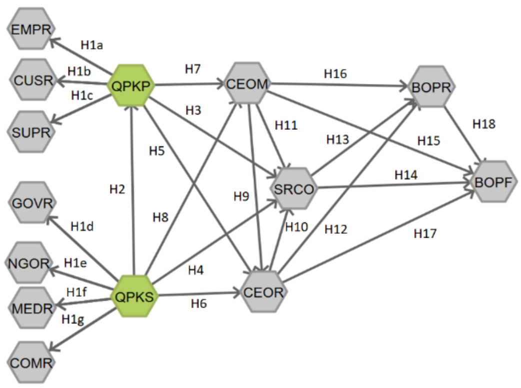

Fig. 1. Conceptual Model of Social Relational and Moral Capital on Board Process and Performance of Socially Responsible Company

3. Research Methods

Quantitative research is carried out to obtain primary data from respondents in the process of aligning the relationship of socially and environmentally responsible companies with various stakeholders, and their influence on the decision-making process for empirical testing of conceptual models and hypotheses that have been proposed in this study. Quantitative research is carried out using conceptual model variables as in Figure 1 above consisting of 1 (one) dependent variable, namely the Performance of the Company's Board of Commissioners and Directors (BOPF), 3 (three) independent variables, namely the CEO's social relational capital (CEOR), Moral Capital of CEOs (CEOM) and socially and environmentally responsible Companies (SRCO), and with 2 (two) second-order variables namely Quality of Primary Stakeholder Alignment (QKPP) and Quality of Secondary Stakeholder Alignment (QKPS). Each indicator of these operational variables is described based on references from the results of previous research as follows:

Quality of Primary and Secondary Stakeholder Alignment (QPKP and QPKS): Alignment carried out by the company through social and environmental responsibility with employees: commitment, trust, participation, attachment, and communication, customer completion, namely awareness, communication, participation, attachment, credibility and brand image and supplier alignment: implementation of ethical standards, long-term cooperation (Camilleri, 2016; S. Gunawan et al., 2020; Jääskeläinen et al., 2020; Koch et al., 2019; Pomering & Dolnicar, 2009; Slack et al., 2015). Furthermore, Alignment carried out by the company through social and environmental responsibility with government, non-government (NGO), media, community and society Government alignment: minimum implementation of compliance, volunteerism over compliance, maintaining harmonious relationships, multi-stakeholder collaboration, non-governmental alignment (NGO): collaboration of mutual profit, financial and resource support, creation of shared value and innovation, mobilization and stimulation of social and environmental change, Media alignment: disclosure of successes, increased credibility and legitimacy, media cooperation that is central and has a wide network, and Community and community alignment: focused, inclusive, collaborative and sustainable community development in empowering communities (Ball et al., 2018; Dharmapala & Khanna, 2018; Giamporcaro et al., 2020a; Knudsen, 2017a; Saxton et al., 2020).

CEO Social Relational Capital (CEOR) and CEO Moral Capital (CEOM)): The CEO's social relational capital includes operational indicators i.e. network contacts, information and knowledge sharing, partner trust, cooperation and mutual benefits, competitive advantage, teamwork, work environment, company value system (Fandiño et al., 2015), while CEO Moral Capital includes indicators namely network contacts, sharing information and knowledge, partner trust, cooperation and mutual benefits, competitive advantage, teamwork, work environment, company value system (Phillips, 2006). Furthermore, the decision-making process of the Board of Commissioners and Directors (BOPR) and the Kineja of the Board of Commissioners and Directors (BOPF): Decision making: effective use of skills, use of knowledge, strategic engagement of boards in managing conflict, utilization of skills, knowledge, and board involvement resulting in decisions that meet the requirements of good corporate governance and conflict management includes conflict norms, effort norms, cognitive conflict, cohesiveness, debate (Forbes & Milliken, 1999; Levrau & Berghe, 2004; Zhu et al., 2016). Furthermore, the performance of the Company's Board of Directors and Commissioners is measured using the principles of good corporate governance, namely: transparent, accountable, responsible, independent, fair in socially and environmentally responsible corporate governance.

For quantitative research, all of the above variables are obtained through perceptual measurements in the form of statement indicators of the variables studied with questionnaires using an ordinary scale of 1-10. The scale is used because the variable studied is the perception of respondents who are the top leaders of the company (members of the board of commissioners and CEO) with an average of higher education and experience, so it is expected that the data obtained can better describe the variables to be tested more accurately. The indicators of each variable can be seen in Appendix 1.

Furthermore, the primary data obtained from research in the form of questionnaires from respondents were carried out quantitative analysis using structural equation models (SEM) utilizing the GeSCA statistical data processing application (Hwang & Takane, 2004). GesCA can be applied to structural models either whose theoretical basis is well established as a confirmatory analysis method or to models whose theoretical basis is not yet established, to explore models with unestablished theories and to explain the presence or absence of relationships between latent variables. The use of component- or variant-based GesSCA does not require the assumption of a large sample number, the data must be normally distributed multivariate, the model must be based on theory and the existence of indeterminacy. In addition, GeSCA can also be used in structural models that include reflexive and/or formative indicators (Kusumadewi & Ghozali, 2013). The use of GeSCA by considering companies that are the object of research in this dissertation is limited to companies included in the SRI-KEHATI index which is relatively smaller than the sample required from the number of variables measured as suggested by Hair et al. (2018), which is 15 – 20 times the number of variables or in this study at least 90 – 120 samples (Memon et al., 2020). GesCA has an advantage in overcoming data that does not follow the normal distribution because it uses a robust estimator. Robust estimators, such as Maximum Likelihood Robust (MLR), can provide results that are more resilient to data that is not normally distributed or has outliers. Furthermore, there is a Bootstrap method in analysis with GesCA to generate confidence intervals and test hypotheses that are more resistant to normality assumptions. Bootstrap makes it possible to perform more robust estimation and more accurate inference, regardless of the form of data distribution. To see convergent validity is done by looking at the value of the loading factor of each indicator forming latent variables. A latent variable has good convergent validity if the loading factor value is more than 0.7 and is significant for models with a standard measurement scale, although according to Chin (1998) as quoted from Kusumadewi and Gozhali (2013) values of 0.5 – 0.6 are quite acceptable for the early stages of measuring scale development (Kusumadewi & Ghozali, 2013).

Furthermore, discriminant validity testing of measurement model indicators was carried out by comparing AVE (Average Variance Extracted) values, that is to test the discriminant validity of a variable whether all indicators of a variable or vice versa the indicator concerned is an indicator of another variable. The required AVE value is 0.50 or the square root of AVE (√AVE) must be greater from the correlation between the variable concerned with other variables. Next, composite reliability testing or variable reliability testing can be tested with Cronbach Alpha criteria. A variable is said to be reliable if the Cronbach Alpha value is above 0.70.

Structural model testing is carried out to determine the relationship between variables. Significance, is a measure for the prediction of causality (causality) relationships between latent variables. This technique is performed using t-statistical test parameters to predict the presence of causality relationships. The confidence level is 95% or α=0.05 with a table t value of 1.96 (Kusumadewi & Ghozali, 2013). Evaluation of the GeSCA model is carried out in three stages. First, an evaluation of the measurement model (outer model) was carried out by looking at convergent validity, discriminant validity, composite reliability, and average variance extracted and an evaluation of the inner model is carried out by looking at the path coefficient from the independent variable to the bound and looking at the significantly. Next, test the accuracy of the overall model (overall model fit) with four measurements, namely FIT which shows the proportion of total variance of the endogenous variable that can be explained by the model, AFIT which is an adjustment of FIT for model complexity or complexity, Goodness of Fit Index (GFI); and Standardized Root Mean Square Residual (SRMR). The closer to 1.0 then the three measures (FIT, AFIT and GFI) the better and if SRMR is close to zero then the better the model tested. Then the third stage is to look at the overall goodness fit model with FIT, AFIT, GFI, SRMR tests. Model precision is used with several types of measurement and testing models, namely FIT/AFIT, i.e. determining what percentage (%) of the model is able to explain data variations. The greater the FIT/AFIT, the greater the variance of the data that can be explained by the model. Furthermore, the GFI (Goodness of fit index) measurement is the size of the fit model, where the GFI value close to 1 is an indication of the good fit model >0.9. GesCA also uses SRMR (Standardized Root Mean Square Residuals), which is a fit model size, An SRMR value close to 0 is an indication of good fit model < 0.1. Finaly to test the clause relationship between variables and mediation factor testing following Wegener and Fabrigar (2000) carried out by examination and Sobel test.

The data used in this study consists of primary data obtained through questionnaires with respondents, namely members of the board of commissioners, executive managers (CEOs) and directors of companies that are the research sample, namely companies that are included in the SRI-KEHATI index of the Indonesia Stock Exchange for the research period 2010 – 2019. From the existing data, there are a total of 12 (twelve) companies that are continuously listed on the SRI-KEHATI index and 17 (seventeen) companies that entered and exited the SRI-KEHATI index during the period 2010 – 2019 from a total population of 650 companies listed on the IDX during the period. With a period of 10 (ten) years, it is expected to show the sustainability of the company's consistent performance of the board of directors and commissioners. To conduct empirical tests and generalizations of the proposed model, quantitative research was carried out with 180 respondents consisting of the board of commissioners, executive managers (CEO) and directors of the company who were willing to be respondents by direct interviews filling out questionnaires in the form of written statements which are known operational variables that are known and prepared based on previous research as will be discussed in the operational definition of variables and measurement of quantitative research variables. According to Finterbusch et al. (1983) quoted from Hadi (2019), the use of questionnaires guided in a direct interview can present high data and quality compared to interviews without direct interviews or online (Hadi, 2019a).

4. Research Results and Discussion

4.1. Validity and Adequacy of Sample Data

As mentioned earlier, in the research method, a minimum of 90-120 samples are required in order to be properly processed using GeSCA. However, with the level of difficulty experienced in obtaining minimal data where in this study only 40 respondents from 180 questionnaires were distributed to the Company's Board of Directors and Company Commissioners who is socially and environmentally responsible from companies included in the SRI KEHATI Index and recipients of the Ministry of Environment and Forestry's PROPER, then before data processing using GeSCA, the 40 respondents' data were duplicated randomly and checked the validity of the data using KNIME data analysis software. To ensure that the initial data and duplication data truly represent the population distribution and are statistically acceptable before being used in further analysis, statistical testing is carried out which can be done to validate the initial data and duplication data, namely by correlation test with KNIME flow as follows:

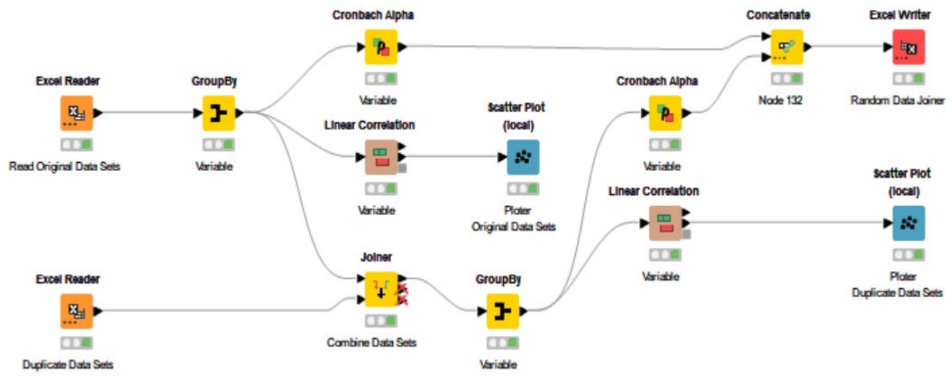

Fig. 2. KNIME Flow Correlation Testing and Cronbach Duplication of Data Sets

The test results are displayed in plot-scatter to see the results of the correlation test of the three data sets using the flow in KNIME as follows:

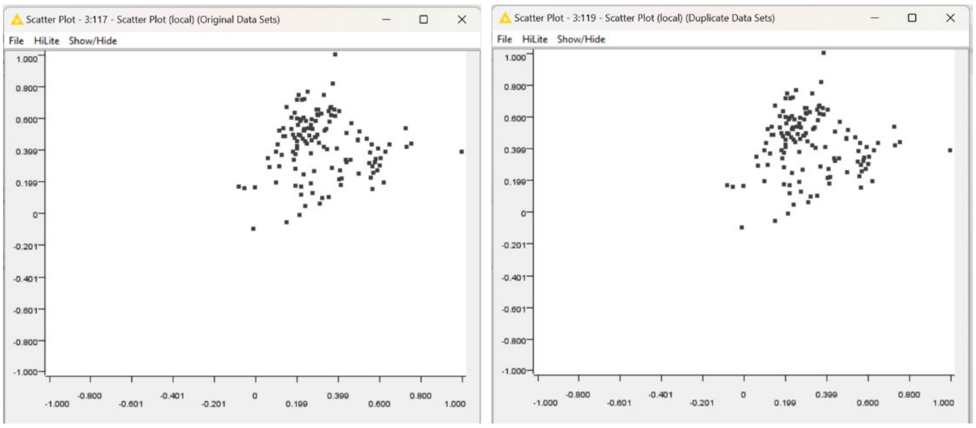

Fig. 3. Correlation Comparison of Original Data Sets, and Duplication of Data Sets.

In addition to comparing correlations, checking the validation of data sets is also done by comparing the value of composite reliability or testing the reliability of variables that can be tested with Cronbach Alpha criteria. By using the KNIME method as mentioned above, a comparison of the value of Cronbach Alpha original data sets and duplication of data sets is obtained as follows:

Table 1
Cronbach Alpha

Variable	Original Data Sets	Duplication of Data Sets
EMPR	0.9325	0.9325
CUSR	0.8255	0.8255
SUPR	0.7441	0.7441
GOVR	0.4013	0.4013
NGOR	0.8504	0.8504
MEDR	0.8446	0.8446
COMR	0.8754	0.8754
SRCO	0.8754	0.8754
CEOM	0.9746	0.9746
CEOR	0.9096	0.9096
BOPR	0.9846	0.9427
BOPF	0.8941	0.8941

From the Correlation Plotter test and Cronbach Alpha test, it shows that the duplication data does not change the original data set so that the duplicated data can be used for further data analysis to meet the adequacy requirements using GeSCA, namely the number of data samples between 90 – 120 data sets.

4.2. *Analysis and Discussion of Empirical Models*

By using GeSCA to perform analysis and empirical testing is carried out on indicators, variables and models as follows:

4.2.1. *Indicator Validity Test*

Using the indicators mentioned earlier, from the measurements made, most indicators meet the validity criteria significantly with a loading factor of > 0.7 as an indicator of the quality variable of the company's primary stakeholder relationship to employees, customers and suppliers as shown in Table 2 below.

Table 2
Loading Factors of First Order Variable Indicator Alignment of Primary Stakeholder Relationships

EMPR	Estimate	SE	CR	95%CI	
EMP4	0.88	0.03	30.21	0.81	0.92
EMP8	0.85	0.04	23.67	0.77	0.91
EMP9	0.77	0.04	20.18	0.70	0.85
EMP10	0.85	0.04	22.42	0.76	0.91
EMP11	0.85	0.02	42.65	0.81	0.89
EMP12	0.73	0.08	9.01	0.54	0.86
EMP13	0.86	0.03	26.97	0.79	0.91
EMP14	0.72	0.07	10.38	0.57	0.84
EMP15	0.79	0.07	10.92	0.61	0.89
EMP16	0.87	0.02	48.56	0.84	0.91
CUSR					
CUS17	0.86	0.03	30.61	0.79	0.90
CUS18	0.80	0.04	19.98	0.73	0.89
CUS26	0.77	0.05	14.45	0.64	0.85
CUS27	0.84	0.04	23.28	0.76	0.90
CUS29	0.90	0.02	40.77	0.84	0.93
CUS30	0.83	0.05	18.13	0.73	0.90
CUS31	0.76	0.05	14.28	0.65	0.85
SUPR					
SUP32	0.90	0.02	41.09	0.85	0.94
SUP33	0.94	0.01	71.92	0.91	0.96
SUP35	0.87	0.04	23.00	0.78	0.93

Some indicators do not meet the validity criteria as variables for aligning employee relations through corporate social and environmental responsibility including indicators of company commitment to employees (EMP1, EMP2, EMP3, EMP5) and indicators of company trust in employees (EMP6, EMP7) while in previous studies commitment and trust to employees (S. D. Hansen et al. 2011) will provide differentiation and identity values for companies in business competition as well as to get and maintain the best cutting board for the company. This research shows that for the executive management of the company to improve the quality of alignment of company and employee interests is not done by providing salaries that are higher than the industry average (EMP1), provide working time that does not exceed the laws and regulations (EMP2) and do not terminate employment (EMP3) and give confidence to employees to associate (EMP5). Further research needs to be done on these findings from an employee perspective while defining more appropriate indicators of company commitment and trust in employees.

Table 3
Factors Loading Indicators of First Order Variables
Secondary Stakeholder Relationship Alignment

	Estimate	SE	CR	95%CI	
GOVR					
GOV36	0.78	0.07	11.76	0.63	0.86
GOV37	0.86	0.02	37.52	0.81	0.91
NGOR					
NGO39	0.82	0.03	24.12	0.74	0.87
NGO40	0.84	0.03	29.07	0.78	0.89
NGO41	0.94	0.01	104.56	0.92	0.96
NGO42	0.84	0.03	29.86	0.80	0.91
MEDR					
MED43	0.89	0.02	40.45	0.84	0.93
MED44	0.94	0.01	72.38	0.91	0.96
MED45	0.89	0.03	35.64	0.84	0.93
COMR					
COM46	0.94	0.02	55.12	0.90	0.96
COM47	0.92	0.02	41.68	0.86	0.95
COM48	0.95	0.01	67.64	0.92	0.97

Similarly, for indicators of company relationship to customers, there are several indicators of customer communication (CUS19, CUS20, CUS21, CUS22), customer participation (CUS23, CUS24, CUS25), and customer engagement (CUS28) cannot meet the validity of the indicators, while previous research on improving the quality of corporate and customer relationship alignment was carried out through communication, awareness, advertising, company brand identification (Al-Ghamdi and Badawi 2019; Dang, Nguyen, and Wang 2020; Font and Lynes 2018; Pomering and Dolnicar 2009), customer participation and engagement (L M Edinger-Schons et al. 2019). Against this finding from a customer perspective considering that some of these indicators are very important in current information disclosure such as honesty in product information and confidential customer data as well as defining indicators of communication, participation and attachment of companies to customers that are more appropriate in future research. Furthermore, using the previously mentioned indicators, from the measurements made, most of the secondary stakeholder relationship alignment quality indicators meet the validity criteria significantly with a loading factor of > 0.7 as shown in Table 3.

There is one indicator of alignment of relations with the government (GOV38), namely companies maintaining harmonious relations with the government through the implementation of social and environmental responsibility that do not meet the criteria, the validity of indicators that are possible there is still a variety of government interventions in corporate social responsibility activities with the enactment of social and environmental responsibility laws (hard law) as shown in previous studies in various countries such as India (Dharmapala & Khanna, 2018), Indonesia (Hadi, 2019b), China (J. Wang et al., 2017), and the European Union (Brown & Knudsen, 2015; Kinderman, 2020; Knudsen, 2013, 2017b).

Table 4
Weights of Two-Order Variability Relationship Quality
Primary and Secondary Stakeholder Alignment

	Estimate	SE	CR	95%CI	
QPKP					
EMPR	0.455	0.046	9.89	0.367	0.548
CUSR	0.348	0.042	8.28	0.269	0.434
SUPR	0.302	0.029	10.41	0.234	0.351
QPKS					
GOVR	0.283	0.064	4.42	0.114	0.383
MEDR	0.345	0.042	8.21	0.258	0.425
COMR	0.344	0.036	9.55	0.281	0.428
NGOR	0.291	0.045	6.46	0.191	0.372

From Table 4 above, it can be seen that the contribution of influence strength is measured from the weight of each first order variable to the second order variable, whereas the quality of primary stakeholder relationship alignment shows that employee relationship alignment has a higher weight compared to the other two variables, namely customers and suppliers. This shows that the company's executive managers still see that relationships with their respective employees are the most important factor in the implementation of corporate social and environmental responsibility. This supports the research that employees as internal actors who can be well controlled by the company will act as co-benefactors and co-creators of corporate social and environmental responsibility (Bolton et al., 2011). Furthermore, for the quality of alignment of secondary stakeholder relations, alignment to the media and community is higher than to the government and NGOs. This supports previous research that the company's executive management focuses on the implementation of social responsibility until now on the community, Although previous research still shows a weak impact on sustainable community development due to lack of self-reliance, no start-up from scratch (nemu), no sustainability or stopping at the beginning, overlapping with other companies, not starting with good social mapping so that it is not inclusive, not focused and too many activities, and not empowering (Hadi, 2019b). However, on the other hand, this supports the results of the study that companies that succeed in carrying out social and environmental responsibility well will get wider media coverage, so as to increase trust, credibility, image, and corporate social capital (Grover et al., 2019) especially media coverage and social media that have a large network and become the center of social networks (social network centrality) to increase legitimacy, and build company reputation (Cahan et al., 2015).

The analysis of the next indicator for socially and environmentally responsible company variables, only some of the indicators used in this study meet the requirements of significant indicator validity with a loading factor of > 0.7 as shown in Table 5.

Table 5
Loading Factors of SRCO Variable Indicators

	Estimate	SE	CR	95%CI	
SRCO					
SRC49	0.89	0.02	49.50	0.85	0.92
SRC53	0.83	0.05	15.66	0.71	0.92
SRC57	0.75	0.10	7.40	0.52	0.93
SRC61	0.91	0.03	36.32	0.85	0.95
SRC62	0.84	0.03	28.90	0.78	0.89

Some other indicators that do not meet the validity requirements of indicators of socially and environmentally responsible companies include indicators of the dimension of promise fulfillment (SRC50), dimensions of corporate self-sacrifice (SRC51, SRC52), openness (SRC54), dimensions of humanity (SRC55, SRC56), dimensions of long-term attachment (SRC58. SRC59, SRC60), dimensions of social and environmental contribution (SRC63, SRC64, SRC65). The results of this study show that it is different from previous studies where as a form of corporate social and environmental responsibility fulfills promises to complete projects according to contracts and company executives sacrifice personal ownership in times of crisis, company executives bear the risks caused by company operations to losses experienced by stakeholders in the long run (Ahn & Park, 2018; Arenas et al., 2009; Ball et al., 2018; Cahan et al., 2015). Similarly, in openness, humanity and long-term attachment where in this study involves involving stakeholders in decision making, voluntarily facilitating the formation of trade unions, long-term cooperation ties to partners that are different from the results of previous research (Slack et al., 2015; Tran et al., 2021). Furthermore, in terms of long-term attachment with employees, it also shows different results in terms of companies distributing company profits to employees, implementing long-term bonds to employees and avoiding termination of employment in times of crisis (Ahn & Park, 2018; Ball et al. 2018). In terms of social and environmental contribution, the company develops the independence of the local community where the company runs its business, uses clean and renewable energy sources in running its business, contributes to the provision of clean water to the local community where the company runs its business also does not support previous research, This is possible because it is still not sustainable and previous research, this is possible because it still cannot be implemented sustainably for companies as mentioned by previous studies due to lack of self-reliance, no pioneering from scratch (nemu), no sustainability or stopping at the beginning activities, overlapping with other companies does not start with good social mapping so that it is not inclusive, not focused and has too many activities, and is not empowering (Hadi, 2019b). Further analysis of indicators for moral capital and social relational capital variables, most of the indicators used in this study meet the requirements of significant indicator validity with a factor or loading of > 0.7 as shown in Table-6. Only four moral capital indicators did not meet the criteria for indicator validity, namely indicators from the dimensions of transparency (CEOM76), centrality (CEOM78, CEOM79), and integrity (CEOM91).

Table-6 Loading Factors of CEOM Variable Indicator and CEOR Variable

CEOM	Estimate	SE	CR	95%CI	
CEOM69	0.76	0.04	17.32	0.66	0.84
CEOM70	0.79	0.02	32.83	0.74	0.84
CEOM71	0.71	0.04	20.34	0.64	0.78
CEOM72	0.83	0.03	29.61	0.77	0.88
CEOM73	0.87	0.03	27.09	0.80	0.92
CEOM74	0.90	0.02	42.95	0.85	0.94
CEOM75	0.84	0.03	30.14	0.78	0.89
CEOM77	0.84	0.03	32.19	0.78	0.88
CEOM80	0.88	0.02	58.93	0.86	0.92
CEOM81	0.84	0.04	20.88	0.75	0.91
CEOM82	0.85	0.03	30.32	0.79	0.90
CEOM83	0.81	0.03	27.90	0.75	0.87
CEOM84	0.86	0.03	28.57	0.79	0.91
CEOM85	0.90	0.02	56.19	0.87	0.93
CEOM86	0.89	0.01	63.50	0.87	0.92
CEOM87	0.85	0.03	32.62	0.79	0.89
CEOM88	0.87	0.03	29.97	0.81	0.92
CEOM89	0.85	0.03	25.00	0.78	0.91
CEOM90	0.90	0.02	39.04	0.85	0.94
CEOM92	0.91	0.02	47.89	0.87	0.94
CEOM93	0.88	0.02	40.18	0.84	0.92
CEOM94	0.84	0.03	33.40	0.78	0.88
CEOM95	0.85	0.02	38.59	0.81	0.89
CEOM96	0.92	0.02	51.06	0.88	0.95
CEOM97	0.92	0.02	48.37	0.88	0.95
CEOM98	0.86	0.03	31.93	0.80	0.91
CEOM99	0.90	0.01	63.93	0.87	0.92
CEOM100	0.98	0.01	195.20	0.97	0.98
CEOR					
CEOR101	0.89	0.03	31.93	0.83	0.95
CEOR102	0.85	0.03	25.76	0.78	0.91
CEOR103	0.79	0.03	24.75	0.73	0.86
CEOR104	0.91	0.02	47.63	0.86	0.94
CEOR105	0.92	0.02	61.40	0.89	0.95
CEOR106	0.94	0.02	62.60	0.91	0.97
CEOR107	0.90	0.02	50.11	0.86	0.94
CEOR108	0.86	0.03	31.89	0.81	0.91

Thus, for the variables of moral capital and social relational capital CEOs from the results of this study largely support previous research that leadership capital and ethical values of CEOs play an important role in determining business practices and commitment to environmental sustainability. Social relational capital as mentioned earlier such as networking and connections with stakeholders, through interaction with individuals and groups in social capital, CEOs can accept and acquire moral values that can influence their decisions and behavior in social and environmental responsibility (Choi & Wang, 2009). Similarly, social relational capital which in this case is the accumulation of alignment with stakeholders through corporate social and environmental responsibility activities in the form of professional network contacts owned by the CEO, by sharing information and knowledge (information and knowledge sharing), a trusted working environment, partnership mutual benefits, competitive advantages with their professional networks and stimulation of interaction and cooperation as shown by previous research (Fandiño et al., 2015). Further analysis of indicators for process variables and performance of the company's board of directors and commissioners, most of the indicators used in this study meet the requirements for significant indicator validity with a factor or loading of > 0.7 as shown in Table-7. Only four indicators of the decision-making process of the board of directors and commissioners did not meet the criteria for the validity of the indicators, namely indicators from the dimensions of conflict management (BOPR119, BOPR120), and use of knowledge (BOPR125).

Table 7
Loading Factors of BOPR and BOPF Variable Indicators

BOPR	Estimate	SE	CR	95%CI	
BOPR109	0.93	0.02	58.25	0.89	0.96
BOPR110	0.92	0.02	46.05	0.87	0.95
BOPR111	0.92	0.02	42.00	0.87	0.96
BOPR112	0.93	0.02	51.61	0.89	0.96
BOPR113	0.90	0.03	36.12	0.84	0.94
BOPR115	0.89	0.03	31.82	0.82	0.93
BOPR116	0.92	0.02	41.77	0.87	0.95
BOPR117	0.81	0.04	21.32	0.72	0.87
BOPR118	0.97	0.01	138.43	0.95	0.98
BOPR121	0.90	0.02	43.00	0.86	0.94
BOPR122	0.95	0.01	72.92	0.92	0.97
BOPR123	0.95	0.01	72.77	0.92	0.97
BOPR124	0.96	0.01	96.30	0.94	0.98
BOPR126	0.87	0.03	32.11	0.81	0.91
BOPR127	0.92	0.02	53.82	0.88	0.94
BOPF					
BOPF128	0.96	0.01	73.46	0.92	0.98
BOPF129	0.94	0.02	52.17	0.90	0.96
BOPF130	0.95	0.01	67.86	0.91	0.97

Thus, the results of this study support the results of previous research on the process and performance of the board of directors and commissioners, namely that in making decisions related to social and environmental responsibility, the board of directors and commissioners realize the importance of effective use of skills, use of knowledge, strategic involvement of the board in managing conflicts, utilize board skills, knowledge, and involvement resulting in decisions that meet the requirements of good corporate governance and conflict management including conflict norms, effort norms, cognitive conflicts, cohesiveness, debate (Forbes & Milliken, 1999; Levrau & Berghe, 2004; Zhu et al., 2016) in order to produce decisions of the board of directors and commissioners that can be accounted for in accordance with the principles of good corporate governance, namely: transparent, accountable, responsible, independent, fair in corporate governance that is socially and environmentally responsible and improves corporate performance (Forbes &; Milliken, 1999; I.-M. García-Sánchez et al., 2019).

4.2.2. Test Model Fits

Next, test the empirical model using all variables in this study, as shown in Table 8 below:

Table 8
Model fit measures

FIT	AFIT	FITs	FITm	GFI	SRMR	OPE	OPEs	OPEm
0.748	0.743	0.668	0.76	0.97	0.098	0.269	0.361	0.255

From the analysis of the model, it can be seen that the FIT value is 0.748 which shows that 74.8% of the variables used in can be explained by the model in this study, while 25.8% of other variables are not in this research model. This also shows the need for several indicators from variables to improve the validity of indicators in future studies as discussed earlier in indicator analysis. Furthermore, the GFI value is 0.97 or almost close to the value of 1, and the SRMR value of 0.098 is close to zero. Thus, the model used in this study meets the validity of a good model.

4.2.3. *Path Analysis*

Furthermore, in accordance with the objectives of the research to answer the previous research gap by exploring how the quality of stakeholder alignment carried out by the company through social and environmental responsibility, as well as testing the hypotheses that have been proposed previously and analytical predictive models to explain how the relational quality of stakeholders affects social relational capital and moral capital, strategic decision-making processes of the Board of Directors and Commissioners of the Company then a path analysis conducted with the following results and shown on empirical model as follows:

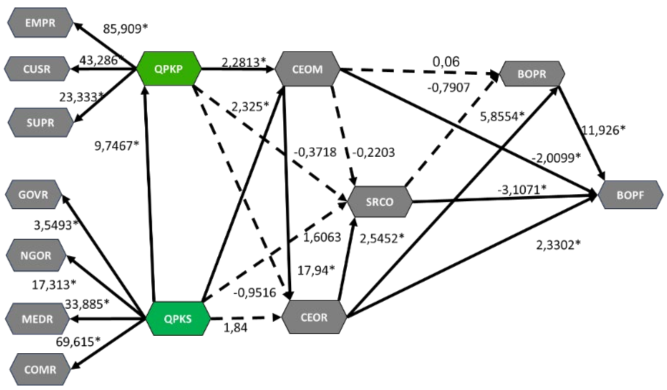

Fig. 4. Empirical Model of Quality Relationship of Corporate Stakeholder Alignment with Performance of Board of Directors and Commissioners of Socially and Environmentally Responsible Companies (*Significant in 95%)

Tabel 9
Path Analysis

	Estimate	SE	CR	95%CI		
QPKP→EMPR	0.945	0.011	85.91	0.921	0.967	Significant
QPKP→CUSR	0.909	0.021	43.28	0.864	0.948	Significant
QPKP→SUPR	0.84	0.036	23.33	0.747	0.894	Significant
QPKS→GOVR	0.504	0.142	3.55	0.164	0.726	Significant
QPKS→MEDR	0.881	0.026	33.88	0.825	0.925	Significant
QPKS→COMR	0.905	0.013	69.61	0.881	0.936	Significant
QPKS→NGOR	0.831	0.048	17.31	0.725	0.906	Significant
QPKS→QPKP	0.731	0.075	9.75	0.573	0.865	Significant

From the results as shown in the path analysis Table 9 above, this study shows that the hypothesis of the quality relationship of aligning the relationship of the company's primary and secondary stakeholders with employees, customers, suppliers, government, NGOs, media and community is proven and appropriate to support the theory and results of previous research. Thus, the hypothesis proposed is H1a: The quality of alignment of primary stakeholder relationships is significantly influenced by the alignment of company interests to employees, which supports previous research namely that employees are one of the actors in primary stakeholders who act as co-benefactors and creators (co-creators) of corporate social and environmental responsibility (Sharon C. Bolton, 1bKim, and O'Gorman 2011). Furthermore, the H1b hypothesis: The quality of primary stakeholder relationship alignment is significantly influenced by the alignment of company interests to customers, is also acceptable and supports previous research that customers are important actors for the sustainability of the company. Customers are directly involved in the value chain, value creation process by involving customers and other stakeholders in communication and decision-making, social and environmental responsibility (Laura Marie Edinger-Schons et al. 2020). Similarly, the H1c hypothesis: The quality of primary stakeholder relationship alignment is significantly influenced by the alignment of company interests to suppliers, is acceptable and supports previous research that suppliers are one of the important actors in the sustainability of the company. As part of the company's supply chain to create value, With globalization, building relational, networked and competitive long-term contracts with suppliers is important for companies (Jääskeläinen, Schiele, and Aarikka-Stenroos 2020; Saini 2010; Tseng, Lim, and Wong 2015) Among them through the implementation of ethical standards and environmentally friendly products, occupational security and safety, and social and environmental responsibility in the company's global supply chain (Jajja et al. 2020; Tseng, Lim, and Wong 2015) so that the formation of social relational capital of suppliers and companies (Jääskeläinen, Schiele, and Aarikka-Stenroos 2020) will improve corporate image, efficient supply chain costs, provide competitive advantage and the sustainability of the Company.

The same results were shown from this study for the quality of secondary stakeholder welds where the H1d hypothesis: The quality of secondary stakeholder relationship alignment was significantly influenced by the alignment of corporate interests to the government, H1e: The quality of secondary stakeholder relationship alignment is significantly affected by the alignment of corporate interests to the government of non-governmental institutions (NGOs), H1f: The quality of secondary stakeholder relationship alignment is significantly affected by the alignment of corporate interests to the media: The quality of alignment of secondary stakeholder relationships is significantly influenced by the alignment of company interests with government non-governmental organizations (NGOs), H1g: The quality of secondary stakeholder relationship alignment is significantly influenced by the alignment of corporate interests to the media, and H1h: The quality of secondary stakeholder relationship alignment is significantly influenced by the alignment of company interests to the community is acceptable and supports the results of previous research. As previous research, the alignment of corporate social and environmental responsibility to the government varies from the level of compliance with regulations, to the implementation of social and environmental responsibility exceeding the required level of compliance (beyond compliance) (Ball et al. 2018; Dentchev, Haezendonck, and van Balen 2015; Hadi 2019b; Kourula et al. 2019) This research shows that the implementation of social and environmental responsibility to the government is still limited to compliance.

Similarly, the H2 hypothesis that the quality of secondary stakeholder relationship alignment has a significant effect on the quality of primary stakeholder relationship alignment is acceptable and supports the results of previous studies even though actors outside the company who do not have formal contractual ties with the company affect actors within the company (employees and management) as well as actors outside the company who have formal ties with the company (customers and suppliers) who are the main liaison of the company in the implementation of social and environmental responsibility with the government, NGO institutions, media and community (Sharon C. Bolton, Kim, and O'Gorman 2011; Camilleri 2016; Kaźmierczyk, Tarasova, and Andrianova 2020; Slack, Corlett, and Morris 2015). The results of this study also show that improving the quality of secondary stakeholder relationships with the media that provide a more transparent source of information, can be used by primary stakeholders, customers and suppliers as a source of balancing information and clarifying information on corporate sustainability reports related to corporate social and environmental responsibility (Dunn, Katherine; Harness 2019; S Kim, Kim, and Sung 2014; Saxton, Ren, and Guo 2020) from the Company's activities that successfully carry out social and environmental responsibilities well which increase the trust, credibility, image, and social capital of the Company by customers (P Grover, Kar, and Ilavarasan 2019; S Y Lee, Zhang, and Abitbol 2019) and increase legitimacy, and build the company's reputation (Cahan et al. 2015) in the eyes of customers and suppliers with wider media coverage, especially media coverage and social media that have networks which is large and becomes the center of social networks (social network centrality). Furthermore, the path analysis to show the relationship between the quality of alignment of primary and secondary stakeholder relationships between the CEO and the Company is shown in the following Table 10:

Tabel 10
Path Analysis

	Estimate	SE	CR	95%CI		
QPKS→CEOM	0.372	0.16	2.325	0.061	0.706	Significant
QPKP→CEOM	0.365	0.16	2.28	-0.034	0.569	Significant
QPKS→CEOR	0.138	0.075	1.84	-0.053	0.257	Not significant
QPKP→CEOR	-0.059	0.062	-0.95	-0.144	0.096	Not significant
QPKS→SRCO	0.257	0.16	1.61	0.036	0.721	Not significant
QPKP→SRCO	-0.058	0.156	-0.37	-0.456	0.174	Not significant
CEOM→CEOR	0.897	0.05	17.94	0.745	0.96	Significant
CEOM→SRCO	-0.065	0.295	-0.22	-0.856	0.297	Not significant
CEOR→SRCO	0.761	0.299	2.54	0.38	1.53	Significant

In contrast to previous studies, the quality of alignment of primary and secondary stakeholder relationships is not significant to the social capital of the CEO and the Company while rejecting the H3, H4, H5 and H6 hypotheses. This does not support the results of previous studies that the quality of stakeholder alignment, both personal and secondary, has a significant impact on the CEO's relational sausage capital and Companies where in previous studies using the integrative approach of social relational capital from Coleman (1990), Field, Schuller, &; Baron (2000) as quoted from Claridge (2020) that individual-level (micro) social relational capital (Claridge, 2020) in social networks has an influence because the ability to build relationships with stakeholders both primary and secondary (macro) will be the capital for the formation of trust (trust) executive managers (CEO) and social relational capital will make it easier for executive managers (CEOs) to align interests, resolve conflicts and cohesiveness in the decision-making process with the company's board of directors. However, the quality of primary and secondary stakeholder relationship alignment significantly has a positive effect on CEO morale, thus at the same time the H7 and H8 hypotheses are accepted. The results of this study support previous research supporting research findings by Wang and Choi (2019) that the CEO's moral capital is the CEO's leadership and ethical values play an important role in determining business practices and social commitments to environmental sustainability. From this research it was also obtained that the CEO's moral capital has a significant and positive effect on the CEO's social capital and at the same time the H9 hypothesis: The CEO's moral capital has a significant effect on the CEO's social relational capital is acceptable. Thus, empirically these results support previous research that moral capital is a driver of CEO social capital. CEOs who have a high moral belief in social and environmental responsibility will seek connections with people who share similar values and engage in groups or networks that focus on social and environmental initiatives (Wang dan Choi 2019). From this study, the relationship between micro variables (CEO capital) and meso variables (companies) shows that CEO moral capital does not significantly affect socially responsible companies while rejecting the H11 hypothesis that CEO moral capital has a significant effect on socially and environmentally responsible companies. The results of this study are different from previous studies in that strong moral capital is positively related to the company's environmental commitment and business sustainability performance, positively affecting the company's environmental responsibility through corporate environmental responsibility practices and corporate environmental strategies. (Chen, C., & Chen, C.Y. 2020; Wu, Y., Zhang, Y., & Shao, X. 2020; Michelon, G., Pilonato, S., & Ricceri, F. 2015), and the adoption of environmental practices by the company as part of its social responsibility can reduce the risk of the company can assist the CEO in building and maintaining relationships with multiple stakeholders who share values and commitment to social responsibility (Basdeo, D.K., Smith, K.G., Grimm, C.M., Rindova, V.P., & Derfus, P.J. 2006). However, on the other hand, the CEO's relational social capital has a positive effect on socially and environmentally responsible companies while accepting the H10 hypothesis that the CEO's social relational capital has a significant effect on socially and environmentally responsible companies on the other hand. Thus, these results support previous research. Furthermore, the analysis of the relationship between the social capital of the CEO, the moral capital of the CEO and the Company and the process and performance of the Company's board of directors and commissioners is shown in Table 11 below:

Tabel 11
Path Analysis

	Estimate	SE	CR	95%CI		
CEOM→BOPR	0.06	0.147	0.408	-0.211	0.381	Not significant
CEOR→BOPR	0.972	0.166	5.855	0.557	1.216	Significant
SRCO→BOPR	-0.136	0.172	-0.79	-0.346	0.371	Not significant
CEOM→BOPF	-0.406	0.202	-2.00	-0.964	-0.131	Significant
CEOR→BOPF	0.494	0.212	2.33	0.194	1.053	Significant
SRCO→BOPF	-0.174	0.056	-3.11	-0.308	-0.076	Significant
BOPR→BOPF	0.966	0.081	11.92	0.789	1.118	Significant

The CEO's moral capital and the Company's alignment through social and environmental responsibility do not significantly affect the decision-making process of the board of directors and commissioners, while the CEO's social relational capital has significant effect on the decision-making process of the Company's board of directors and commissioners. Thus, from this research, the H14 hypothesis that Socially and environmentally responsible companies has a significant influence on the decision-making process of the Board of Directors and Commissioners of the Company and the H16 hypothesis that the CEO's moral capital has a significant influence on the performance of the Company's Board of Directors and Commissioners is rejected, while the H15 hypothesis that the CEO's social relational capital has a significant impact on the performance of the Company's Board of Directors and Commissioners is accepted. These results are in contrast to previous studies showing that moral values can influence top level management decisions and CEOs can understand better about relevant social and environmental issues, and accept moral values that lead to responsibility and sustainability (Waddock et al., 2002). Similarly, at company level, this study also has different result with previous study that company with socially and environmentally responsible is significantly effect on how effective the company's strategic decision making is in the process of board meetings to develop alternatives and analysis of strategies and implementation of corporate social and environmental responsibility that will improve the Company's performance (Forbes & Milliken, 1999) (I.-M. García-Sánchez & Araújo-Bernardo, 2020). Further analysis on the effect of CEO moral (individual level) and socially and environmentally responsible company (company level) on board performance show difference result with previous studies where in this study, CEO moral and socially and environmentally responsible company has significantly negative effect on board performance, while previous studies show that strong moral capital is positively related to the company's environmental commitment and business sustainability performance, positively affecting the company's environmental responsibility through corporate environmental responsibility practices and corporate environmental strategies. (Chen, C., & Chen, C.Y. 2020; Wu, Y., Zhang, Y., & Shao, X. 2020; Michelon, G., Pilonato, S., & Ricceri, F. 2015). Despite the above contradictory result, this study shows that the CEO relational social has a positive significant effect on board performance, hence hypothesis H15: The CEO's social relational capital has a significant impact on the performance of the Company's Board of Directors and Commissioners is accepted. This study support previous research that relational social capital of the CEO building cohesiveness and managing cognitive conflict through sharing of information and knowledge whenever needed by the company, establishes personal relationships that foster a trusted working environment, prioritizes cooperation to help each other for mutual benefits, has a competitive advantage with the professional network and identified with teamwork prioritizes a work environment that stimulates interaction and collaboration that will affect the performance of the board of directors and commissioners (Forbes & Milliken, 1999) (Levrau & Berghe, 2004) and open discussion of decision-making options (Levrau & Berghe, 2004) (Pardis et al., 2016).

4.2.4. Mediation Analysis

From the empirical model mentioned above, there are several hypotheses that are not proven to have a direct influence relationship and to test whether there are mediation factors, a mediation analysis test is carried out with the following results:

Table 10
Mediation analysis

Paths	Estimate	SE	CR	95%CI		Results
QPKP → CEOM → CEOR → SRCO	0.249	0.19	1.31	-0.048	0.68	Not significant
QPKS → CEOR → SRCO	0.105	0.073	1.44	-0.068	0.243	Not significant
QPKS → CEOM → CEOR → SRCO	0.254	0.179	1.42	0.026	0.723	Not significant
QPKS → QPKP → CEOM → CEOR → SRCO	0.182	0.148	1.23	-0.04	0.502	Not significant
QPKP → CEOM → CEOR	0.327	0.145	2.26	-0.032	0.519	Significant
QPKS → QPKP → CEOM → CEOR	0.239	0.109	2.19	-0.027	0.392	Significant
CEOM → CEOR → SRCO	0.683	0.292	2.34	0.317	1.447	Significant
CEOM → CEOR → BOPR	0.872	0.156	5.59	0.488	1.113	Significant

From the results of the analysis, the mediating role of CEO moral capital and CEO relational capital, both individually and simultaneously, does not significantly mediate the relationship between the quality of primary stakeholder alignment (QPKP) and the quality of secondary stakeholder relationship alignment (QPKS) to the level of socially and environmentally responsible companies. However, the CEO's moral capital mediates significantly the relationship at the individual level between the quality of primary stakeholder alignment and the quality of stakeholder relationship alignment, that is, to the CEO's relational capital. The results of this study show that the CEO's moral capital mediates significantly to the CEO's relational capital but not significantly to the level of the company that is socially and environmentally responsible. The analysis also shows that there is a significant role mediating the quality of primary alignment together with the CEO's moral capital on the quality of secondary stakeholder alignment to the CEO's relational capital. With these results, it reinforces the results of previous analysis that improving the quality of primary stakeholder relationships with employees, customers and suppliers and the quality of secondary stakeholder alignment have more influence on the CEO's individual capital level, both moral capital and CEO relational capital, but does not directly affect significantly at the company level. This shows in the practical business world the important role of top level management or CEO on the Company's performance as in theory and supports some empirical research in the form of building social cohesion (Hadi 2019b), joint sense making, information sharing, and knowledge integration (Sukoco, Hardi, and Qomariyah 2018), and the use of social media and digital networks (Smith, Smith, and Shaw 2017) by companies and executive managers (CEOs) significantly improve company performance (Ferris, Javakhadze, and Rajkovic 2017; Hadi 2019b; Smith, Smith, and Shaw 2017; Sukoco, Hardi, and Qomariyah 2018) as previously outlined.

5. Conclusions and Recommendations

In this study we discover that there is significant relationship between the quality of stakeholder relationship boot primary and secondary to the CEO moral and relational capital (individual capital) but the quality of stakeholder relationship is not significant to Socially and Environmentally Responsible Company (company level). The results also show that the CEO moral and relational capital do not significantly mediate the relationship of quality stakeholder relationship to Socially and Environmentally Company. However, CEO moral and relational capital has significantly affected the Socially and Environmentally Company, therefore it shows that the role of CEO is important to the company's decision on the social and environmental responsibility of the company. The results show that the CEO relational capital (individual level) has significant effect on board process and board performance, while CEO moral capital (individual level) and Socially and Environmentally Responsible Company (company level) has significant effect on board performance but it is not significant to board process directly. Further mediation analysis shows that the CEO relational capital has significantly mediated the relationship of CEO moral capital (individual level) and Socially and Environmentally Responsible Company (company level) has significant effect on board process. The evidence suggests that the CEO relational capital is significantly important for both at individual and company level for socially and environmentally responsible companies.

The findings of this study suggest that the board process and performance of a socially and environmentally friendly company has to have a CEO that builds continuous relationship quality with various stakeholders in both the environmental and social dimensions, resulting in increased CEO relational social capital and moral capital. Thus, this study offers insights to researchers interested in the development of administrative science and corporate business governance, corporate business morals and ethics, and corporate social and environmental responsibility. Our evidence suggests that increases in quality of stakeholder relationships are an important channel through which board process and performance can increase shareholder value. In addition, our findings suggest that the effectiveness of building relational social and moral capital is important to CEO on board process and performance. Therefore, in managerial practice this study contributes strategic guidelines for executive managers (CEOs) of companies in managing and aligning company business stakeholders in an effort to improve competitiveness and sustainable company performance as well as being practical guidelines for shareholders (as principals) in selecting and determining executive managers (as agents) based on the social and moral capital of individual executive managers. To explore further the role of CEO relational and CEO Moral capital on board process and performance as well as on company social and environmental performance, we suggest a qualitative approach to validate the empirical model of this study and gain more insight in the boardroom decision making process.

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Appendix 1: Research Variable and Indicators

Quality of Primary Stakeholder Relations (QPKP)

EMP1: The company provides salaries and benefits to employees above the industry average

EMP2: The company applies employee working hours that do not exceed applicable laws and regulations

EMP3: The company provides job guarantees by not laying off employees

EMP4: The company facilitates employees for self-development and work-life balance

EMP5: The company ensures a work environment that meets occupational health and safety requirement (health and safety requirements)

EMP6: Companies provide support to employees to join trade unions

EMP7: The company provides confidence to employees in implementing corporate social and environmental responsibilities.

EMP8: The company provides encouragement to employees in making corporate social and environmental responsibility decisions.

EMP9: The company provides encouragement to employees to provide suggestions regarding corporate social and environmental responsibility

EMP10: The company provides rewards to employees for collaborative initiatives in implementing the company's social and environmental responsibilities.

EMP11: The company includes social and environmental responsibility activities as part of its new employee orientation program.

EMP12: The company makes social and environmental responsibility part of the company culture

EMP13: The company involves employees in social and environmental responsibility volunteerism activities towards company stakeholders.

EMP14: The company provides substantial information disclosure (openness) regarding the implementation of social and environmental responsibilities by the company that employees need to know.

EMP15: The company provides employees with the opportunity to provide input (feedback) on the implementation of social and environmental responsibility by the company

EMP16: The company provides an effective means for employees to voice their employees' concerns.

CUS17: The company provides awareness to customers that the company has a social contribution initiative in empowering local communities

CUS18: The company makes awareness to customers that the company has environmentally friendly practice initiatives (green practices)

CUS19: The company provides honest information about products and services to customers
CUS20: The company has information standards for handling customer complaints
CUS21: The company makes maximum efforts to understand customer needs
CUS22: The company safeguards customer confidentiality and privacy
CUS23: The company accepts social donations from customers in the implementation of social and environmental responsibility by the company
CUS24: The company invites customers to seminars on environmental issues and conservation sponsored by the company
CUS25: Companies involve customers in the company's dissemination of social and environmental responsibility information and content
CUS26: The company develops social and environmental responsibility practices that show appreciation for customer needs.
CUS27: The company develops environmentally friendly products with input (feedback) from customers.
CUS28: The company involves customers in programs, events, volunteerism and social and environmental responsibility towards company stakeholders.
CUS29: The company improves its brand image through products that pay attention to health and environmentally friendly aspects.
CUS30: Companies build credibility and brand image through social and environmental responsibility programs that promote the welfare of society (promote the well-being of the society)
CUS31: Companies build credibility and brand image by investing to create a better life for future generations.
SUP32: The company applies ethical standards of social and environmental responsibility to suppliers
SUP33: The company applies environmentally friendly standards and renewable resources to suppliers
SUP34: The company builds competitive long-term cooperation with suppliers
SUP35: Companies share information and engage suppliers in corporate social and environmental responsibilities

Quality of Secondary Stakeholder Relations (QPKS)
GOV36: The company carries out social and environmental responsibility as a minimum implementation of compliance required by the government in accordance with Laws and other relevant Government Regulations
GOV37: The company carries out social and environmental responsibilities voluntarily beyond compliance required by the government.
GOV38: The company maintains harmonious relations with the government through implementing social and environmental responsibilities
NGO39: Companies collaborate on mutual benefits with non-governmental organizations (NGOs) in carrying out social and environmental responsibilities
NGO40: The company carries out social and environmental responsibility by providing financial support and resources to NGOs.
NGO41: Companies collaborate with NGOs to create joint value and innovation through social and environmental responsibility.
NGO42: Companies together with NGOs mobilize and stimulate social and environmental change (such as reducing social inequality, preserving the environment, etc.)
MED41: Companies use the media to reveal the success of their social and environmental responsibilities.
MED42: The company increases credibility and legitimacy through collaboration with the media in implementing social and environmental responsibilities.
MED43: The company collaborates with media which is the center and has a wide network.
COM46: The company carries out community development with a focus through social and environmental responsibility.
COM47: The company carries out inclusive community and community development through social and environmental responsibility.
COM48: The company carries out collaborative and sustainable development in empowering communities and society.

Socially and Environmentally Responsible Company (SRCO)
SRC49: The company delivers on promises made to stakeholders
SRC50: The company fulfills its promise to complete the project according to the contract even in crisis conditions
SRC51: Corporate executives sacrifice personal ownership when the company experiences a crisis
SRC52: Company executives bear the risks resulting from company operations resulting in losses experienced by stakeholders in the long term
SRC53: The company discloses information openly to stakeholders
SRC54: Companies involve stakeholders in decision making
SRC55: Companies voluntarily facilitate the formation of labor unions
SRC56: The company distributes company profits to employees
SRC57: The company provides equal employment opportunities
SRC58: The company implements long-term ties to employees
SRC59: The company implements long-term cooperative ties with work partners
SRC60: Companies avoid layoffs when the company experiences a crisis

SRC61: The company complies with the social value system that applies in the community where the company carries out its business
SRC62: The company maintains and prevents environmental damage in carrying out its business
SRC63: The company develops the independence of local communities where the company carries out its business
SRC64: The company uses clean and renewable energy sources in running its business
SRC65: The company contributes to providing clean water to local communities where the company carries out business

CEO Moral Capital (CEOM)
CEO66: The CEO sets high standards by not tolerating fraudulent company financial reporting
CEO67: CEO sets high standards with environmentally friendly company management (4R: reduce, reuse, recycle, replace)
CEO68: CEO implements high standards to ensure work safety and security (zero accident)
CEO69: The CEO sets the company's standard communication policies
CEO70: The CEO sets communication standards to the public
CEO71: The CEO sets corporate reporting communications standards
CEO72: The CEO consistently implements the company's business operational standards
CEO73: The CEO consistently applies standards to employees, managers and company executives
CEO74: The CEO consistently applies standards to customers, suppliers and work partners
CEO75: The CEO shows transparency by following up on input on the implementation of company standards
CEO76: The CEO demonstrates transparency by being willing to openly accept criticism of the company's implementation of standards
CEO77: The CEO shows transparency by disclosing the true facts of violations of company standards
CEO78: The CEO is professional and responsible
CEO79: The CEO is a respected representative of the company
CEO80: The CEOs lead by example
CEO81: The CEO is proactive
CEO82: The CEO has a problem-solving orientation
CEO83: The CEO is responsive to ethical issues
CEO84: The CEO understands his limitations
CEO85: The CEO values different opinions
CEO86: The CEO differentiates between personal and company interests
CEO87: The CEO has priority in solving company problems
CEO88: The CEO values diversity
CEO89: The CEO shows concern for employees at the lowest level
CEO90: The CEO has integrity in resolving conflicts
CEO91: The CEO has integrity in establishing relationships with stakeholders
CEO92: The CEO has integrity in treating stakeholders
CEO93: The CEO resolves conflicts by showing respect for all parties
CEO94: The CEO pays respect to the communities in which the company operates
CEO95: The CEO shows respect to all parties
CEO96: The CEO resolves conflicts fairly
CEO97: The CEOs treat their employees fairly
CEO98: The CEO gives rewards fairly
CEO99: The CEO maintains moral principles in establishing relationships with all parties.
CEO100: The CEO maintains high morale in resolving conflicts

CEO Relationals Capital (CEOR)
CEO101: The CEO gets important information for the company through his professional network contacts
CEO102: The CEO encourages sharing of information and knowledge whenever needed by the company
CEO103: The CEO establishes personal relationships that foster a trusted working environment
CEO104: The CEO prioritizes cooperation to help each other for mutual benefits (partnership mutual benefits)
CEO105: The CEO has a competitive advantage with the professional network he has
CEO106: The CEO is identified with teamwork
CEO107: The CEO prioritizes a work environment that stimulates interaction and collaboration
CEO108: The CEO applies corporate values which are communicated easily to understand

Board Process (BOPR)
BOPR109: In board meetings decision making is carried out without any conflict of personal interests of board members.
BOPR110: In board meetings decision making is carried out fairly by considering all company stakeholders.
BOPR111: In decision-making board meetings all board members ensure preparation and carefully scrutinize the information provided by the company before the meeting.
BOPR112: In decision-making board meetings, all board members research and understand issues relevant to the company.

BOPR113: In decision-making board meetings, all board members participate actively during the meeting to produce good decisions.
BOPR114: In decision-making board meetings, all board members carry out resource and risk analysis to produce good decisions.
BOPR115: In board meetings decision making is carried out by utilizing different perspectives, opinions and ideas to produce the best decisions.
BOPR116: In board meetings, decisions are made with various alternatives and a diversity of solutions through a careful evaluation process that takes all stakeholders into consideration.
BOPR117: Council members attend with full enthusiasm without even being absent (absenteeism) at council meetings.
BOPR118: At the council meeting, the decisions made did not give rise to certain camps or factions within the council.
BOPR119: In board meetings, decision making considers the integrity and continuity of board members on an ongoing basis.
BOPR120: In board meetings and decision making is carried out through healthy debate.
BOPR121: In board meetings decisions are made more through deliberation than through voting.
BOPR122: In board meetings all participants understand the areas of expertise of each other board member.
BOPR123: In decision-making board meetings, all participants use skills (use of skills) relevant to the problem to produce the best decision.
BOPR124: In decision-making board meetings, all participants use knowledge (use of knowledge) that is relevant to the problem to produce the best decision.
BOPR125: In board meetings an assessment of the company's strategic options is carried out by integrating relevant information from the experience of each board member.
BOPR126: In board meetings the formulation, development and change of the company's strategic policies involves all board members.
BOPR127: In board meetings all board members have equal influence on the company's strategic social and environmental responsibility decisions.

Board Performance (BOPS)
BOPS128: The board of commissioners successfully carried out its function of supervising the CEO and board of directors
BOPS129: The board of commissioners successfully carried out its function of providing advice to the CEO and board of directors
BOPS130: The board of commissioners successfully carried out its strategic role and involvement in formulating company vision, mission and strategy.