

**THE EFFECT OF A GOOD ENVIRONMENTAL
IMAGE ON IMPROVING COMPANY FINANCIAL
PERFORMANCE**

THESIS



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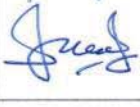
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THE EFFECT OF A GOOD ENVIRONMENTAL IMAGE ON IMPROVING COMPANY FINANCIAL PERFORMANCE

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ABSTRACT

The stakeholder expectations on the company's environmental disclosure imply sustainability that the company must meet. The aim of this study is to investigate how industry type, ISO 14001 certification, and environmental performance affect the financial performance of businesses. This research uses secondary data from company annual reports and the Ministry of Environment's PROPER ranking database. Companies in the basic and chemical sectors that were listed on the Indonesia Stock Exchange between 2021 and 2023 made up the study's population. 51 samples were acquired by using a purposive sampling strategy to select samples from 17 companies between 2021 and 2023. This research uses the SPSS 26 application for multiple linear regression analysis. The results of this research show that the PROPER rating does not influence financial performance, while ISO 14001 certification and industry type have a significant influence on the company's financial performance.

Keywords: Environmental Performance, Financial Performance, Industrial Type, ISO 14001

PENGARUH CITRA LINGKUNGAN YANG BAIK DALAM MEMAJUKAN KINERJA KEUANGAN PERUSAHAAN

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ABSTRAK

Ekspektasi pemangku kepentingan atas pengungkapan lingkungan perusahaan menyiratkan keberlanjutan yang harus dipenuhi oleh perusahaan. Tujuan penelitian ini adalah untuk menguji pengaruh kinerja lingkungan, sertifikasi ISO 14001, dan tipe industri terhadap kinerja keuangan perusahaan. Penelitian ini menggunakan data sekunder yang didapatkan dari laporan tahunan perusahaan dan database peringkat PROPER Kementerian Lingkungan Hidup. Populasi dalam penelitian ini adalah perusahaan sektor dasar dan kimia yang terdaftar pada Bursa Efek Indonesia dari 2021 hingga 2023. Teknik *purposive sampling* digunakan untuk menyeleksi sampel dan didapatkan sebanyak 17 perusahaan dengan rentang waktu 2021-2023, sehingga didapatkan sebanyak 51 sampel. Penelitian ini menggunakan aplikasi SPSS 26 untuk analisis regresi linear berganda. Hasil penelitian ini menunjukkan bahwa peringkat PROPER tidak memiliki pengaruh terhadap kinerja keuangan, sedangkan sertifikasi ISO 14001 dan tipe industri berpengaruh positif terhadap kinerja keuangan perusahaan.

Kata kunci: Kinerja Lingkungan, ISO 14001, Tipe Industri, Kinerja Keuangan

SUMMARY

THE EFFECT OF A GOOD ENVIRONMENTAL IMAGE ON IMPROVING COMPANY FINANCIAL PERFORMANCE

1. Introduction

a. Background

In business world, every company strives to optimize its performance, particularly its financial performance, as it is fundamental to sustaining the business. Not only reflecting economic health, for large companies, strong financial performance can increase investor interest in making investment decisions. However, now many investors are paying attention to non-financial aspects to determine their investment decisions, such as the company's concern for environmental issues. This is based on the fact that to increase profits, every business can exploit and distort the surrounding environment. Concrete examples of previous cases of natural damage that have already occurred in Indonesia are PT Lapindo Brantas, PT Newmont in Buyat Bay, PT Freeport Indonesia, and others (Lestari, 2017). This incident is a reminder of the importance of environmental sustainability in order to maintain business continuity.

Issues regarding the environment are becoming increasingly attractive to the government and society, giving rise to encouragement for companies to be responsible and disclose their environmental performance, including by participating in the PROPER program and ISO 14001. PROPER is a policy issued by the Indonesian Ministry of Environment regarding company environment management performance by statutory regulations. The PROPER disclosure is believed to be able to create a good image of the company so that it can increase shareholder trust and loyalty (Nuryaningrum & Andhaniwati, 2021). Not only that, it can also increase consumer purchases.

A company's ability to disclose its environmental performance is closely correlated with its ISO 14001 accreditation. ISO 14001 is an internationally recognized guideline that regulates environmental management systems (ISO ORG, 2015). Companies that have received this certification have gone through a process of gap analysis, implementation of environmental management standards, manager reviews and internal audits. So it becomes an achievement in itself for companies that successfully obtain this certification, and can increase investor confidence.

Apart from the influence of environmental performance and ISO 14001 certification, industry type is also a variable that influences financial performance. In order to form a positive image of a business, industry type is also believed to influence a company's performance and disclosure because it has different characteristics between types.

The basic and chemical sectors were chosen because those are one of the manufacturing sectors that contribute to the largest

economy in Indonesia, which consists of various fields. Based on (Kemenpan.go.id, 2024), throughout 2023, basic metal companies will be the number one contributor to national manufacturing industry exports, while the chemical industry will be the eighth largest.

b. Research Questions

1. Does environmental performance positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?
2. Does ISO 14001 Certification positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?
3. Does industry type positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?

c. Research Purposes

1. To study the effect of environmental performance on the financial performance of the basic and chemical company listed in the IDX 2021-2023.
2. To study the effect of ISO 14001 Certification on the financial performance of the basic and chemical company listed in the IDX 2021-2023.
3. To study the effect of industry type on the financial performance of the basic and chemical company listed in the IDX 2021-2023.

2. Research Metodology

This research uses dependent and independent variables. Financial performance is the dependent variable for the research. Meanwhile, the independent variables are environmental performance, ISO 14001 certification, and industry type. This research calculates the profitability ratio (ROA) as a measurement of business performance. Meanwhile, the PROPER assessment is used as the financial performance measurement. For the ISO 14001, this research divided companies that received ISO 14001 within 2021-2023. And for the industry type, this research sample is divided into two different types, namely low-profile and high-profile.

The collected data is analysed using the multiple linear regression method in the SPSS 26 application to test the influence between variables. To find out the overall summary of the data collected, descriptive analysis is presented in the research. Then, the classical assumption test is carried out before conducting the multiple linear regression test, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

3. Result and Discussion

Based on the results of the linear regression test, the first hypothesis is rejected, indicating that the level of PROPER attained by the company does not significantly influence its ROA. Researchers also found that there are still many basic and chemical companies that have not registered with the PROPER program, and several companies obtained low rankings.

In contrast, the test results support the second hypothesis with a significance value of 0.025 and have a positive effect on financial performance. ISO 14001 certification is an internationally recognized certification and has proven to improve a company's image.

The third hypothesis is accepted with a significance value of 0.040 so that industry type is proven that the division of companies based on low-profile and high-profile industry types influences the financial performance. This also proves that high-profile companies are more aggressive in improving environmental performance by participating in the PROPER program. These results are in line with Stakeholder theory.

Based on these results, 0.016 significance defines that the three variables have a simultaneous influence on the financial performance variable. With an F value of 3.782, which exceeds the F Table value (2.802), the conclusion can be drawn that the independent variables environmental performance, ISO 14001 certification, and industry type influence a company's financial performance.

4. Conclusion and Limitation

The research's findings lead to the conclusion that the PROPER rating has no significant effect on financial performance. Meanwhile, it is found that ISO 14001 certification and industry type positively influence the company's financial performance. Environmental performance variables, ISO 14001 certification, and industry type simultaneously have a positive influence on financial performance.

This research is limited in the number of samples (17 companies in 3 years); thus testing the industry type variable is still not optimal because it only relies on the basic and chemical company sector. Apart from that, the coefficient of determination in this study is still not large enough (Adjusted R Square 14.3%). Therefore, future researchers can add samples with the same proportion of industry types between low-profile and high-profile or involve more samples from different sectors.

RINGKASAN

PENGARUH CITRA LINGKUNGAN YANG BAIK DALAM MEMAJUKAN KINERJA KEUANGAN PERUSAHAAN

1. Pendahuluan

a. Latar Belakang

Dalam dunia bisnis, setiap perusahaan berupaya untuk mengoptimalkan kinerjanya, terutama kinerja keuangan, karena kinerja keuangan merupakan hal yang fundamental untuk mempertahankan kelangsungan usaha. Selain mencerminkan kesehatan ekonomi, bagi perusahaan besar, kinerja keuangan yang kuat dapat meningkatkan minat investor dalam mengambil keputusan investasi. Namun, saat ini banyak investor yang memperhatikan aspek non-finansial untuk menentukan keputusan investasinya, seperti kepedulian perusahaan terhadap isu lingkungan. Hal ini didasarkan pada kenyataan bahwa untuk meningkatkan keuntungan, setiap bisnis dapat mengeksploitasi dan merusak lingkungan sekitar. Contoh konkret kasus kerusakan alam sebelumnya yang telah terjadi di Indonesia adalah PT Lapindo Brantas, PT Newmont di Teluk Buyat, PT Freeport Indonesia, dan lainnya (Lestari, 2017). Kejadian ini menjadi pengingat akan pentingnya keberlanjutan lingkungan guna menjaga kelangsungan usaha.

Isu-isu mengenai lingkungan hidup semakin menarik perhatian pemerintah dan masyarakat, sehingga memunculkan dorongan bagi perusahaan untuk bertanggung jawab dan mengungkapkan kinerja lingkungannya, salah satunya dengan mengikuti program PROPER dan ISO 14001. PROPER merupakan kebijakan yang dikeluarkan oleh Kementerian Lingkungan Hidup RI mengenai kinerja pengelolaan lingkungan perusahaan berdasarkan peraturan perundang-undangan. Pengungkapan PROPER diyakini mampu menciptakan citra perusahaan yang baik sehingga dapat meningkatkan kepercayaan dan loyalitas pemegang saham (Nuryaningrum & Andhaniwati, 2021). Tidak hanya itu, juga dapat meningkatkan pembelian konsumen.

Kemampuan perusahaan dalam mengungkapkan kinerja lingkungannya berkorelasi erat dengan akreditasi ISO 14001 yang dimilikinya. ISO 14001 merupakan pedoman yang diakui secara internasional yang mengatur sistem manajemen lingkungan (ISO ORG, 2015). Perusahaan yang telah memperoleh sertifikasi ini telah melalui proses *gap analysis*, penerapan standar manajemen lingkungan, *manager review*, dan audit internal. Sehingga menjadi suatu prestasi tersendiri bagi perusahaan yang berhasil memperoleh sertifikasi ini, dan dapat meningkatkan kepercayaan investor.

Selain pengaruh kinerja lingkungan dan sertifikasi ISO 14001, jenis industri juga merupakan variabel yang mempengaruhi kinerja keuangan. Untuk membentuk citra positif suatu bisnis, jenis industri juga diyakini dapat mempengaruhi kinerja dan

pengungkapan perusahaan karena memiliki karakteristik yang berbeda antar jenis.

Sektor dasar dan kimia dipilih karena merupakan salah satu sektor manufaktur yang memberikan kontribusi terbesar bagi perekonomian Indonesia yang terdiri dari berbagai bidang. Berdasarkan (Kemenpan.go.id, 2024), sepanjang tahun 2023, perusahaan logam dasar akan menjadi penyumbang nomor satu bagi ekspor industri manufaktur nasional, sedangkan industri kimia akan menjadi yang terbesar kedelapan.

b. Rumusan Masalah

1. Apakah kinerja lingkungan berpengaruh positif terhadap kinerja keuangan perusahaan dasar dan kimia yang terdaftar di BEI tahun 2021-2023?
2. Apakah Sertifikasi ISO 14001 berpengaruh positif terhadap kinerja keuangan perusahaan dasar dan kimia yang terdaftar di BEI tahun 2021-2023?
3. Apakah jenis industri berpengaruh positif terhadap kinerja keuangan perusahaan dasar dan kimia yang terdaftar di BEI tahun 2021-2023?

c. Tujuan Penelitian

1. Untuk mengetahui pengaruh kinerja lingkungan terhadap kinerja keuangan perusahaan kimia dasar yang terdaftar di BEI tahun 2021-2023.
2. Untuk mengetahui pengaruh Sertifikasi ISO 14001 terhadap kinerja keuangan perusahaan kimia dasar yang terdaftar di BEI tahun 2021-2023.
3. Untuk mengetahui pengaruh jenis industri terhadap kinerja keuangan perusahaan kimia dasar yang terdaftar di BEI tahun 2021-2023.

2. Metodologi Penelitian

Variabel dependen dan independen dalam penelitian ini adalah kinerja keuangan. Sedangkan variabel independennya adalah kinerja lingkungan, sertifikasi ISO 14001, dan jenis industri. Penelitian ini menghitung rasio profitabilitas (ROA) sebagai pengukuran kinerja bisnis. Sedangkan penilaian PROPER digunakan sebagai pengukuran kinerja keuangan. Untuk ISO 14001, penelitian ini membagi perusahaan yang menerima ISO 14001 dalam kurun waktu 2021-2023. Dan untuk jenis industri, sampel penelitian ini dibagi menjadi dua jenis yang berbeda, yaitu *low-profile* dan *high-profile*.

Data yang terkumpul dianalisis menggunakan metode regresi linier berganda pada aplikasi SPSS 26 untuk menguji pengaruh antar variabel. Untuk mengetahui keseluruhan rangkuman data yang terkumpul, dalam penelitian ini disajikan analisis deskriptif. Kemudian, sebelum melakukan uji regresi linier berganda, dilakukan

uji asumsi klasik, yaitu uji normalitas, uji multikolinearitas, uji heteroskedastisitas, dan uji autokorelasi.

3. Hasil dan Pembahasan

Berdasarkan hasil uji regresi linier, hipotesis pertama ditolak yang menunjukkan bahwa tingkat PROPER perusahaan tidak berpengaruh signifikan terhadap ROA. Peneliti juga menemukan bahwa masih terdapat beberapa perusahaan belum beroperasi sesuai dengan standar pengelolaan lingkungan PROPER yang maksimal, sehingga peringkatnya rendah.

Sebaliknya, hasil pengujian mendukung hipotesis kedua dengan nilai signifikansi 0,025 dan berpengaruh positif terhadap kinerja keuangan. ISO 14001 merupakan sertifikasi yang diakui secara internasional dan terbukti dapat meningkatkan citra perusahaan.

Hipotesis ketiga diterima dengan nilai signifikansi 0,040 sehingga terbukti jenis industri bahwa pembagian perusahaan berdasarkan jenis industri *low profile* dan *high profile* berpengaruh terhadap kinerja keuangan. Hal ini juga membuktikan bahwa perusahaan *high profile* lebih agresif dalam meningkatkan kinerja lingkungan dengan mengikuti program PROPER. Hasil ini sejalan dengan teori Stakeholder.

Uji simultan menunjukkan bahwa ketiga variabel tersebut memiliki pengaruh secara simultan terhadap variabel kinerja keuangan. Dengan nilai F sebesar 3,782 yang melebihi nilai F Tabel, maka disimpulkan bahwa variabel independen kinerja lingkungan, ISO 14001, dan tipe industri berpengaruh terhadap kinerja keuangan perusahaan.

4. Kesimpulan dan Limitasi

Hasil penelitian ini berkesimpulan bahwa peringkat PROPER tidak berpengaruh signifikan terhadap kinerja keuangan. Sementara itu, sertifikasi ISO 14001 dan jenis industri berpengaruh positif terhadap kinerja keuangan perusahaan. Variabel kinerja lingkungan, sertifikasi ISO 14001, dan jenis industri secara simultan berpengaruh positif terhadap kinerja keuangan.

Penelitian ini terbatas pada jumlah sampel (17 perusahaan dalam 3 tahun); sehingga pengujian variabel jenis industri masih belum optimal karena hanya mengandalkan sektor perusahaan dasar dan kimia. Selain itu, koefisien determinasi dalam penelitian ini masih belum cukup besar (*Adjusted R Square* 14,3%). Oleh karena itu, peneliti selanjutnya dapat menambahkan sampel dengan proporsi jenis industri yang sama antara *low-profile* dan *high-profile* atau melibatkan lebih banyak sampel dari sektor yang berbeda.

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CHAPTER I

INTRODUCTION

1.1 Background

In an increasingly competitive business world, companies often face many challenges and problems in maintaining business performance. As with previous world economic scandals (Enron in 2001, Bernard L. Madoff Investment Securities in 2008, Lehman Brothers in 2012, and others), company management tried to mitigate the impact of the crisis (Riyadh et al., 2019). Every company strives to optimize its performance, particularly its financial performance, as it is fundamental to sustaining the business. Not only does it reflect economic health, but for large companies, strong financial performance can increase investor interest in making investment decisions.

However, now many investors are paying attention to other important components that determine their investment decisions, one of which is non-financial aspects such as the company's concern for environmental issues. This is based on the fact that to increase profits, every business can exploit and distort the surrounding environment. Companies that do not care about the environment can cause serious impacts on surrounding life, such as damage to the ecosystem and environmental pollution. Concrete examples of previous cases of natural damage that have already occurred in Indonesia are PT Lapindo Brantas, PT Newmont in Buyat Bay, PT Freeport Indonesia, and others (Lestari, 2017). This incident is a reminder of the importance of environmental sustainability in running a business in order to maintain business continuity. For this reason, companies should not only make profits a priority but also pay attention to the surrounding environment, especially for large companies that have a large impact on the environment.

Issues regarding the environment are becoming increasingly attractive to the government and society, giving rise to encouragement for companies to carry out operational activities responsibly and

disclose their environmental performance, including by participating in the PROPER program and ISO 14001 certification. PROPER is a policy issued by the Indonesian Ministry of Environment regarding company environment management performance by statutory regulations, while ISO 14001 is an internationally recognized standard regarding company environmental management. This disclosure is believed to be able to create a good image of the company so that it can increase shareholder trust and loyalty (Nuryaningrum & Andhaniwati, 2021). Not only that, this form of corporate environmental responsibility can also increase consumer purchases. Similar to investors, consumers will also consider their purchasing decisions based on the image they have built, especially for people who care about the environment. By disclosing environmental performance, business sustainability in the region is maintained over time and the company's image can improve.

Many previous studies have examined how a company's environmental performance can enhance its financial performance, including a study by (Nuryaningrum et al., 2021), which suggests that there is a significant positive influence of environmental performance on profitability. The findings produced by (Putri, Hidayati, and Amin, 2019) also prove that environmental performance and green accounting have a significant influence on the ROA and ROE profitability ratios. The better the PROPER level and Green Accounting disclosure, the better the company's profitability. Paulus Tahu (2019), in his research, also found that environmental performance influences financial performance. However, apart from that, this statement is refuted by other research arguments which found that there is no discernible relationship between environmental performance and financial results (Asjuwita & Agustin, 2020; Puji Astuti et al., 2014; Vivianita & Nafasati, 2018). Even though its environmental performance is poor, the company continues to expand its market share so that financial performance is maintained (Vivianita et al., 2019). So, there are still contradictions that the differences in findings have not resolved. A

company's ability to disclose its environmental performance is closely correlated with its ISO 14001 accreditation. ISO 14001 is an internationally recognized guideline that regulates environmental management systems (ISO ORG, 2015). Companies that have received this certification have gone through a process of gap analysis, implementation of environmental management standards, manager reviews and internal audits. So it becomes an achievement in itself for companies that successfully obtain this certification, and can increase investor confidence. Research conducted by Evita and Syafruddin (2019) demonstrates the relationship between environmental performance, environmental expenses, and ISO 14001 certification. Certification in ISO 14001 has a significant impact on achieving financial performance (Fitriaty, Solikhin, & Srikandi, 2021). ROE will increase along with the implementation of ISO 14001 certification in the company. However, in contrast, Setiawan Budi and Pranaditya (2018) obtained different findings where ISO 14001, which is a measure of environmental performance variables, was proven to have no significant influence on company financial performance.

Apart from the influence of environmental performance and ISO 14001 certification, industry type is also a variable that influences financial performance. In order to form a positive image of a business, industry type is also believed to influence a company's performance and disclosure because it has different characteristics between types. The effect of industry type is still controversial because the results are inconsistent. In dividing industry types into high-profile and low-profile, previous researchers found that high-profile industry types made more disclosures than low-profile types (Arisandi & Mimba, 2021). These differences in disclosure tendencies can influence stakeholder responses. Other researchers obtained results that industry type did not affect company value, which is part of financial performance (Beriwisnu & Priyadi, 2017). However, there is still little

research that links industry type to company financial performance through profitability.

Previous research was limited in the scope of the company sector, which only focused on testing one non-manufacturing sector and did not add other variables, such as ISO 14001 as an assessment of environmental performance (Ningtyas & Triyanto, 2019; Asuti, Anisykurillah, & Murtini, 2014). This research aims to address gaps and limitations in previous studies by investigating how environmental performance, ISO 14001 certification, and industry type affect the financial performance of basic and chemical companies listed on the Indonesian Stock Exchange from 2021 to 2023. The basic and chemical sectors were chosen because they are one of the manufacturing sectors that contribute to the largest economy in Indonesia, which consists of various fields. Based on (Kemenpan.go.id, 2024), throughout 2023, basic metal companies will be the number one contributor to national manufacturing industry exports, while the chemical industry will be the eighth largest.

1.2 Research Questions

1. Does environmental performance positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?
2. Does ISO 14001 Certification positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?
3. Does industry type positively affect the financial performance of the basic and chemical company listed in the IDX 2021-2023?

1.3 Research Purposes

1. To study the effect of environmental performance on the financial performance of the basic and chemical company listed in the IDX 2021-2023.

2. To study the effect of ISO 14001 Certification on the financial performance of the basic and chemical company listed in the IDX 2021-2023.
3. To study the effect of industry type on the financial performance of the basic and chemical company listed in the IDX 2021-2023.

1.4 Research Contributions

1.4.1 Theoretical Contributions

1. This article provides a theoretical understanding of integrating stakeholder theory and legitimacy theory to explain the relationship between environmental performance, ISO 14001 certification, and industry type on corporate financial performance.
2. It offers additional insights for future researchers in the same field and reinforces theories that can serve as references for future studies.

1.4.2 Practical Contributions

1. For companies, the findings of this study can assist them in making informed decisions to enhance their environmental image, thereby improving financial performance by attracting investor interest and encouraging customer purchases.
2. For the public, this research provides valuable insights into the significance of a company's environmental image in influencing its sustainability, enabling potential investors and buyers to consider this factor in their decisions.

1.5 Contextual Overview of Research

This research aims to examine the influence of environmental performance, ISO 14001 certification, and industry type on the financial performance of basic and chemical companies listed on the Indonesia

Stock Exchange (IDX) for the period 2021–2023. The study utilizes data from the companies' annual reports for 2021–2023 and the PROPER rating database of the Ministry of Environment and Forestry. The selection of the basic and chemical sectors as the sample is based on the fact that these sectors are among the largest contributors to Indonesia's manufacturing economy. According to menpan.go.id (2024), throughout 2023, the basic metals industry was the leading contributor to national manufacturing exports, while the chemical industry ranked as the eighth largest contributor.