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Green Accounting Disclosure As A Determinant Of Financial Report Performance And Company Value, Best Manufacturing Companie Based On Forbes Indonesia Magazine

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Abstract

This research aims to determine and explain the effect of green accounting disclosure variables on company financial performance and firm value. This type of research used in this research is quantitative research. The variables in this study are green accounting disclosure as the independent variable, company financial performance and firm value as the dependent variable. This study uses secondary data on the 50 best manufacturing companies based the Indonesian Forbes magazine that participated in the PROPER program. The results show that: there is no significant effect between Green Accounting Disclosure on Company Financial Performance and there is a significant negative effect between Green Accounting Disclosure on Firm Value.

INTRODUCTION

The aim of establishing a company in general is to maximize profits, company value, and expand the company so that the company can expand market operations that can be carried out by the company concerned. Behind the concept of profit maximization carried out by the company, the company also has the aim of improving the Company's Financial Performance, this has a direct impact on excessive utilization of the natural resources used, even though the available natural resources are very limited to meet human needs and require a lot of time. long enough to renew it (Lako, 2018).

Therefore, green accounting has emerged as a solution besides government policy, as a mediator between companies carrying out activities that have a direct impact on the environment and the communities affected by it. Where green accounting not only charges, but also recognizes CSR (Corporate Social Responsibility) activities, as assets on the balance sheet (Lako, 2018).

Green Accounting and reporting Green Accounting information, apart from having an important and strategic role for external parties in assessing and making economic and non-economic decisions, also plays an important role for management and employees in assessing performance, making managerial decisions, and taking action- operational actions to encourage corporations to further improve their performance and value (Lako, 2018).

Currently, there has been a lot of research regarding the influence of Green Accounting disclosure on its impact on the value and performance of the company with research results that are still diverse and different research objects, including, (Susanti, 2019) researching the influence of disclosure of Corporate Social Responsibility and Corporate Financial Performance on company value, with the results of Corporate Social Responsibility disclosure having no effect on company value.

Suaidah (2018) examined the influence of environmental accounting disclosures and share ownership on company value through financial performance, with the results that environmental accounting disclosures had a significant effect on company value. (Buana, 2017) researched the influence of environmental costs on company financial performance and company value, with the results that the environmental cost variable as one of the green accounting components had a negative effect on company financial performance and was not significant on company value.

Dirgantari (2016) examined the analysis of the effect of implementing green accounting on corporate financial performance, with the results that environmental accounting disclosures did not have a positive effect on the company's corporate financial performance. (Lestari, 2017) researched the Effect of Environmental Accounting Disclosure on Company Financial Performance, with the results that Environmental Performance as a component of Green Accounting Disclosure had a significant effect on Company Financial Performance.

Referring to the results of previous research that has been carried out, although there are differences in the results of the hypotheses, it appears that the empirical evidence shows how important Green Accounting disclosure is, in relation to company sustainability, the author is of the view that Green Accounting disclosure is will really have quite a dominant influence, to increase the Company's Financial Performance and the Value of the Company, especially in the current digital business era, because of course, currently stakeholders are not only thinking about commercial elements, but also thinking about how the environment is preserved linearly. with the profits or benefits obtained by the company, whether in financial, environmental or social terms.

Green Accounting is a new paradigm in accounting which advocates that the focus of the accounting process should not only be on financial transactions, events or objects, but also on social and environmental objects, transactions or events (Lako, 2018).

The measurement of Green Accounting Disclosures in this research uses the Company Performance Rating Assessment Program in Environmental Management (PROPER) (Hidup, 2014). The ranking obtained will be represented by the colors determined by the Ministry of the Environment, namely gold, green, blue, red and black. The explanation of the environmental performance ranking is:

a) Gold is for businesses and/or activities that have consistently demonstrated environmental excellence in production or service processes, carried out ethical and responsible business towards society.
b) Green is a business and/or activity that has carried out environmental management in excess of what is required in regulations (beyond compliance) through implementing an environmental management system, utilizing resources efficiently and carrying out responsible efforts properly.
c) Blue is for businesses and/or activities that have carried out environmental management efforts as required in accordance with applicable statutory provisions or regulations.
d) Red is an environmental management effort carried out that is not in accordance with the requirements as regulated in statutory regulations.
e) Black is a business and/or activity that intentionally commits acts and commits negligence that results in environmental pollution or damage as well as violations of applicable laws and regulations or does not carry out administrative sanctions.

Financial performance is a form of achievement or result that has been achieved by company management in managing its assets effectively during a certain period. Financial performance is really needed by companies, to find out and evaluate the level of success of the company based on the financial activities that have been carried out

(Sawir, 2005).

ROA (Return On Assets) is a complex ratio measuring tool for Company Financial Performance to assess the percentage of profit (profit) obtained by a company related to resources or total assets, so that the efficiency of a company in managing its assets can be seen in this ratio. According to (Sawir, 2005) return on total assets (ROA) is calculated by comparing the net profit available to ordinary shareholders with total assets.

$$\textbf{ROA (}\textbf{\textit{Return On Assets)}} = \frac{Laba\ bersih\ Setelah\ Pajak\ (EAT)}{Total\ Aktiva\ (Total\ Aset)} x100\%$$

The goal of financial decisions is to maximize company value. Maximizing company value is aimed at achieving stakeholder prosperity, namely parties with an interest in the company including employees, management, creditors, suppliers, surrounding communities, government, shareholders and others. The higher the company value, the greater the prosperity that shareholders will receive (Octavia, 2012).

One of the measuring tools used by investors to calculate the value of a company is by using PER (Price Earning Ratio). PER (Price Earning Ratio) is a ratio that is used as a benchmark for investors in determining the fair price of company shares. By definition, PER (Price Earning Ratio) means the comparison of share price with net profit per share, which is used to calculate the fair price (cheap or not) of an issuer's share price. (Octavia, 2012) states that the PER (Price Earning Ratio) calculation formula is as follows:

$$\textbf{PER (}\textbf{\textit{Price Earning Ratio)}} = \frac{Harga\ saham\ berlaku}{Earning\ Per\,Share\ (EPS)}$$

There is previous research which shows that Green Accounting disclosures influence Company Financial Performance, (Lestari, 2017) found that there is a significant influence between environmental accounting disclosures and company financial performance in terms of the Company's Financial Performance. This is because if the company is good at implementing greening from an environmental and social perspective, community support and enthusiasm for the company will also increase and this has the potential to increase the company's net profit which will affect the company's financial performance. From the explanation above, the hypothesis that can be formulated is:

H_1: Green Accounting Disclosures have a significant effect on Company Financial Performance.

There is previous research which shows that green accounting disclosures have an effect on company value, (Suaidah, 2018) found that there is a significant influence between green accounting disclosures and company value. This is because if the company is good at implementing greening from a financial, environmental and social perspective, the attention of investors (stakeholders) will also increase towards the company and this has the potential to increase capital investment for the company which will affect the value of the company in the eyes of investors (stakeholders). From the explanation above, the hypothesis that can be formulated is:

H_2: Green Accounting Disclosures have a positive effect on Company Financial Performance.

The hypothesis model can be seen in Figure 1

METHODS

The data used in this research is secondary data, while the data collection method used in this research is the documentary method. According to (Sugiyono, 2017) "The documentary method is a method used to trace historical data" so from the explanation of the research data collection method, this research was carried out in the following way:

1. Library research is a way of collecting data through scientific work in the form of journals, theses, theses, articles, books and other literature relevant to the research.
2. Collecting research sample data, namely the 50 best companies according to Forbes Indonesia (Indonesia F. , 2020)
3. Data collection on financial reports and annual reports of the 50 best companies according to Forbes Indonesia (Indonesia B. E., 2020) and participated in the PROPER program.

The population used in this research is the 50 best manufacturing companies in terms of sales based on Forbes Indonesia magazine (Indonesia F., 2020) which are members of the Indonesian Stock Exchange. From a total population of 50, with sample criteria, 11 samples were obtained. With an observation period of 3 years, a total sample of 33 samples was obtained.

According to (Raharjo, 2013) Simple linear regression analysis is an analytical approach used to measure the magnitude of the influence of one independent variable or independent variable or predictor variable or variable X on the dependent variable or dependent variable or dependent variable or variable Y. In general, the equation formula simple linear regression, namely Y = a+bX. According to (Raharjo, 2013) to ensure that the regression coefficient is significant or not, the analysis results are compared with the significance value (Sig.) with a probability of 0.05 or by comparing the calculated t with the t-table.

Y1 = a + bX

Y2 = a + bX

X = Green Accounting Disclosure

Y1 = Company Financial Perfomance

Y2 = Company Value

Variables and measurement

1. Green Accounting Disclosure (X) as a variable independen. In this research, green accounting disclosure is measured by measuring environmental performance in which there is a separate ranking to measure the environmental performance of each company. This measure is called PROPER which is a program from the Ministry of the Environment to encourage companies to carry out environmental management. The PROPER rating assessment system for companies is assessed based on the Decree of the Ministry of the Environment, namely:

a. Gold : very very good value = 5
b. Green : very good value = 4
c. Blue : good value = 3
d. Red : bad value = 2
e. Black : very bad value = 1

2. Company Financial Perfomance (Y1) as a dependent variable. ROA (Return On Assets) is a complex ratio measuring tool for Company Financial Performance to assess the percentage of profit (profit) obtained by a company related to resources or total assets, so that the efficiency of a company in managing its assets can be seen in this ratio. According to (Sawir, 2005) return on total assets (ROA) is calculated by comparing the net profit available to ordinary shareholders with total assets.

3. Company Value (Y2) as a dependent variable. PER (Price Earning Ratio) is a ratio that is used as a benchmark for investors in determining the fair price of company shares. By definition, PER (Price Earning Ratio) means the comparison of share

price with net profit per share, which is used to calculate the fair price (cheap or not) of an issuer's share price. (Octavia, 2012) states that the PER (Price Earning Ratio) calculation formula is as follows:

RESULT AND DISCUSSION

Result

Descriptive Statistics of Research Variables

Based on the results of data processing in the table processed with SPSS, N or the number of observation data on the 50 best companies according to the Indonesian Forbes magazine listed on the Indonesian Stock Exchange (BEI) is explained. The results of descriptive statistics on the Return On Annuity variable show that the minimum value is 0.0002 and the maximum value is 0.4468. The results of descriptive statistics on the company value variable show a minimum value of 4.96 and a maximum value of 60.89. The descriptive statistical results of the Green Accounting Disclosure variable show a minimum value of 2 and a maximum value of 4, were obtained in table 1.

Simple Linear Regression Analysis

The simple linear regression analysis model is an analytical approach used to determine the magnitude of the influence of the independent variable, namely Green Accounting Disclosures as an independent variable (X) on the dependent variables, namely Company Financial Performance (Y1) and Company Value (Y2). Based on the results of data processing using SPSS software, several summaries of data test results were obtained in table 2a and 2b.

The Effect of Green Accounting Disclosure on Company Financial Performance

Based on the summary of the SPSS output results obtained in table 2a, the regression equation formed is: $Y1= a + bX$, namely $Y1 = -4.447 + (1.448)$. The regression coefficient value resulting from the influence of It was concluded from the research results that t count < t table, namely $0.852 < 1.692$ or sig t $(0.401) > \alpha$ (0.05), so there is no influence from Green Accounting Disclosure disclosures on the company's financial performance. Thus it can be concluded that H1 is rejected, Green Accounting Disclosure has no effect and is not significant on the company's financial performance. Based on the results of data processing using SPSS software, several summaries of data test results were obtained in table 2a.

The Effect of Green Accounting Disclosure on Company Value

Based on the summary of the SPSS output results obtained in table 2b, the regression equation formed is: Y2 = a + bX, namely Y2 = 5.645 + (-2.531). The regression coefficient value resulting from the influence of It was concluded from the research results that t count > t table, namely 4.789 > 1.692 or sig t (0.000) < α (0.05), so there is a significant value and however it has a negative influence from Green Accounting Disclosure on Company Value. The constant is -4.447, which means the value of the Green Accounting Disclosure variable is (-4.447). Thus, it can be concluded that H2 is accepted, because there is significance but it has a negative effect on company value. Based on the results of data processing using SPSS software, several summaries of data test results were obtained in table 2b.

Discussion

The Effect of Green Accounting Disclosure on Company Financial Performance

The results of this research indicate that the Green Accounting Disclosure (PROPER) variable is not significant on the company's financial performance (Return On Assets). This shows that the effectiveness of increasing Green Accounting Disclosure is not associated with the company's financial performance, more environmentally friendly services or products which usually carry higher prices are less attractive to the majority of consumers in Indonesia, and therefore Green Accounting Disclosure does not have a significant effect on financial performance better company.

This is supported by previous research conducted by (Mirela-Oana Pintea, 2014) in a developing country, namely Romania, showing the results that Green Accounting Disclosures have no effect on the company's financial performance. Thus, the hypothesis of this research which states that Green Accounting Disclosure has a positive and significant effect on company financial performance is rejected.

The Effect of Green Accounting Disclosure on Company Value

The results of this research show that the Green Accounting Disclosure (PROPER) variable is significantly negative on Company Value (P/E Ratio). This shows that there is a possibility of paradigm clashes between companies and investors. Where companies today not only aim to gain profits and expand their companies, but companies also have to pay attention to environmental conditions for the sustainability of the company. Meanwhile, investors' paradigm is most likely the opposite, namely wanting to get a large share of dividends but lacking attention to the assessment of Green Accounting Disclosures.

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The large number of costs incurred for company activities related to the environment reflects that the company's performance is not good. Investors are of the view that if the costs related to environmental activities are large, it will have an impact on cash flows in the future and have an impact on the dividends that will be distributed and the profits earned by the company, thereby reducing the value of the company which is reflected in the share price.

Based on the Unstandardized Coefficients value, it was found that Green Accounting Disclosure has a negative value, where if the cost of Green Accounting Disclosure activities increases by one percent (1%), the Company Value will decrease by one percent (1%). The large number of costs incurred for company activities related to the environment reflects that the company's performance is not good. Investors are of the view that if the costs related to environmental activities are large, it will have an impact on cash flows in the future and have an impact on the dividends that will be distributed and the profits earned by the company, thereby reducing the value of the company which is reflected in the share price.

These results are supported by previous research conducted by (Khanifah, 2020) showing the results that Green Accounting Disclosures have a significant negative effect on Company Value.

CONCLUSION

Based on the results of the analysis and discussion in this research, it can be concluded that:

1. Green accounting disclosure has no effect and is not significant on the Company's Financial Performance in the 50 best manufacturing companies according to Forbes Indonesia magazine listed on the Indonesian Stock Exchange

2. Disclosure of green accounting has a significant negative effect on company value in the 50 best manufacturing companies according to Forbes Indonesia magazine listed on the Indonesian Stock Exchange.

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ATTACHMENT

Figure 1. Hypothesis Models

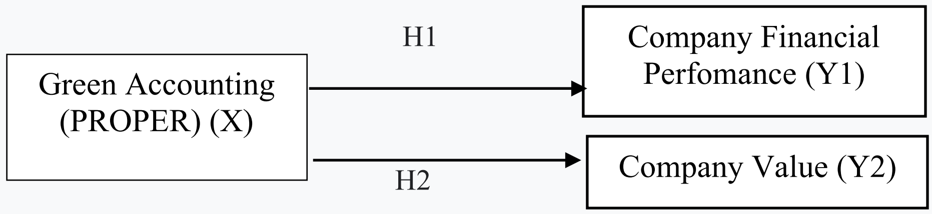

Table 1. Statistik Deskriptif

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
X	33	2	4	3.18	.584
Y1	33	.0002	.4468	.122481	.1068702
Y2	33	4.96	60.89	20.5530	15.37426
Valid N (listwise)	33				

Sumber: SPSS

Table 2a. t test table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.447	1.964		-2.265	.031
	X	1.448	1.699	.151	.852	.401

a. Dependent Variable: Y1

Tabel 2b. t test table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.645	.611		9.242	.000
	X	-2.531	.528	-.652	-4.789	.000

Dependent Variable: Y2

Table 3. Conclusion of the hypothesis result

Dependent Variable	B	Beta	T Hitung	Sig t	Decision
Y1 (ROA)	1,448	0,151	0,852	0,401	Non significant
Y2 (P/E Ratio)	-2,531	0,652	-4,789	0,000	Negative Significant