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THE ROLE OF GREEN ACCOUNTING AND CAPITAL STRUCTURE ON FINANCIAL PERFORMANCE IN MANUFACTURING COMPANIES

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ABSTRACT

Financial performance is one of the factors in which a company is able to maintain its survival by developing a thorough plan for all aspects of its business, including financial performance which is a reflection of the company's achievement of success that the company has achieved. The sampling technique used purposive sampling with a total of 50 companies obtained. Data analysis used Eviews 12 software using multiple linear regression analysis. The method used in this research is a quantitative approach and uses secondary data originating from manufacturing company financial reports.This study contributes to green accounting and capital structure which influence manufacturing financial performance. From the results obtained, the variable that really influences financial performance is the capital structure variable, which means that companies with high value tend to produce high ROA, Updates in this research produce a significant influence of capital structure on financial performance.
Keywords: Green Accounting; Capital Structure; Financial Performance

1. INTRODUCTION

Legitimacy theory originates from the concept of organizational legitimacy expressed by Astuti (Astuti et al., 2022) which states that organizations continuously try to ensure that their operational activities are accepted in accordance with the boundaries and norms of society. The growth of green accounting does not only cover the rate of economic growth but also the quality of growth that can be useful in improving life economically, environmentally and socially. There are 5 expected results in implementing green accounting in Indonesia, namely (1). Continued economic growth (2). Fair growth (3). Strength and resilience in the social, economic and environmental fields (4). An ecosystem of service providers that is healthy and continues to be productive (5). Reduce emissions of greenhouse gases according to GGGI

Cases regarding Green Accounting (GA) have begun to attract attention since the emergence of cases caused by poor implementation of GA. Case of factory waste pollution in water. The Ministry of Environment and Forestry (KLHK) is suing PT. Kamarga Kurnia Textile in 2020 for failing to take responsibility for managing the company's wastewater seriously. menlhk.go.id (2021)

Proper data shows that the implementation of National PROPER was attended by 1,908 companies (2013-2014). This number increased in 2014-2015 to 2,137 companies. Then, the PROPER evaluation results for the 2015-2016 period amounted to 1,930 companies. This number has decreased from the number of industries or companies in the previous year. In the 2017-2018 period there was another decline in the number of companies evaluated, namely 1,819 companies. Meanwhile, the implementation of PROPER in manufacturing companies over six periods (2011-2016) has not shown significant results in increasing awareness of PROPER participating companies. Based on the results of the PROPER assessment of 34 companies that are PROPER participants on the Indonesian stock exchange, only three companies received the green title and the rest still received the blue, red and even black titles. If observed in the following year, namely the 2015 – 2016 period, industries such as hotels and hospitals did not announce the results of their performance ranking assessment of environmental management. Even though hotels are one of the supporting aspects of the tourism industry, their growth is very rapid compared to hospitals.

According to Angelina & Nursasi (2021), the assessment of whether a company is good or bad can be seen from its financial performance by assessing the level of profit generated by the company. because profit is important and very necessary for the long-term continuity of a company. The basis for using this profit is as a parameter in measuring financial performance to show maximum profit results. Several companies ignored company activities that had an impact on the environment and local communities. This is also in line with research according to Prastuti & Budiasih (2015) which states that companies are not faced with just a single bottom line but a triple bottom line, which means that the business objectives carried out by the company are not only to obtain profits, but also improve the welfare of society (people) and preserve the environment (Planet).

2. LITERATURE REVIEW

Green Accounting is accounting that calculates and includes preventive costs and those incurred as a result of company operational activities that affect the environment and society. Green accounting is the first step in solving environmental problems. Implementing green accounting will encourage the ability to minimize environmental problems faced by companies. The aim of implementing environmental accounting is to increase the efficiency of environmental management by carrying out environmental activities from the perspective of costs and benefits or effects Dewi (2016).

There are several reasons according to A. Fitriani (2013) why companies need to consider adopting Green Accounting as part of the company's accounting system, including: making it possible to reduce and eliminate environmental costs, improve the company's environmental performance and the company's business success. Environmental costs are costs incurred by companies related to environmental damage caused and protection carried out for long-term sustainability.

According to I. F. Siregar (2019) who conducted research on the Effect of Environmental Cost Implications and Environmental Performance on Company Financial Performance with results showing that environmental cost variables do not affect financial performance (ROA) while environmental performance has an effect on financial performance (ROA). This is different from research conducted by Setyaningsih (2016) with research results showing that environmental performance does not have a positive effect on financial performance.

Likewise according to Savestra (2021). Capital structure is a financial structure consisting of foreign capital (debt) and own capital (shares and retained earnings). Capital structure significantly influences the burden and availability of capital, thereby affecting company performance. Meanwhile, less than optimal capital structure affects performance and increases the risk of business failure Komara et al (2016).

3. RESEARCH METHODOLOGY

The design of this research is causality. Data collection was carried out by looking at available secondary data in the form of manufacturing company financial reports obtained from the BEI website only for 2017-2021. The population for this research was taken from all companies listed on the Indonesia Stock Exchange from 2017 to 2021. Data obtained indirectly (obtained and recorded by other parties), namely financial reports and annual reports of banking companies published on www.idx. co.id period 2017-2021 The number of companies listed is 50 companies.

After determining the population, the next step is to determine the research sample. Samples are defined as population elements selected based on certain criteria for data collection and processing in research. The sampling technique in this research used purposive sampling. Purposive sampling is a non-probability sampling method that is adjusted to certain criteria. This research can also be said to be causal research, namely testing hypotheses about the influence of green accounting, capital structure and financial performance. or several variables (independent variables) against other variables (dependent variables). The type of data in this research is quantitative from secondary data, namely data obtained not directly from information sources but through intermediary media, (Widyanti & Aisyah, 2022).

4. RESULT AND DISCUSSION

Table 1 Lagrange Multiplier Test Results

Caption	Cross	Time	Both of them
Breush-Pagan	68.48449 (0.0000)	1.199785 (0.2734)	1.199785 (0.2734)

Source: Result Data, 2023

The probability point shows 0.00 which is less than 0.05, meaning that the better method to use is the random effect model.

Table 2 Hypothesis Testing Results

Model	Unstandardized Coefficients B		ig.
(Constant)	1233	1,69	,000
Green Accounting (X_1)	2798	,927	,055
Capital Structure (X_2)	7.430	4,93	,000
Adjusted R Square	0.841		
Sig. F	0,0000		

Source: Result Data, 2023

1. The first hypothesis (H1) is that the effect of GA on ROA produces a significance value of 0.0553 > 0.05. This means that GA has a positive and significant effect on ROA. This is in line with Yoshi Aniela's (2017) empirical and academic research, it is known that the implementation of green accounting has a positive impact on financial performance. Because the increase in positive perceptions from consumers ends in increased sales and company profits. Apart from having an impact on financial performance, the implementation of green accounting also has an impact on improving environmental performance both in the dimensions of environmental health and environmental vitality. So believing in the first research hypothesis (H1) is accepted
2. The second hypothesis (H2) is that the influence of CS on ROA produces a significance value of 0.0000 < 0.05. This means that CS has a significant effect on ROA. This is because the company has the ability to pay its debts well with company assets. So Capital Structure influences Financial Performance. Companies with high DER values tend to produce high ROA, and vice versa. Likewise, vice versa, so that when there is an increase in the proportion of debt, interest expenses will arise on the debt which will increase the component reducing profits. Thus, the profits generated by the company will decrease, so that the ratio of return to equity will decrease. Nurwenda (2018). So the results of the second hypothesis (H2) are accepted

Tabel 3
Hasil Pengujian Koefisien Determinasi

Caption	Result
R-square	0.841025
Adjuted R-square	0.800077

Source: Result Data, 2023

Based on the research results above presented in Table 3, it shows that the adjusted R square is 0.800077. This means that 80% of financial performance (ROA) can be explained by Green Accounting (GA) and Capital Structure (CS), while the remaining 20% is outside other models which are not included in this research model.

5. CONCLUSIONS AND RECOMMENDATIONS

The results of this research add to existing empirical evidence related to green accounting and capital structure on financial performance in manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. So it can be concluded that:

1. Green Accounting has a positive effect on financial performance because it is able to moderate research accounting disclosures using companies listed on the Indonesia Stock Exchange. Therefore, green accounting disclosures need to be included in financial reports so that company value improves.

2. Capital structure has a significant positive influence on financial performance. This means that the financial proportion between the capital owned which comes from long-term debt and own capital which is the source of financing for a company is able to make the company's financial performance good, especially managing efficiency to obtain good operating income.

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