Journal of Sustainable Economics
Journal homepage: https://talenta.usu.ac.id/jse

The Effect of the Implementation of Green Acounting and Assets Turnover on Corporate Value on Manufacturing Sector Companies in Indonesian Stock Exchange

Michael Saputra Tampubolon*[1], Sari Nuzullina Rahmadhani[1]
[1] *Departement of Accounting, Faculty of Economy and Business, University of Medan Area, Medan, Indonesia*
*Corresponding Author: michaeltampubolon46@gmail.com

ARTICLE INFO
Article history:
Received 30 September 2022
Revised 20 May 2023
Accepted 24 May 2023
Available online 26 May 2023

E-ISSN: 3021–8179

How to cite:
Tampubolon, M. S. and Rahmadhani, S N. (2023). The Effect of the Implementation of Green Acounting and Assets Turnover on Corporate Value on Manufacturing Sector Companies in Indonesian Stock Exchange. Journal of Sustainable Economics, 1(1), 18-23.

This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International.

https://doi.org/10.32734/jse.v1i1.12112

ABSTRACT
This study aims to determine the effect of green accounting as measured by the PROPER performance rating of the Ministry of Environment and Assets Turnover as measured by Total Assets Turnover (TATO) on firm value (PBV). Sampling was carried out using a purposive sampling method with manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period. The data analysis technique used in this study is multiple linear regression analysis. The results of this study conclude that the application of green accounting has a positive and significant effect on corporate value and asset turnover has a positive and significant effect on corporate value.
Keyword: Green Accounting, Assets Turnover, Corporate Value

1. Introduction

In recent decades, there have been various demands from a number of circles for the Indonesian Institute of Accountants (IAI) to immediately reform accounting principles, accounting conceptual frameworks, and conservative accounting standards that form the basis of the accounting practices of corporate entities because experts consider that these practices are considered environmentally unfriendly and cause a very severe ecological and environmental crisis. Accounting practices are judged to ignore the accounting treatment of social and environmental objects, events, or transactions that are directly or indirectly related to corporate entities. The purpose of establishing a company is to maximize profits, corporate value and expand the company so that the company can expand market operations. Behind the concept of maximizing profits, the company also has the goal of increasing the value of the company. This has a direct impact on overexploitation of natural resources, whereas the available natural resources are very limited to meet human needs and take quite a long time to renew them. In particular conventional accounting also affects such bad behavior. Accounting is the trigger and spur of the crisis because accounting is considered to encourage the State and business people to behave covetously in carrying out economic activities. This is because the accounting principles and standards held by the accounting practices of the company and the State ignore the calculation, measurement of value, recording and reporting of social and environmental accounting information in reporting accounting information (Lako, 2018).

To overcome and answer these problems, the government makes policies for companies that are directly related to the use of natural resources, in addition to carrying out their business activities, the company also has a

social responsibility to the surrounding community. This is stated in Law Number 40 of 2007 concerning Limited Liability Companies article 74 paragraphs 1 to 4 states: (1) Companies that carry out their business activities in the field of and / or related to natural resources are obliged to carry out social and environmental responsibility (2) Social and environmental responsibility as referred to in paragraph 1 is the company's budgeted obligation and calculated as the company's costs whose implementation is carried out in taking into account compliance and fairness (3) The company that does not carry out the obligations as referred to in paragraph 1 is subject to sanctions in accordance with the provisions of the laws and regulations (4) Further provisions regarding social and environmental responsibility are regulated by government regulations.

At the time of Law No. 40 of 2007 concerning limited liability companies and PP. 47 Of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies (TJSLP) requires business entities and limited liability companies to carry out CSR and budget it as company costs in accordance with propriety and fairness, the accountant profession actually responds to company costs as periodic costs. As a result, all the sacrifice of the company's economic resources to carry out CSR in accounting is necessary as periodic costs or expenses that reduce the assets, profits and equity value of the company's owners as well as tax revenues for the company. As a result, many business actors are reluctant or try to minimize CSR treatment because it is considered detrimental to the company and shareholders. The Director General of Taxes also refuses business actors to provide tax incentives or withholding to TJSLP or CSR implementing corporations. The response of the accountant profession to the phenomenon of CSR and the implementation of CSR is very conservative. In accordance with the provisions of the Financial Accounting Standards (SAK), accounting and reporting of company information on the treatment of the company's economic resources to carry out TJSLP and CSR are periodic expenses that reduce profits, equity values, and assets. The reason is that the sacrifice of economic resources to implement TJSLP and CSR is considered to have no definite future economic benefits and it is difficult to measure the value of economic and non-economic benefits. Therefore, the cost of economic resources for the implementation of TJSLP, CSR, green business, and national debt is recognized as periodic costs that increase operational costs and reduce company profits (Lako, 2018).

The phenomenon that occurs in Indonesia is that there are several companies that are still not aware of the importance of environmental control and environmental care. In the case of example, there are still companies that score one or black in the PROPER decree released by the ministry of environment. A score of one or black explains that the company still ignores environmental controls. But this is not the worst thing. When the company tried to register itself to participate in the PROPER program from the Ministry of Environment and got a score of one, there were still companies that did not register to participate in the program. There are two possibilities that can be drawn from this. the first possibility is that the company is not aware of the existence of the program and the second possibility is that the company is trying to avoid a thorough inspection carried out by the Ministry of Environment with the PROPER program. This can continue to happen because there are no standard rules from conventional accounting to regulate environmental issues. To overcome the weakness of conventional accounting, it is necessary to have information and transformation towards green accounting. Therefore, green accounting emerged as a solution in addition to government policies, as a mediator between companies that carry out activities that have a direct impact on the environment and the affected communities. Not only charging, Green Accounting also recognizes CSR (Corporate Social Responsibility) activities as assets on the balance sheet (Lako, 2018).

Green accounting, in addition to having an important and strategic role for external parties in making economic and non-economic decisions, also plays a role for management and employees in performance appraisal, managerial decision making, and operational action making as well as green accounting also serves to encourage growth, improve company performance and value (Lako, 2018). In addition, asset turnover also has an important role in influencing the value of the company such as green accounting. Asset turnover can be measured using the turnover ratio of fixed assets. In this sense, asset turnover is a methodology used to measure the success of the performance of the business being run. In other words, this method can calculate how efficient a business is in carrying out its operations in one period.

2. Method

2.1. Conceptual Framework

In general, the goal of the company is to increase the profitability of the enterprise and the value of the enterprise. Business entities will try to maintain and even increase these performance results, namely by optimizing performance to the maximum. In addition to the company's economic and social performance,

environmental performance has also received attention from the public, and environmental issues are increasingly becoming a global issue. Sulistiawati and Dirgantari (2017) concluded that information in the company's financial statements has a very important role in the capital market, both for investors themselves and for the market as a whole. Investors are in dire need of information in the retrieval of knowledge, while the market uses information to achieve a new market equilibrium. Investor confidence in the quality of the company will influence him to invest more capital. The more the number, the determinant of profitability.

There are studies that show that the application of green accounting affects corporate value, Erlangga et al. (2021) found that there is a positive and significant influence between the application of green accounting and Corporate Social Responsibility disclosure on profitability and corporate value. H1: The implementation of Green Accounting has a positive and significant effect on corporate Value.

The principle of signaling theory teaches that every action contains information (Bhattacharya and Layton, 1979). An explanation of the success of the company is usually indicated by the submission of information about the report. Although the truth of the information cannot be ascertained to be true, every information presented in the financial statements contains meaning and prospects for the company in the future. The prospects of the company will be captured as a signal to determine the price of shares in the market and that price will reflect the value of the company itself.

The success of the company is usually indicated by the success of the company in obtaining revenue and profit. High revenue and high profit indicate the success of the company. However, the success of a company in obtaining high profits or profits does not necessarily give an idea that the company is successful. One of the ratios that can be used to compare revenue is the ratio between total sales and total assets owned by the company. The higher the asset turnover, it can be said that the company's performance will be more effective / efficient. There are studies that show that asset turnover affects the value of the company, Sinaga (2011) proves that there is a positive and significant influence between asset turnover on profitability and corporate value. H2: Assets Turnover has a positive and significant effect on corporate value

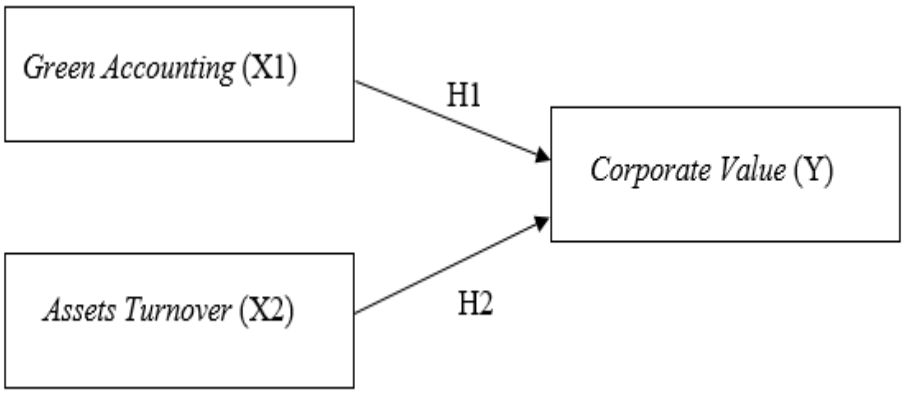

Figure1. Conceptual Framework

2.2. Research Variable

The data analysis technique used in this study is multiple linear regression with the help of IBM SPSS 25 Software. The statistical analysis used consists of descriptive statistical analysis tests, classical assumption tests consisting of normality tests, heteroskedasity tests, multicholinearity tests, and autocorrelation tests. Hypothesis testing uses a coefficient of determinity test (R2) and a t test (partial).

The population in this study was 192 companies listed on the Indonesia Stock Exchange consecutively in 2018-2020. Sampling using Purposive Sampling, the number of samples used in this study was 55 companies that met the sample selection criteria within three years, namely 2018 to 2020, then the number of observational data in this study was 165. The indicators used from each variable are as follows:

Table 1. Research Variables

Variable	Defenition	Proxy	Skala
Green Accounting (X1)	Green accounting is the process of introducing, measuring value, recording, reporting, and controlling in an integrated manner over objects, transactions, financial, social, and environmental events in the accounting process to produce social accounting, and complete, integrated and relevant environmental financial information that is useful for users in decision making and management of economic and non-economic (Lako, 2018)	The indicator used to measure Green accounting is a ranking table released by the Ministry of Environment and Forestry in the PROPER Decree. The ratings are as follows. Colour / Score Gold / 5 Green / 4 Blue / 3 Red / 2 Black / 1 *Source: https://www.menlhk.go.id*	Nominal
Assets Turnover (X2)	Total asset turnover is a ratio used to assess the effectiveness and intensity of assets in generating sales (Wild, 1997)	The formula used to measure asset turnover is as follows. (Kasmir, 2016) $\text{TATO} = \frac{\text{Total Sales}}{\text{Avarage Total Assets}}$	Ratio
Corporate Value (Y)	The value of the company is the selling point of the company that runs the business (Sartono, 2010)	The formula used to measure asset turnover is as follows. (Brigham dan Houston, 2013) $(\text{PBV}) = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$	Ratio

Source: researcher(2022)

3. Result and Discussion

This study aims to determine the effect of the application of Green Accounting and Asset Turnover on corporate value in manufacturing sector companies listed on the Indonesia Stock Exchange in the year (2018-2020). Based on the tests that have been carried out using the coefficient of determination test (R2) and the t test (partial), the following results are obtained:

Table 2. Coefficient of Determination Test

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
,855[a]	,731	,702	1,50078	1,878

Based on the results of the coefficient of determination test that has been carried out, a determination value was obtained which shows the Adjusted R Square value in this study of 0.702 or 70.2%. According to Sugiyono (2016) A good Adjusted R Square is if the value of the levy capability (R2) > 0.5 or 50%. This states that all independent variables, namely Green Accounting and Asset Turnover, are able to intervene in dependent variables, namely Corporate value of 70.2% and the remaining 29.8% are influenced by variables that were not studied in this study.

The t test is used to determine the influence between variables, namely independent variables, on dependent variables. The independent variable used in this study is green accounting, and asset turnover while the dependent variable used in this study is Corporate value. In the statistical tests t that have been carried out, all independent variables have a significant influence on the dependent variables. The results of the t test can be concluded as follows.

Table 3. Partial Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3,764	,881		4,270	,000		
X1	1,688	,279	,426	6,041	,000	,997	1,003
X2	,410	,186	,156	2,211	,028	,997	1,003

Based on the results of the research that has been carried out, it shows that the calculated t value of the green accounting > t table is 6.041 > 1.654 and a significant value of 0.000 < 0.05. So it can be concluded that green accounting has a positive and significant effect on the value of companies in the manufacturing sector. This result corresponds to the theory of legitimacy in which the theory of legitimacy is a theory of partiality to society. Through the results obtained, it can be concluded that the company has carried out many programs that are in accordance with the expectations of the community that can help the community. Good and correct environmental processing has also gained legitimacy from the community and then become a positive signal captured by investors to then invest in the company and raise the value of the company. This is also of course in line with signal theory. In line with Dewi and Narayana's research (2020), the results of the research showed that the green accounting variable had a significant and positive effect on corporate value. In other words, the increasing green accounting will further increase the value of the company, and vice versa the value of the company will decrease in line with the decline in green accounting. The same thing was also expressed by Hanifah (2015) who stated that after the implementation of green accounting there was an increase in earnings and stock prices. The green accounting variable is one of the variables that can affect financial performance, especially the value of the company which is reflected through stock prices.

Considering the results of the research that has been carried out, it can be concluded that in the 2018-2020 period, manufacturing companies on the Indonesia Stock Exchange have carried out good management for the environment that is affected by the company's business operations through accounting disclosures. This can certainly show that manufacturing companies are not only limited to exploring and exploiting the environment but also balancingly making improvements and managing the environment in accordance with environmental needs. By creating a good and healthy environment, the company has also fulfilled its social contract to the community, so that no party is harmed due to operational activities carried out by the company.

Based on the results of research that has been carried out, it shows that the calculated value of the asset turnover > t table is 2.2111 > 1.654 and a significant value of 0.028 < 0.05. So it can be concluded that asset turnover has a positive and significant effect on the value of the company in manufacturing sector companies. In accordance with the results of the study, it can be concluded that information regarding the company has reached investors well which is then captured as a positive signal by investors. A good asset turnover is a positive signal for investors to invest because the better the company is at managing assets, the more it will increase sales which then have a direct impact on the company's profit. According to Sinaga (2011) For stocks of industrial companies listed on the Indonesia Stock Exchange, the hypothesis test results state that asset turnover has an influence on the value of the company. The results of the study proved that the effect of asset turnover on the value of the company is positive and significant. This means that information about the asset turnover ratio will be responded to positively by investors so that it will increase the stock price in the market which means it will also increase the value of the company. In line with Research Sukawati and Hernawati (2021) stated that there is a close relationship between asset turnover and corporate value which is reflected through ROA.

Asset turnover shows how the effectiveness and efficiency of the company uses the overall assets owned to create sales in relation to profit. The company's ability to make a profit is called profitability. From the results of the study, it is known that asset turnover has a positive and significant effect on the value of the company. Judging from the results of the study, it can be concluded that in the 2018-2020 period, manufacturing

companies on the Indonesia Stock Exchange have succeeded in utilizing their assets to generate sales. High sales will increase the company's profit. High profits will increase investors' interest in investing in a company which then this will also cause a positive signal to the value of the company which is responded to by the increase in the share price of a business entity. In addition, the company has succeeded in finding a suitable method to use the assets owned in operational activities to generate sales for the company in relation to making a profit.

4. Conclusion

The conclusions obtained in this study are: First, manufacturing sector companies listed on the Indonesia Stock Exchange in 2018-2020 have implemented green accounting well by maintaining and processing the environment properly and not just exploiting the environment. As a result of the good environmental processing, investors received positive signals through green accounting reporting and began to give their capital to the company which had a good impact on increasing the value of the company. The two manufacturing sector companies listed on the Indonesia Stock Exchange in 2018-2020 have obtained a good method in utilizing their assets to make a profit through sales. High profits will automatically increase the value of the company. Furthermore, based on the studies and discussions obtained, the advice given by the author to the company is that companies must be more aware of the importance of good environmental control, besides that researchers also suggest that companies consider processing asset utilization using the TATO (Total Assets Turnover) method.

References

Bhattacarya, M.N. & Layton, A.P. (1979). Effectiveness of Seat Belt Legislation on Queensland Road Toll – An Australian Case Study in intervention Analiys. Journal of American Statistics Association.

Brigham, F. E & Houtson, J. F. (2013). Fundamentals of Financial Management. Jakarta: Salemba Empat

Dewi, P.P., & Narayana, I. P. E. (2020). Implementation of Green Accounting, Profitability and Corporate Social Responsibility on Corporate value. E-Journal of Accounting. Vol. 30 No. 12

Erlangga, C.M., Fauzi, A., & Sumiati, A. (2021). The Effect of Implementation of Green Accounting and Corporate Social Responsibility Disclosure to Corporate value through Profitability. Journal of Accounting Science. Vol. 14 No. 1.

Hanifah, Z. (2015). The Effect of Green Accounting Implementation on Company Performance. Journal of Research and Finance, 3 (1), 2015, 603-616.

https://www.menlhk.go.id

Kasmir. (2016). The Analyst of Financial Report. Jakarta: Rajawali Pers.

Lako, A. (2018). Green accounting; Issues, Theories and Applications. Jakarta: Salemba Empat.

Sinaga, M. H. (2011). The Effect of Asset Turnover on Corporate value with Profitability as a Mediating Variable in Industrial Companies Listed on the Indonesia Stock Exchange. Thesis. University of North Sumatra.

Sukawti, R., & Hernawati E. (2021). Effect of Fixed Asset Turnover on Company Profitability. Journal of Financial and Banking Sciences. Vol. 11 No. 1

Sulistiawati, E., and Dirgantari, N. (2016). Analysis of the Effect of Green Accounting Application on Profitability in Mining Companies Listed on the Indonesia Stock Exchange. Journal of Accounting and Finance Review Vol. 6 No. 1 ISSN :2088-0685.