



Effect of environmental performance and capital structure on financial performance: Evidence from mining sector companies listed on IDX

Sasiska Rani^{1*} , Aida Rakhmawati², Wulandari Wulandari³

1,2,3. Faculty of Economics and Business, Tridianti University, Palembang, Indonesia

Received 05 October 2023 | Revised 02 November 2023 | Accepted 08 November 2023

Abstract

The benchmarks used to measure company performance use the triple bottom line concept, namely the company's financial success and resilience (profit), social welfare (people), and environmental health (planet). This research combines planetary and profit aspects by examining the influence of environmental performance (planet) and capital structure (profit) on financial performance in mining sector companies. Mining sector companies have a large environmental impact due to their business activities. A company's environmental performance is assessed by the Ministry of Environment and Forestry of the Republic of Indonesia through the Company Performance Rating Assessment Program (PROPER). The sample for this research consists of 12 mining sector companies listed on the Indonesian Stock Exchange in 2017-2021. The sampling technique used was purposive sampling. The research analysis technique uses multiple regression analysis which shows the results that environmental performance has a partial effect on financial performance, but capital structure has a partial effect on financial performance.

Keywords: Environmental performance, Capital structure, Financial performance.



<https://doi.org/10.22034/NASMEA.2024.182733>

*Corresponding author: Sasiska Rani; sasiska_rani@univ-tridianti.ac.id

1. Introduction

A company is categorized as being in good condition or not, which can be assessed based on its financial performance. Financial performance describes the achievements that have been achieved by a company. Investors usually use financial performance as a benchmark to make investment decisions. One ratio that is often used by investors in measuring financial performance is the profitability ratio. Profitability is used by investors as a benchmark when making investment decisions (Fahira & Yusrawati, 2023).

Profitability is a benchmark for success in generating profits from the business activities it carries out. The success of the company in achieving maximum profits is supported by the surrounding environment. The sustainability of a company's business also depends on the surrounding environment (Warhdani & Hidayati, 2023). This is supported by changes in company trends which not only consider financial aspects, but also social and environmental aspects. Previously, the activities carried out by companies only focused on their finances. However, in 1994, John Elkington, introduced the concept of the triple bottom line (Elkington, 1997). The triple bottom line concept will become a business imperative in the 21st century (Elkington, 1997). According to the triple bottom line concept, which will be the benchmark used to measure company performance, namely the company's financial success and resilience (profit), social welfare (people), and environmental health (planet).

Company involvement in the environment is a concern for society, consumers, investors and other stakeholders. The public is starting to realize the impact that companies have in carrying out their operational activities continuously to achieve maximum profits without considering the impact of environmental damage caused. Companies that care about the environment will have a positive impact on the company, such as increasing company image, investor confidence and consumer loyalty (Adyaksana & Pronosokodewo, 2020). The environmental performance obtained by the company is also expected to have an impact on the company's financial performance (Handoko & Santoso, 2023).

The ability of a company's business to create a good environment is called environmental performance. To improve environmental performance, companies need to strive to reduce as much as possible the level of environmental damage that may occur (Chasbiandani et al., 2019). To assess companies' environmental performance, the Indonesian government, through the Ministry of Environment and Forestry, has since 2002 established the Company Performance Rating Assessment Program in Environmental Management (PROPER). PROPER is an assessment program for companies regarding the efforts they make to be responsible for environmental control or environmental damage and management of Hazardous and Toxic Materials (B3). There are proper assessment criteria which are indicated by a color scale, namely, the best color is depicted from gold, green, blue, red to the worst result which is depicted in Black.

A phenomenon that often occurs is that companies only care about the interests of shareholders without caring about other interests of society. According to data from the Indonesian Forum for the Environment (WALHI) the mining sector dominates environmental problems caused by the mining industry. This can be seen from the large number of cases of environmental damage caused by mining companies. One example of a case at PT. Medco Energi Internasional Tbk is the oil and gas company with the most oil spill cases, the spill volume reached 672 barrels.

There are inconsistencies in the results of research regarding the influence of environmental performance on financial performance. Previous research shows that environmental performance influences financial performance (Asjuwita & Agustin, 2020; Chasbiandani et al., 2019; Dewi, 2019; Handoko & Santoso, 2023; Putri et al., 2019; Rahayudi & Apriwandi, 2023; W. Sari et al., 2022; Susanti et al., 2023). Environmental performance has no influence on

financial performance (Handoyo et al., 2022; Niandari & Handayani, 2023; Ningtyas & Triyanto, 2019; Putra, 2017; Sulistiawati & Dirgantari, 2016).

Apart from environmental performance, another factor that investors consider to assess a company's financial performance is capital structure. Capital structure is a company's source of financing which comes from debt compared to capital. An optimal capital structure can increase a company's profits so that shareholders will get a higher return. Companies with high profitability prefer to use minimal external funding to finance their operational activities (Rahmawati & Mahfudz, 2018). The greater the debt, the greater the burden borne by the company, resulting in decreased profits. The capital structure in this study is measured using the Debt to Equity Ratio (DER) by comparing all debt with all equity to find out every rupiah of own capital used as debt collateral.

There are inconsistencies in the results of research regarding the influence of capital structure on financial performance. Capital structure has an effect on financial performance which is proxied by profitability (Ghayas & Akhter, 2018; Rasheed et al., 2022; Rinofah et al., 2021). Capital structure has no effect on financial performance which is proxied by profitability (Ismawati & Winarno, 2018).

This research is important because it examines the concept of the triple bottom line, which is a framework for measuring company performance which includes three aspects, namely profit, people and planet. This research combines planet and profit aspects by examining the effect of environmental performance (planet) and capital structure (profit) on company financial performance.

2. Literature Review

2.1. Legitimacy Theory

Legitimacy theory was proposed by (Dowling & Pfeffer, 1975). This theory is based on the idea that a company will continue to exist if the values within the company are in accordance with the norms prevailing in society. Legitimacy theory relates to a company's efforts to increase public confidence in its business. Based on legitimacy theory, a company can convince the public if the company can comply with government regulations and policies and the surrounding environment by being environmentally responsible (Buana & Nuzula, 2017; Christine & Silviany, 2021).

The company management system does not only focus on the interests of shareholders, but also the interests of the community and the impact on the environment. Companies must create a good environmental impact management system. Early management of environmental impacts by the company will reduce the risk for the company of facing public demands in the future. Increasing public concern for the environment also ultimately makes business actors pay attention to environmental conditions and take responsibility for their business activities that impact the environment in order to gain legitimacy from the community.

2.2. Pecking Order Theory

Pecking order theory was first proposed by (Donaldson, 1961). This theory is based on the assumption that there are two types of capital, namely retained earnings (internal financing) and debt/bonds/shares (external financing). Pecking order theory focuses on the problem of asymmetric information. Pecking order theory explains that companies with high profitability levels actually have low debt levels. This is because companies with high profitability have abundant sources of internal funds. Companies that have sufficient financial slack do not need to issue risk debt or shares to fund their new projects so that information asymmetry problems

will not arise. Pecking order theory in this research is used to explain the influence of capital structure with the debt to equity ratio (DER) proxy on company financial performance.

2.3. Agency Theory

Agency Theory was proposed by (Jensen & Meckling, 1976) which explains that shareholders become principals and management becomes agents. Agency costs are a correlation between the costs of monitoring management to provide confidence that management is acting consistently in line with the company's contractual agreements with creditors and shareholders.) High debt use puts managers under pressure to invest in profitable projects to pay off interest. Therefore, reducing agency costs that relate to managers and shareholders can have a positive impact on capital structure. As debt increases, debt holders will require higher interest rates to balance lower liquidity or investment risks. Based on this, debt can have a negative impact on company performance. So it can be concluded that if a company has large debts and high profits, the parties who benefit are the shareholders, however, if the company experiences a decline or even goes bankrupt, all risks will be borne by shareholders and creditors.

2.4. Financial Performance

The company's financial condition is reflected in financial instruments called financial performance. Financial performance describes the company's success in generating profits (Hamidi, 2019). Therefore, company performance can be seen from the level of company profitability. Profitability is a ratio to assess a company's ability to achieve profits (Kasmir, 2019). In this research, to measure the financial performance of a company using the profitability ratio which is proxied using Return on Assets (ROA) (Kasmir, 2019).

$$ROA = \frac{Net\ Profit}{Total\ assets}$$

2.5. Environmental Performance

Environmental performance is an effort made by a company to preserve the environment due to the impacts arising from its business activities. Environmental performance assessment refers to the results achieved by the environment every time environmental aspects carry out process, product, service, system and organizational activities that are managed and controlled to reduce negative impacts on the environment (Widhiastuti et al., 2017). A company is classified as having good performance if the environmental impact arising from its business activities is low (Siregar et al., 2019). The greater the environmental damage that occurs due to the impact of the company's business processes, the worse the company's environmental performance will be considered (Chasbiandani et al., 2019).

In Indonesia, a company's environmental performance is assessed by the Ministry of Environment and Forestry through the Company Performance Rating Assessment Program (PROPER). The Indonesian government assesses whether companies' environmental performance is good or bad in managing the environment through PROPER (Angelina & Nursasi, 2021). The PROPER assessment system is through ranking with color indicators which can be explained in the following table:

Table 1. Proper Rating

Color Indicator	Explanation
Gold	The company has consistently demonstrated environmental excellence in production and service processes, as well as carrying out business that is ethical and responsible towards society.
Green	The company has carried out environmental management beyond what is required in regulations (beyond compliance) through implementing an environmental management system and utilizing resources efficiently and carrying out social responsibilities well.
Blue	The company has carried out the required environmental management efforts in accordance with the applicable laws and regulation.
Red	The company makes efforts to manage the environment but does not comply with the requirements as regulated in the legislation.
Black	The company deliberately commits acts or makes negligence that results in environmental pollution or damage, as well as violating applicable laws and regulations and/or not implementing administrative sanctions.

2.6. Capital Structure

Capital structure is the composition of a company's funding. Capital structure is a comparison between the debt and equity owned by the company. A good capital structure for a company is a capital structure that can provide profits and improve the company's financial performance both in the short term and in the long term (Wicaksono et al., 2023).

Capital structure in this research is proxied using Debt to Equity Ratio (DER). One of the ratios that investors pay attention to is the Debt to Equity Ratio (DER), because it can show the composition of funding in financing the company's operational activities or utilizing its debts. DER is used to see the extent to which one's own capital can cover or pay debts to external parties (N. K. Sari & Mahardika, 2023). Debt is one aspect that is the basis for investors to measure financial condition. DER is a comparison between the amount of debt and the company's equity (Kasmir, 2019).

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

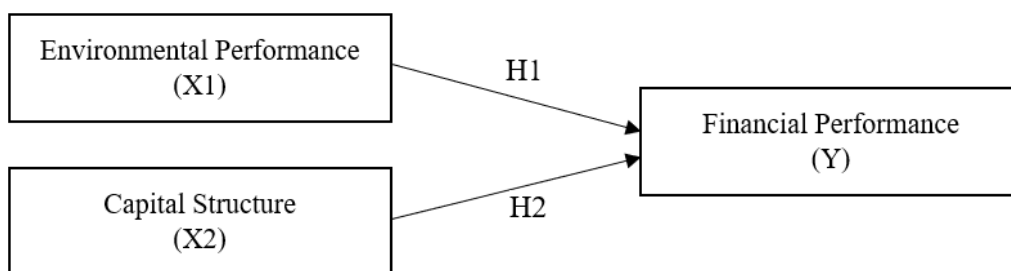


Figure 1. Framework

2.7. Hypothesis

2.7.1. Effect of Environmental Performance on Financial Performance

Efforts to manage the environment are called Environmental Performance. Environmental performance can be assessed from the company's concern for the environment (Rosaline et al., 2020). A company's environmental performance can be assessed through PROPER (Angelina & Nursasi, 2021). PROPER (Public Disclosure Program for Environmental Compliance) is a

program of the Ministry of Environment and Forestry of the Republic of Indonesia in an effort to improve environmental quality so that it can be implemented more efficiently and effectively. This is based on increasing demands for transparency and public involvement in environmental management as well as the need for incentives for environmental management efforts carried out by companies to create added value in financial management.

Companies that participate in PROPER and have good ratings will also have a good reputation in society. This good reputation will also have an impact on public trust in the products produced by the company so that it is hoped that the company's financial performance will also be boosted due to increased sales. Environmental performance has an effect on financial performance (Asjuwita & Agustin, 2020; Chasbiandani et al., 2019; Dewi, 2019; Handoko & Santoso, 2023; Putri et al., 2019; Rahayudi & Apriwandi, 2023; W. Sari et al., 2022; Susanti et al., 2023).

H1: Environmental performance has an effect on financial performance

2.7.2. Effect of Capital Structure on Financial Performance

Capital structure is closely related to the ability of a business to generate profits. If the capital structure ratio is greater than the optimal capital structure target, increasing debt will reduce profitability (Hirdinis, 2019). A capital structure that is dominated by debt will increase the interest costs that a company must pay, resulting in the company's profits being low, and vice versa, a capital structure that is dominated by equity will reduce the loan interest costs that a company must pay so that the profits obtained will be large (Aziz & Abbas, 2019). A high capital structure ratio indicates greater financial risk which could hinder the company from achieving profitability, whereas a low capital structure ratio indicates a smaller company's financial risk, resulting in high profitability (Rahman et al., 2019).

Capital structure in this research is proxied using Debt to Equity Ratio (DER). One of the ratios that investors pay attention to is the Debt to Equity Ratio (DER), because it can show the composition of funding in financing the company's operational activities or making use of its debts. Capital structure has an effect on financial performance which is proxied by profitability (Ghayas & Akhter, 2018; Rasheed et al., 2022; Rinofah et al., 2021).

H2: Capital structure has an effect on financial performance

3. Methodology

This research uses a quantitative research approach. The population of this research are companies operating in the mining sector that are listed on the Indonesia Stock Exchange in 2017 - 2021. The number of samples in the research was 12 companies taken using purposive sampling techniques. The analysis technique for this research uses multiple regression analysis. This research model is as follows:

$$FP = \alpha + \beta_1 EP + \beta_2 CS + \varepsilon$$

Explanation:

FP : Financial Performance

EP : Environment Performance

CS : Capital Structure

4. Results

4.1. Descriptive Statistics Test Results

Table 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance	60	-5.40	-0.93	-2.38	1.01595
Environmental Performance	60	-2.34	1.63	-0.52	0.75113
Capital Structure	60	1.10	1.61	1.29	0.19673

The sample for this research consists of 12 Mining Sector Companies listed on the Indonesia Stock Exchange for 5 years, namely from 2017 – 2021. Table 4.1 shows that the Financial Performance variable has a minimum value of -5.40 and a maximum value of -0.93. The average value resulting from the Financial Performance variable is -2.3836. The resulting standard deviation value is 1.01595.

The Environmental Performance variable has a minimum value of -2.34 and a maximum value of 1.63. The average value resulting from the Financial Performance variable is -0.5234. The resulting standard deviation value is 0.75113. The Capital Structure variable has a minimum value of 1.10 and a maximum value of 1.61. The average value resulting from the Financial Performance variable is 1.2959. The standard deviation value produced is 0.19673.

4.2. Multiple Linear Regression Analysis Test Results

The analysis technique in this research using multiple linear regression analysis is used to assess the influence of environmental performance and capital structure on financial performance. Following are the results of the multiple linear regression test in this research:

Table 3. Multiple Linear Regression Analysis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-2.292	0.919		-2.493	0.016
X1	-0.466	0.183	-0.345	-2.545	0.014
X2	-0.259	0.699	-0.050	-0.370	0.713

Based on the table above, the regression model in this research is obtained, namely:

$$Y = -2.292 - 0.466X1 - 0.259X2 + \varepsilon$$

Information:

- Y = Financial Performance
 X1 = Environmental Performance
 X2 = Capital Structure
 ε = error

From the equation above it can be explained as follows:

1. The constant (α) has a value of -2.292. This states that if environmental performance (X1) and capital structure (X2) have a value of 0 or have not changed, then financial performance (Y) will have a constant value of -2.292.
2. The regression coefficient for the environmental performance variable (X1) is -0.466. This value shows the negative influence between environmental performance variables and financial performance. This states that if there is an increase in the environmental

performance variable by one unit, the company's performance will decrease by 0.466, assuming that other independent variables have a fixed value.

- The regression coefficient for the capital structure variable (X2) is -0.259. This value shows the negative influence between capital structure variables and financial performance. This states that if there is an increase in the capital structure variable by one unit, financial performance will decrease by 0.259, assuming that other independent variables are of constant value.

4.3. Determination Coefficient Test Result (R^2)

The coefficient of influence of a variable on the dependent variation can be seen from the value of the coefficient of determination (R^2) which is between zero and one. Following are the results of the coefficient of determination test in this study:

Table 4. Determination Coefficient Test Result (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.0347	0.121	0.084	0.972

Based on the results of testing the determination of the R^2 value in this study, the R^2 value was 0.121. These results indicate that the percentage of influence exerted by environmental performance and capital structure variables on financial performance is 12.1%, while the remaining 87.9% is influenced by other factors outside the independent variables in this study.

4.4. Hypothesis Test (F-Test)

This test is used to see whether there is a significant relationship between all independent variables (X) simultaneously and the dependent variable (Y). Following are the results of the hypothesis test (F-Test) in this study:

Table 5. Hypothesis Test (F-Test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.224	2	3.112	3.291	0.046
Residual	45.384	48	0.946		
Total	51.608	50			

a. Dependent Variable: Y

b. Predictors: (Constant), X1x X2

Based on the hypothesis test (F-Test) that has been carried out, a significance value of $0.046 < 0.05$ is obtained. So it can be concluded that simultaneously environmental performance and capital structure influence financial performance.

4.5. Hypothesis Test (t-Test)

Hypothesis testing (t-test) to determine the partial influence of environmental performance and capital structure variables on financial performance. Following are the results of the hypothesis test (t-test) in this study:

Table 6. Hypothesis Test (t-Test)

Model	t	Sig.
Environmental Performance	-2.545	0.014
Capital Structure	-0.370	0.713

Based on the results of the hypothesis test (t-test), it was found that the environmental performance variable value had a significance value of $0.014 < 0.05$ so it could be concluded that partially environmental performance had a significant effect on financial performance. The capital structure variable has a significance value of $0.713 > 0.05$, so it can be concluded that partially capital structure has no effect on financial performance.

5. Discussion and Conclusions

5.1. Effect of Environmental Performance on Financial Performance

Based on the results of the hypothesis test (t-test), a sig. value of $0.014 < 0.05$ was obtained, so it can be concluded that environmental performance has an effect on financial performance. The results of this study support research from (Asjuwita & Agustin, 2020; Chasbiandani et al., 2019; Dewi, 2019; Handoko & Santoso, 2023; Putri et al., 2019; Rahayudi & Apriwandi, 2023; W. Sari et al., 2022; Susanti et al., 2023). This shows that the condition of environmental performance based on the Company Performance Rating Assessment Program in Environmental Management (PROPER) issued by the Ministry of Environment and Forestry in Indonesia influences the level of financial performance of mining companies listed on the Indonesia Stock Exchange.

Based on legitimacy theory, companies can convince the public if the company can comply with government and environmental regulations and policies by being environmentally responsible (Buana & Nuzula, 2017; Christine & Silviany, 2021). Companies that are able to maintain their environmental performance will have a good image in the community and investors. The company will get a positive image of responsibility towards the surrounding environment. The company will maintain a positive image or good reputation in the community to maintain the public's legitimacy towards the company.

Investors as one part of the stakeholders pay special attention to environmental issues in the form of company environmental performance. Investors will be more attracted to companies that have a good image in society. The better the company's environmental performance rating, the better the company's image, so it will have an impact on increasing the company's share price which influences the company's financial performance. A good image of a company is very important for the survival of the company. This is because the company's efforts to maintain good environmental performance are the company's strategy to gain legitimacy from the community so that the company can develop and ensure its survival.

5.2. Effect of Capital Structure on Financial Performance

Based on the results of the hypothesis test (t-test), the sig. value was $0.713 > 0.05$, so it can be concluded that partially the capital structure has no effect on financial performance. The results of this research support research conducted by (Ismawati & Winarno, 2018; Vidyasari et al., 2021) which stated that the level of capital structure does not affect financial performance.

The debt that the company must pay off is the company's obligation to third parties, which means that financial performance which is proxied by profitability is not seen from the level of the company's obligation to pay off debt but is seen from the level of sales of working capital used by the company, so that capital structure cannot affect financial performance. The capital structure which is proxied using the Debt to Equity Ratio (DER) is a ratio used to measure the

balance between the company's obligations and its own capital. This ratio can also be interpreted as the company's ability to fulfill its debt obligations with the guarantee of its own capital

References

- Adyaksana, R. I., & Pronosokodewo, B. G. (2020). Does Environmental Performance and Environmental Costs Affect on Environmental Information Disclosure? *InFestasi*, 16(2), 157–165. <https://doi.org/10.21107/infestasi.v16i2.8544>
- Angelina, M., & Nursasi, E. (2021). The Effect of Implementing Green Accounting and Environmental Performance on Company Financial Performance. *Journal of Aerospace Management*, 14(2), 211–224.
- Asjuwita, M., & Agustin, H. (2020). The Effect of Environmental Performance and Environmental Costs on Profitability in Manufacturing Companies Listed on the Indonesian Stock Exchange 2014-2018. *Journal of Accounting Exploration*, 2(3), 3327–3345. <https://doi.org/10.24036/jea.v2i3.285>
- Aziz, S., & Abbas, U. (2019). Effect of Debt Financing on Firm Performance: A Study on Non-Financial Sector of Pakistan. *Open Journal of Economics and Commerce*, 2(1), 8–15. <https://doi.org/10.22259/2638-549X.0201003>
- Buana, V. A., & Nuzula, N. F. (2017). The Effect of Environmental Costs on Profitability and Company Value (Study of First Section Chemical Companies Listed on the Japan Exchange Group for the 2013 - 2015 Period). *Journal of Business Administration (JAB)*, 50(1), 46–55. <https://www.neliti.com/publications/186363/pengaruh-environmental-cost-terhadap-profitabilitas-dan-nilai-perusahaan-studi-p>
- Chasbiandani, T., Rizal, N., & Indra Satria, I. (2019). Implementation of Green Accounting on Company Profitability in Indonesia. *AFRE (Accounting and Financial Review)*, 2(2), 126–132. <https://doi.org/10.26905/afr.v2i2.3722>
- Christine, D., & Silviany, S. (2021). Does the Implementation of Corporate Social Responsibility Have an Effect toward Profitability? *Turkish Journal of Computer and Mathematics Education*, 12(11), 1221–1224.
- Dewi, S. N. (2019). Effect of Environmental Performance on Financial Performance with Corporate Social Responsibility as an Intervening Variable. *Journal of Resource Management Economics*, 21(2), 144–150.
- Donaldson, G. (1961). *Corporate Debt Capacity; A Study of Corporate Debt Policy and the Determination of Corporate Debt Capacity*. Division of Research, Graduate School of Business Administration, Harvard University.
- Dowling, J., & Pfeffer, J. (1975). Organizational Legitimacy: Social Values and Organizational Behavior. *Source: The Pacific Sociological Review*, 18(1), 122–136.
- Elkington, J. (1997). *Partnerships from cannibals with forks: the triple bottom line of 21st-century business*. Capstone Publishing Limited.
- Fahira, H., & Yusrawati. (2023). Analysis of the Effect of Environmental Performance and Environmental Costs on Profitability with Company Size as a Moderating Variable. *Journal of Islamic Finance and Accounting*, 1(1), 35–50. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>
- Ghayas, A., & Akhter, J. (2018). Impact of Capital Structure on Profitability: An empirical analysis of listed firms in India. *Asian Journal of Managerial Science*, 7(2), 1–6. <https://doi.org/10.51983/ajms-2018.7.2.1310>
- Hamidi. (2019). Analysis of the Implementation of Green Accounting on Company Financial Performance. *Equilibria*, 6(2), 23–36. https://doi.org/10.1007/978-3-642-28036-8_100807

- Handoko, J., & Santoso, V. (2023). The Effect of Green Accounting and Environmental Performance on Financial Performance with Social Responsibility as Mediator. *Nominal Barometer for Accounting and Management Research*, 12(1), 84–101. <https://doi.org/10.21831/nominal.v12i1.56571>
- Handoyo, F., Akram, A., & Nurabiah, N. (2022). The Effect of Performance and Environmental Disclosure on the Profitability of Mining Companies Listed on the BEI 2017-2021. *Axiom Accounting Research Journal*, 21(2), 107–117. <https://doi.org/10.29303/aksioma.v21i2.169>
- Hirdinis, M. (2019). Capital Structure and Firm Size on Firm Value Moderated by Profitability. *International Journal of Economics and Business Administration*, 7(1), 174–191. <https://doi.org/10.35808/ijeba/204>
- Ismawati, N. E., & Winarno, A. (2018). The Influence of Capital Structure on the Profitability of the Republic of Indonesia Employees Cooperative (KPRI). *EKOBIS: Business Economics*, 23(1), 29. <https://doi.org/10.17977/um042v23i1p29-34>
- Jensen, M., & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360. <https://doi.org/10.1017/CBO9780511817410.023>
- Kasmir. (2019). *Financial Report Analysis (Pertama, C)*. PT Raja Grafindo Persada.
- Niandari, N., & Handayani, H. (2023). Green Accounting, Environmental Performance, and Profitability. *Journal of Business Accounting*, 16(1), 83–96. <https://doi.org/10.30813/jab.v16i1.3875>
- Ningtyas, A. A., & Triyanto, D. N. (2019). The Effect of Environmental Performance and Environmental Disclosure on Company Profitability (Empirical Study of Mining Companies Listed on the IDX in 2015-2017). *JASa (Journal of Accounting, Auditing and Accounting Information Systems)*, 3(1), 14–26.
- Putra, Y. P. (2017). The Effect of Environmental Performance on Financial Performance with Disclosure of Corporate Social Responsibility (CSR) as an Intervening Variable. *BALANCE Journal of Accounting and Business*, 2(2), 227–236. <https://doi.org/10.32502/jab.v2i2.1175>
- Putri, A. M., Hidayati, N., & Amin, M. (2019). The Impact of Implementing Green Accounting and Environmental Performance on the Profitability of Manufacturing Companies on the Indonesian Stock Exchange. *E-Jra*, 08(03), 12–28. <http://riset.unisma.ac.id/index.php/jra/article/view/4043>
- Rahayudi, A. M. P., & Apriwandi, A. (2023). Environmental Performance, Environmental Costs and Financial Performance (Empirical Study of Companies Listed on the Indonesia Stock Exchange in the Manufacturing Sector for the 2019-2021 Period). *Owner of Research and Accounting Journal*, 7(1), 774–786. <https://doi.org/10.33395/owner.v7i1.1334>
- Rahman, M. A., Sarker, M. S. I., & Uddin, M. J. (2019). The Impact of Capital Structure on the Profitability of Publicly Traded Manufacturing Firms in Bangladesh. *Applied Economics and Finance*, 6(2), 1–5. <https://doi.org/10.11114/aef.v6i2.3867>
- Rahmawati, I., & Mahfudz, M. K. (2018). Analysis of the Effect of Working Capital Turnover, Liquidity, Capital Structure, Sales Growth, Asset Structure, Size on Profitability (Study of Manufacturing Companies Listed on the Indonesia Stock Exchange 2012-2016). *Diponegoro Journal Of Management*, 7(4), 1–14.
- Rasheed, R., Shahid, M., Mukhtar, M., & Ishaq, M. N. (2022). Impact of Capital Structure and Liquidity Conditions on the Profitability of Pharmaceutical Sector of Pakistan. *IRASD Journal of Management*, 4(2), 135–142. <https://doi.org/10.52131/jom.2022.0402.0068>

- Rinofah, R., Maulinda, A., & Sarewo, Y. C. (2021). The Effect of Liquidity, Capital Structure, Cash Turnover on Profitability. *MANDAR: Management Development and Applied Research Journal*, 3(2), 40–47.
- Rosaline, V. D., Wuryani, E., Ekonomi, F., Surabaya, U. N., & Surabaya, K. (2020). The Effect of Implementing Green Accounting and Environmental Performance on Economic Performance. *Journal of Accounting and Finance Research*, 8(3), 569–578. <https://doi.org/10.17509/jrak.v8i3.26158>
- Sari, N. K., & Mahardika, D. P. K. (2023). Investigation of Hedging Activities, Company Size and Leverage on Financial Performance. *Journal of Business Economics Informatics*, 5(2), 409–414. <https://doi.org/10.37034/infeb.v5i2.585>
- Sari, W., Azmi, Z., & Suriyanti, L. H. (2022). Is Profitability Boosted by Green Accounting Programs and Environmental Performance? Evidence from Manufacturing Companies Listed on the Indonesian Stock Exchange. *Pearl Accounting Journal*, 7(1), 5–15. <https://doi.org/10.51544/jma.v7i1.2821>
- Siregar, I. F., Rasyad, R., & Zaharman. (2019). Pengaruh Implikasi Biaya lingkungan dan Kinerja Lingkungan Terhadap Kinerja Keuangan Perusahaan Pertambangan Umum Kategori Program Penilaian Peringkat Kerja Perusahaan Dalam Pengelolaan Lingkungan Hidup (PROPER). *Dharma Andalas Journal of Economics and Business*, 21(2), 198–209.
- Sulistiawati, E., & Dirgantari, N. (2016). Green Accounting on Profitability in Mining Companies Listed on the Indonesian Stock Exchange. *Journal of Accounting and Finance Review*, 6(1), 865–872.
- Susanti, I. D., Hertati, L., & Putri, A. U. (2023). The Effect of Green Accounting and Environmental Performance on Company Profitability. *Cashflow : Current Advanced Research on Sharia Finance and Economic Worldwide*, 2(2), 320–331. <https://doi.org/10.55047/cashflow.v2i2.552>
- Vidyasari, S. A. M. R., Mendra, N. P. Y., & Saitri, P. W. (2021). The Effect of Capital Structure, Sales Growth, Company Size, Liquidity, and Working Capital Turnover on Profitability. *Charisma Journal*, 3(1), 94–105.
- Warhdani, I. K., & Hidayati, C. (2023). The Influence of the Dimensions of Corporate Social Responsibility and Environmental Performance on the Profitability of Mining Sector Companies Listed on the Indonesia Stock Exchange in 2018-2020. *Journal of Student Research (JSR)*, 1(2), 176–189. <https://doi.org/10.55606/jsr.v1i2.987>
- Wicaksono, S., Wafirotn, K. Z., & Wijayanti, I. (2023). The Effect of Capital Structure and Ownership Structure on Company Financial Performance in Consumer Goods Industry Sector Companies Listed on the Indonesian Stock Exchange for the 2018-2020 Period. *Proceedings of the Accounting Scientific Conference*, 10, 1–12.
- Widhiastuti, N. L. P., Suputra, I. D. G. D., & Budiasih, I. G. A. N. (2017). The Effect of Environmental Performance on Financial Performance with Corporate Social Responsibility as an Intervening Variable. *Udayana University Economics and Business E-Journal*, 6(2), 819–846.