The Effect of Environmental Performance and Environmental Disclosure on Return on Asset in Food and Beverage Companies on the Indonesia Stock Exchange in 2019–2021

Erinda Aprilia
University 17 August 1945 Surabaya

Noviana Ramadhani
University 17 August 1945 Surabaya

Vika Triya Wahyuni
University 17 August 1945 Surabaya

Maria Yovita R. Pandin
University 17 August 1945 Surabaya

Jl. Semolowaru No. 45, Menur Pumpungan, Sukolilo, Surabaya
Email: *erindaapriliaa@gmail.com*, *novianarmdni4@gmail.com*,
vikatriyawahyuni23@gmail.com, *yovita_87@untag-sby.ac.id*

Abstract. The goal of this study was to determine whether environmental performance and environmental disclosure have an impact on the return on assets of the food and beverage industry. The three parameters we took into consideration for this study were return on assets (ROA), environmental performance (EP), and environmental disclosure (ED). The food and beverage companies listed on the Indonesia Stock Exchange in 2019–2021 make up the study's population. Five samples of businesses are chosen using the intentional sampling approach and certain criteria and attributes. Using the hypothesis t test and the hypothesis F test to test hypotheses Analyze data using IBM SPSS Statistics 22. The findings of the hypothesis t test indicated that the relevance of the ROA is not significantly impacted by environmental performance. According to the results of the hypothesis t test, the relevance score of (0.92) > 0.05 for the ROA is not substantially impacted by environmental performance. However, environmental disclosure significantly affects ROA, with a significance value of (0.002) < 0.05. The results of the hypothesis F test revealed that environmental performance and environmental disclosure have a significant impact on ROA, with a significance value of (0.92) > 0.05.

Keywords: Return On Assets, Environmental Transparency, And Environmental Performance.

Abstrak. Tujuan dari penelitian ini adalah untuk mengetahui apakah kinerja lingkungan dan pengungkapan lingkungan berdampak pada pengembalian aset industri makanan dan minuman. Tiga parameter yang kami pertimbangkan untuk penelitian ini adalah pengembalian aset (ROA), kinerja lingkungan (EP), dan pengungkapan lingkungan (ED). Perusahaan makanan dan minuman yang terdaftar di Bursa Efek Indonesia tahun 2019–2021 menjadi populasi penelitian. Lima sampel bisnis dipilih dengan menggunakan pendekatan sampling yang disengaja dan kriteria dan atribut tertentu. Menggunakan uji hipotesis t dan uji hipotesis F untuk menguji hipotesis Menganalisis data menggunakan IBM SPSS Statistics 22. Temuan dari uji t hipotesis menunjukkan bahwa relevansi ROA tidak dipengaruhi secara

signifikan oleh kinerja lingkungan. Menurut hasil uji hipotesis t, skor relevansi (0,92) > 0,05 untuk ROA secara substansial tidak dipengaruhi oleh kinerja lingkungan. Namun, pengungkapan lingkungan berpengaruh signifikan terhadap ROA, dengan nilai signifikansi (0,002) < 0,05. Hasil uji hipotesis F diketahui bahwa environmental performance dan environmental disclosure berpengaruh signifikan terhadap ROA, dengan nilai signifikansi (0,92) > 0,05.

Kata Kunci: Pengembalian Aset, Transparansi Lingkungan, Dan Kinerja Lingkungan.

INTRODUCTION

After the COVID-19 pandemic that made the global economy worse in 2020, But gradually, the global economy is recovering and improving. It cannot be denied that the occurrence of this pandemic can have a slight positive impact on every company, especially on business. This causes the emergence of competition in the world of business, which is inevitable and requires business people to be able to compete to improve the performance of companies in order to survive and achieve the ultimate goal of getting profit according to the target.

The revenue generated can be used to measure the company's performance, although large revenues are not necessarily a measure that the business is operating effectively. Profit can be compared with other indicators to assess the amount of profitability, which will then show the level of efficiency of the company. As stated by Riyanto (2012: 35), "The ratio of profit to assets or capital needed to generate profit is shown by the company's profitability. Therefore, the ability of a business to make money is the definition of profitability.

Development in segments of the economy that contribute to the activity of the economy In Indonesia, the FnB industry is an attractive sector and larger than the manufacturing industry. Due to its high value, the FnB sector has made a fairly large contribution to the manufacturing sector—to the GDP—in Indonesia during the COVID-19 pandemic. Surely this will be an opportunity to be able to attract the interest of investors to be researched. Because everyone really needs food and drink to survive, the prospects for this industry are also very good. Humans are also required to fulfill primary needs first, so it is possible that companies in this sector will still survive with a significant number of enthusiasts.

Companies that regulate natural resources have the opportunity to damage the environment more broadly, according to Putri et al. (2019). The environmental impact that occurs is caused by humans who act detrimentally and often explore the potential of natural resources excessively, so there is a lack of attitude to defend the environment. With this

incident, a form of regulation is needed by issuing green accounting, regulating how businesses must be responsible for the environment.Indonesia has a variety of key environmental policies. PSAK No. 32 regulates business practices related to environmental impact and ordinary mining accounting, while PSAK No. 33 regulates forestry accounting.

According to Andreas (2014), the community, especially employees and all components of the company, have shown awareness of the environment by getting the title "green company". Environmentally conscious companies strive to improve long-term business performance, according to Radyati (2014). As consumers become more interested in buying food and beverage items that are highly environmentally friendly, businesses that do not prioritize environmental awareness will eventually lose market share due to poor performance.

Based on the above description, several problems can be raised, namely: Does environmental performance in the company greatly affect ROA? Does environmental disclosure also affect ROA? Then does-both-affect-ROA?. This research has no other purpose than to prove whether ROA can be influenced by environmental performance and environmental disclosure. As well as the benefits of this study, there are several others, including: For a company, it can provide a little picture or estimate of green accounting, which has an important role in the company. Then, for investors, it is hoped that it can be used as a reference to decide whether to invest in food and beverage companies.

LITERATURE STUDY

Financial Management

Ningsih (2016) defines financial management as the activity of planning, evaluating, and managing financial activities in an organization or company. Financial managers can perform financial management. It can also be defined as all business activities related to efforts to acquire company assets, reduce costs, and use and allocate assets effectively to maximize the value of the company, or the price at which buyers are willing to pay if the company sells itself.

Environmental Performance

Environmental performance, according to Bahri (2016: 117), is the company's ability to maintain a healthy environment. Environmental performance generally refers to how a company interacts with the environment in terms of the resources it uses, the organizational processes it uses, the products and services it produces, the impact of these processes on the environment, the recovery of waste generated during product processing, and compliance with work environment regulations. When a company's operations cause significant damage to the environment, it may indicate that the company is not doing enough to protect the environment, and the opposite is also true. The worse a company handles its environment, the more environmental damage it causes. Proper and then ISO (certification of ISO 14001 and ISO 17025 environmental management systems by independent institutions), AMDAL (testing of waste BOD and COD), and GRI (Global Reporting Initiative) are examples of some environmental performance indicators. The Ministry of Environment and Forestry used the PROPER indicator to assess environmental performance in this study.

Environmental Disclosure

Environmental disclosure, according to Barthelot et al. (2003), is the compilation of data that has to do with the management of the company's environment precisely in the past, present, and future. There are several ways to obtain this information, including qualitative reports, quantitative facts or claims, financial statements, or footnotes. The costs associated with environmental disclosure include past and present costs incurred when installing or running pollution control technologies. This study uses a dummy method indicator to measure environmental disclosure.

Return on Assets (ROA)

Sutrisno (2008: 222) describes ROA as a measure of the company's ability to generate profit from all its assets. In contrast, "return on assets," according to Riyanto (2012), is the ability of the capital invested at that time in all assets to generate profits for investors. A positive ROA means that all assets or assets used for business can generate profits; if negative, it means that all assets are lost or are experiencing losses.

"ROA is a ratio with the results of total assets or assets that have been used by the company as a benchmark in management efficiency," Kasmir (2012: 202). This leads to the conclusion that ROA is a ratio that can be used to assess how well a business uses profit. The formula contained below is to be used in systematically calculating ROA :

$$\text{Return on Assets} = \frac{Profit\ After\ Tax}{Total\ Assets}\ x\ 100\%$$

CONCEPTUAL FRAMEWORK

The relationship between an idea and other ideas derived from research problems is the conceptual framework of research. The science or theory that underlies a study functions as a conceptual framework (Setiadi, 2013).

Framework
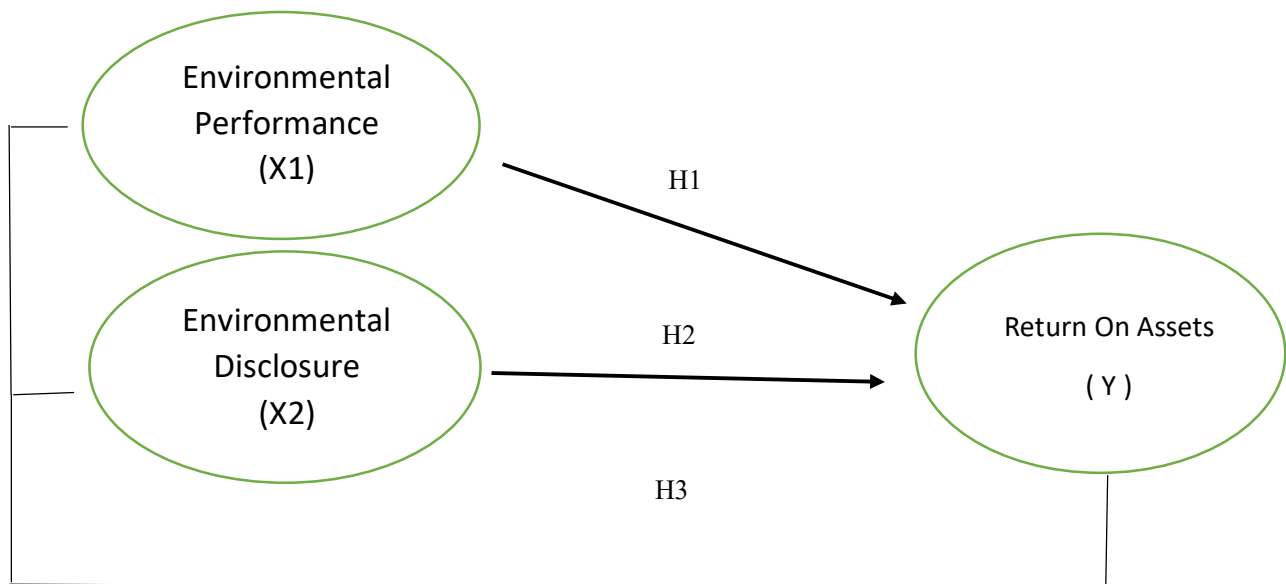
In this study, there are three factors. While profitability determined by ROA is the dependent variable, environmental accounting serves as the independent variable measured using environmental performance and environmental transparency. The following section presents the research framework based on this description:

Hypothesis Development

A. "Environmental performance affects ROA." This is supported by legitimacy theory, which argues that companies are required to publish environmental data and demonstrate strong environmental performance to gain external validation that all their operations comply with environmental laws. If there are discrepancies, the company may lose public trust, which may impact its annual earnings and share price.

Citing various studies that show the relationship between environmental performance and financial success and profit. According to Sulistiawati and Dirgantari (2016), companies will receive positive feedback from investors and the general public as a sign of gratitude for showing good environmental performance. The better their environmental performance, Then, citing research by Putri et al. (2019), the authors illustrate how environmental performance can improve the achievement of the PROPER rating while having a major positive impact on the profitability of the company.

Based on the description above, a hypothesis is formulated, namely :

H1: Environmental performance affects ROA.

B. "Environmental Disclosure Affects ROA". According to research (Nursasi, 2017), corporate finance, especially financial results, has an important role in environmental disclosure. This is because people who use financial statements can benefit from environmental disclosures and information sources in the annual report of the company, both internal and external to the company, in making several decisions regarding future policies that have to do with preserving the environment. With this policy in place, it will increase public trust and brand loyalty. In 2012, Aniela made the following statement: "Loyalty to the company will have a positive effect on the increase in sales of processed food and beverages from the company, thereby increasing company profits." The following hypothesis can be developed from the previous description:

H2: Environmental disclosure affects ROA.

C. "Environmental disclosure and environmental performance affect ROA.". The presence of these two factors affects business profitability, as determined by ROA through hypothesis testing. The following hypothesis can be developed from the previous description:

H3: Environmental disclosure and environmental performance affect ROA.

RESEARCH METHODS

Research Design

This design is intended to be a specific type of quantitative comparative research. Data in the form of various numbers is used in quantitative research. Comparative causal research, according to Ghozali (2017), looks at the relationship between two or more other variables. According to V. Wiratna Sujarwen (2014: 39), quantitative research is any type of research that provides results that can be assessed or quantified (measured) through statistical techniques.

Place and time of research

The research was conducted on the IDX website by browsing the web server at www.idx.co.id. By collecting annual reports for 2019–2021 from several FnB companies that have been registered. The data search was carried out between February-May 2023.

Type of Research Data

For the current study, a type of secondary data was used. Where the data has been captured by other parties and received secondarily through media or intermediaries, it is referred to as secondary data (Ghozali, 2017). Secondary data also consists of information that has been released from the company through the organization and recognized so that it can be accessed by the public.

Data Source

The annual financial statements of each sample company for the years 2019–2021 were collected from one of the official websites of the IDX (https://www.idx.co.id/), along with additional information and statements from other websites.

Research Population and Sample

This research focuses on businesses that will list on the IDX between 2019 and 2021. Consisting of 47 samples of FnB companies listed on the IDX between 2019 and 2021. Sekar (22014) asserts that a sample is a component of some population. Purposive sampling is a strategy for selecting samples from given standards and characteristics, namely: (1) FnB companies listed on the IDX between 2019 and 2021; (2) FnB companies can provide a number of initial public offerings (IPOs) in that period; and (3) FnB companies are required to participate in a Company Performance Rating Assessment in Environmental Management (PROPER). Five sample companies for 2019–2021 were obtained based on these standards and characteristics. The companies are: (1) PT Nippon Indosari Corpindo,; (2) PT Multi Bintang Indonesia Tbk,; (3) PT Indofood CBP Sukses Makmur,; (4) PT Indofood CBP Sukses Makmur,; dan (5) PT Multi Bintang Indonesia Tbk,.

Research Data Collection Techniques

Using a documentation technique This method is a stage to extract data and information for research purposes in the form of books, archives, documents or files, words or numbers, photographs, and complementary data. The annual financial statements of each sample company for 2019 to 2021 are examined in relation to environmental performance, environmental transparency, and ROA (return on assets). The data obtained will be processed according to the needs and requirements of the research. To draw conclusions, this study uses a descriptive statistical analysis approach, which tries to examine facts and figures to gain a comprehensive understanding of a symptom or event. Descriptive analysis is used to explain how the value of each variable is translated into results.

Variable Definition and Operational Definition

According to Sugiyono (2009), a research variable is something that differs from one person to another and is chosen by researchers to analyze and draw conclusions. There are two different variances of variables used: dependent variables and independent variables. The dependent variable is the main factor that affects the research, while the independent variable is a connecting factor with the dependent variable, either positively or negatively. Consists of one dependent variable (Y) and two independent variables (X) contained in this study. Below is a more detailed discussion of the variables studied and the techniques used to measure them:

A. *Environmental Performance (X1)*

Environmental performance, as defined by Tia Rahman, P. (2013), is a company's efforts to improve the environment through initiatives and the use of resources that do not damage the environment. The PROPER rating evaluation measures environmental performance characteristics. PROPER is a program that evaluates how well responsible parties manage waste and prevent pollution or environmental damage. The categorization of PROPER ratings consists of several stages with five colors each:

PROPER assessment rating

- Score 1	: Black	: Very Bad
- Score 2	: Red	: Bad
- Score 3	: Blue	: Simply
- Score 4	: Green	: Good
- Score 5	: Gold	: Very Good

B. *Environmental Disclosure (X2)*

Environmental accounting, Rahmawat (2017), is a methodology for quantitatively measuring a company's environmental conservation efforts. The environmental disclosure variable is calculated using a dummy approach, where an entity receives a score of 1 if it has costs associated with environmental management, land restoration and renewal, and community development but receives a score of 0 otherwise.

C. Return On Assets (ROA) (Y)

The ratio of profitability, known as ROA, is used in assessing the capacity of a company or organization to generate profits from its assets. Applying the formula:

$$ROA = \frac{PROFIT\ FOR\ THE\ PERIODE}{TOTAL\ ASSETS}$$

Data Processing

Quantitative data processing involves collecting data that will later be examined for statistical analysis. Below are the steps for processing quantitative data:

a. Data Checking Stage (Editing)

Data Checking Stage (Editing)The purpose of this procedure is to assess the usefulness of the data so that analysis of the research data can begin later. Editing usually improves the responses of survey respondents. Researchers hope to improve the quality of data processed and checked through the editing stage. Answer integrity, clarity of writing, clarity of answer meaning, coherence, significance, and uniformity of material should be taken into account during the editing process.

b. Data Entry Stage (Tabulating)

Data that has been grouped is organized into easy-to-understand tables through the tabulation process. Field data appears more readable and concise when presented in tabular form. There are various techniques for creating data tables :

1) Direct tables, where information is presented in a table and taken directly from the survey.

2) Page coding, which is something that can be done by a machine. When there are many diverse respondents being studied, this coding approach is considered more useful.

3) Before starting the data analysis procedure, a frequency table is created. The frequency table is the basis for analysis. The frequency table counts the observed occurrences and indicates their number.

c. Statistical data analysis

Statistical Package for the Social Sciences (SPSS) is computer programming for analyzing statistical data. Researchers can directly access the results of quantitative data analysis with SPSS.

d. Data Interpretation

Activities look at the data and apply various analysis techniques to obtain relevant findings. Researchers can categorize, analyze, and summarize data by using data analysis to find answers to important questions.

e. Generalization and inference

The process of making generalized judgments based on details found in facts or data.

Hypothesis Testing Techniques and Data Analysis

By conducting a regression test, hypothesis testing is carried out in order to determine whether the independent variable affects the dependent variable. Regression analysis provides direction in the relationship between the dependent and independent variables and the intensity of the relationship between two or more variables (Gozali, 2013: 96). After obtaining the collected data, the researcher performs a number of calculations and processes the data to help support the proposed hypothesis. Data analysis serves to explain the analysis strategy used to examine the data that has been collected, including for experiments. Data must be organized, systematized, evaluated, and confirmed so that a phenomenon has social, academic, and scientific value. Classical assumption tests, t and f hypothesis tests, and other statistical methods are used in the analytical descriptive method in this study to assess the significance of the influence of independent variables on the dependent variable.

RESEARCH RESULTS AND DISCUSSION

Descriptive Analysis

It aims to evaluate data and numbers to produce clear, concise, and organized reflections from which conclusions can be drawn.

Descriptive Statistic

	N,	Min	Max	Rata-rata;		Std. Deviasi;
	Statistik;	Statistik;	Statistik;	Statistik;	Std. Erorr;	Statistik;
Environmental_performance	55	.00	5.00	3.9273	.000	76629
Environmental_disclosure	55	.00	1.00	.5273	.000	50386
Return_On_Asset	55	-64.40	28.18	2.7164	.0498570	11.39988
Valid N (listwise)	55					

The following is how descriptive analysis was tested in this study :

From the table above, it shows that the mean environmental performance is 3.92 and the standard deviation is 0.766. After that, if the minimum and maximum are 5 and the standard deviation is 0.50, then the mean of environmental disclosure is 0.52. The standard deviation for ROA is 11.39, with a maximum value of 28.18 and a lowest value of -64.40. The average value of ROA is 2.71.

Classical Assumption Test

This test is conducted after descriptive analysis. The procedure below must be followed to complete this test :

1. Normality test

   The purpose of this test is to ascertain whether there is a normal distribution of the residual variables. In this test, the Kolmogorov-Smirnov method can be used with a sig level of 0.05. And if the Kolmogorov-Smirnov sig value exceeds 0.05, the data is considered normally distributed; otherwise, it is not considered normally distributed (P. Ghozali, 2017).

   Below is how normality testing is done :

One Sample-Kolmogorov Smirnov-Test

		Environmental Performance	Environmental Disclosure	Return On Asset
N		55,	55	55
Normal-Parameters;	Mean;	3.00	1.00	.152620
	Std.Deviation	.000^c	.000^c	.1114837
Most-Extreme;	Absolute;			.239
Differencess	Positive;			.239
	Negative;			-.202
Test-Statistic;				.239
Asymp-Sig. (2 tailed);				.200

Based on the Normality Test table, this is because the sig value is $> 0,05$ $(0,200 > 0,05)$ through this method, indicating that the data is normally distributed.

2. Multicollinearity Test

Multicollinearity, according to Ghozali (2017), is the relationship between independent variables and is denoted by the relationship between independent and dependent variables. VIF and tolerance can be used to ascertain the presence or absence of multicollinearity. There is no multicollinearity if the VIF is less than 10, and there is multicollinearity if the VIF exceeds 10.

The following is how multicollinearity was tested in this study :

Coefficients

Model;		Unstandardized Coefficients; B;	Unstandardized Coefficients; Std. Error	Standardized Coefficients; Beta-	t;	Sig;.	Collinearity Statistics; Tolerance ;	Collinearity Statistics; VIF;
1	(Constant);	.382	.309		1.235	.342		
	Environmental.p	-.134	.195	-1.077	-.687	.563	.156	6.400
	Environmental .d	.156	.319	.764	.488	.674	.156	6.400

From the data, it is known that there will be no multicollinearity in environmental performance because tolerance is less than 0.10 and VIF exceeds 10.00. This can also occur in environmental disclosure because the VIF exceeds 10,000 and the tolerance is less than 0.10. So, this information is useful.

3. Heteroscedasticity Test

The purpose of this heteroscedasticity test is to assess whether there is a variance in one residual that is different from other residuals. It is said to be homoscedasticity if it is found that the residual variance remains from observation to observation, and it is said to be heteroscedasticity if it is found to be different. There is no heteroscedasticity or homoscedasticity in the right regression equation.

The following is the test of this study :

Coefficient

Model;		Unstandardized Coefficients;		Standardized-Coefficients;	t-;	Sig;-
		B;	Std.-Error;	Beta-;		
1	(Constant);	-1.087E-16	.103		.000	1.000
	Environmental performance;	1.117E-16	.065	.000	.000	1.000
	Environmental disclosure;	.106	.107	.872	.995	.425

Based on the data above, sig exceeds 0.05, which indicates that heteroscedasticity will not occur based on the data presented above (sig > 0.05).

4. Autocorrelation Test

Has the aim of being able to determine whether or not there is a correlation or relationship between the data observed through the model of linear regression.

Below is how autocorrelation is tested :

Model Summary;

Model-;	R-;	R-Square;	Adjusted-R Square-;	Std.Error of the Estimate-;	Durbin Watson;
1;	.482[a]	.232	-.536	.1381483	1.666

Based on the data above, which shows that du<d<4-du, there is no autocorrelation and no rejection.

Hypothesis Test

1. Hypothesis test t

To assess whether the independent variable can affect the dependent variable, the following hypothesis testing criteria are used :

a. If the significance value is smaller than 0.05, then there is a significant effect of the independent variable on the dependent variable; therefore, Ho is rejected and Ha is accepted.

b. If the significance level is less than 0.05, Ho is accepted and Ha is rejected, indicating that the independent variable has no real impact on the dependent variable.

The following is how the t hypothesis is tested :

Coefficients

Model-;	Unstandardized-Coefficients;		Standardized – Coefficients;	t-;	Sig.-;
	B-;	Std.-Error;	Beta-;		
1 (Constants);	.158	.239		.662	.576
Environmental performance; Environmental disclosure;	.015	.142	.110	.103	.927
	-.063	.217	-.310	-.291	.000

a. The t test proves that the environmental performance variable does not affect the ROA variable. The first hypothesis, Ho, is accepted, while the second hypothesis, Ha, is rejected because the significant value $(0.927) > 0.05$.

b. The t test proves that the environmental disclosure variable affects the ROA variable because the significant value is 0.000, which means that the first hypothesis, Ha, is accepted and the second hypothesis, Ho, is rejected. When $(0.000) < 0.05$, then the second hypothesis, Ho, is rejected and the first hypothesis, Ha, is accepted.

2. Hypothesis test f

To determine whether the independent variable affects the dependent variable. This set of tests is performed by comparing the calculated f value and the f table from the analysis of variance. The f hypothesis is tested using the following criteria :

a. The independent variable affects the dependent variable simultaneously if the sig. value is less than 0.05.

b. The independent variable does not affect the dependent variable if the sig. value is less than 0.05.

Below is the hypothesis tested :

ANOVA

Model-;		Sum of- Squares;	Df-;	Mean Square-;	F-;	Sig-;
1	Regression-;	.012	2	.006	.302	.002[b]
	Residual-;	.038	2	.019		
	Total-;	.050	4			

The attached table, which is based on the f hypothesis test, proves that the independent variables, specifically environmental performance and environmental disclosure, affect the ROA variable. This is because the significance value of the third hypothesis variable is (0.002) < 0.05, which supports the acceptance of the hypothesis.

DISCUSSION

The t-test results show that the environmental performance variable does not affect ROA. Because the significance value is (0.927) > 0.05, the first hypothesis is Ho (accepted), while the second hypothesis is Ha (rejected). This shows that, although the company received a blue rating from the Ministry of Environment's assessment of its performance in environmental management in 2019–2021, the rating cannot be used as a benchmark to increase profitability or profit in businesses in the food and beverage sector. The findings of this study do not support the assumption that H1 environmental performance affects ROA.

The t-test results then show that the environmental disclosure variable affects ROA. As a result, the second hypothesis, Ho (rejected), and the first hypothesis, Ha (accepted), were rejected because sig (0.000) < 0.05. This shows that the revenue generated by the company can increase if it discloses its social and environmental responsibilities thoroughly. In addition, environmental disclosures contained in the company's annual performance report can attempt to help related parties who need financial statements for decision-making so that business initiatives in environmental conservation efforts can be carried out effectively.

Companies that implement environmental conservation and community development programs will get good feedback from the community, which leads to a high level of trust and loyalty. Of course, this will have little influence on the increase in sales of the company's food and beverage products so as to increase company profits. The findings of this study strongly support the hypothesis statement that H2: environmental disclosure affects ROA.

The hypothesis f test shows that there is a relationship between the independent variables, namely environmental performance and environmental disclosure, and ROA. This is because the third hypothesis is supported because the significance $(0.002) < 0.05$. This shows how both factors play a role in determining ROA. The findings of this study support the idea that H3: ROA is influenced by environmental performance and environmental disclosure.

CONCLUSION

Based on the study findings from statistical data analysis of a sample of five companies and tested with IBM SPSS 22, Using the PROPER rating assessment indicators, environmental performance characteristics were quantified as independent variables. Entities received a score of 1 if there were components of environmental management costs as well as restoration, site renewal, and community development costs, but were given a score of 0 if there were none. The environmental disclosure variable was also included as a dependent variable measured using the dummy method. The findings of the t-test show that ROA is not influenced by the environmental performance variable. While the ROA factor is significantly influenced by the environmental disclosure component. Then the f test is conducted, which shows that both variables affect ROA.

ADVICE

Future studies should include a larger sample of businesses that continue to make a significant impact on community development, social preservation, and environmental conservation. This research can conduct tests with business samples in manufacturing, mining, services, and other sectors as part of additional studies. Then, it is expected to add other independent variables with an estimated impact on ROA in future studies.

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