FIRM VALUE BASED ON ENVIRONMENTAL ACCOUNTING DISCLOSURE AND INSTITUTIONAL OWNERSHIP

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Abstract

This study aims to analyze the effect of environmental accounting disclosure and institutional ownership on firm value. The population in this study are companies in the basic materials sector (raw goods) listed on the Indonesia Stock Exchange (IDX) in 2020-2023. The sampling technique in this study uses purposive sampling technique. The data obtained in this study comes from secondary data on idx.com. The data analysis techniques used are descriptive analysis, classical assumption testing, hypothesis testing, multiple linear regression analysis with the SPSS version 23 application. The results of the study indicate that environmental accounting disclosure has an effect on firm value. Meanwhile, institutional ownership does not affect firm value because low institutional ownership means that information disclosure tends to be closed and confidential. This causes companies to lose trust and not get recognition from the public due to the lack of information about the company's performance activities.

Keywords: *Environmental Accounting Disclosure, Institutional Ownership, Firm Value*

INTRODUCTION

The COVID-19 pandemic has had many impacts on the business world. Some of these impacts are negative and some are positive. The negative impact that is certainly felt is related to the impact of business uncertainty where restrictions on interaction cause a lot of decline in productivity which results in a decline in economic growth. Covid-19 in this case also has a positive impact, namely the rapid growth of e-commerce and the increase in the use of online buying and selling services, which will give rise to the potential for new economic development based on digital world technology without having to interact directly.

Firm Value is the main indicator in assessing investor perceptions of a company's potential profitability and sustainability. According to Yuliana (2021), Firm Value is defined as the price that prospective buyers are willing to pay if the company is sold. Akbar (2020) states that Firm Value is created through a series of actions taken since the company was founded until now. In addition, Indrarini (2019) emphasized that Firm Value reflects investors' evaluation of the success of managers in managing the resources entrusted to them, which is often reflected in the company's stock price. The main goal of every company is to achieve maximum Firm Value. Maximizing shareholder wealth as reflected in financial decisions and manifested through financing/funding and investment decisions made by the company is considered important, because it is related to the company's survival and development opportunities (Solikahan, et al., 2013). High Firm Value reflects the company's success in prospering the principal. This can motivate investors to increase investment in companies that have high Firm Value. The company uses this condition as a reason to make efforts to maintain its business excellence so that its main goals can be achieved. Efforts to increase Firm Value by utilizing resources to the maximum are often not balanced with good environmental management activities. One of the industrial sectors that contributes greatly to environmental pollution cases is manufacturing companies. This is due to its production activities which produce hazardous waste for the area around the company (Mardiana & Wuryani, 2019). Manufacturing companies are organizations that if not careful can produce waste that has the potential to cause pollution and environmental damage. Therefore, environmental accounting disclosure is very much needed in companies. Environmental accounting is an accounting science that shows the real costs of inputs and business processes and ensures cost efficiency, besides that it can also be used to measure quality and service costs. Environmental costs are impacts that arise from both financial and non-financial aspects, environmental costs must be borne as a result of activities that affect environmental quality. (Ratulangi, et al., 2018). The purpose of environmental accounting is to provide relevant environmental cost information for those who need it. The success of environmental accounting does not only depend on the accuracy in classifying all costs incurred by the company. However, the ability and accuracy of the company's accounting data in reducing the environmental impacts caused by the company's activities (Santoso, 2012).

Institutional ownership is the ownership of stock investments owned by other institutions such as: companies, pension funds, mutual funds, and others in large amounts. (Zalogo & Duho, 2022). Suparlan (2019) Institutional ownership is: The proportion of shares owned by institutions at the end of the year measured by a percentage. Transparent and comprehensive disclosure of environmental practices can improve the company's image in the eyes of stakeholders, increase investor confidence and reduce reputational risk.

This research phenomenon is sourced from the sinerginkri.com account in 2022 that there was environmental pollution due to mining activities of PT SMBR and misuse of IUP which should have been mining included in the non-metallic mineral category which resulted in PT SMBR being fined 100 billion or 5 years in prison. In addition, the drastic decline in stock prices also caused several companies to be less attractive and unsold in the market. Therefore, this study aims to analyze the effect of environmental accounting disclosure and institutional ownership on Firm Value in the context of basic materials sector manufacturing companies listed on the Indonesia Stock Exchange.

RESEARCH METHODS

This study uses a quantitative approach with a population of annual financial reports of basic materials manufacturing companies listed on the IDX in 2020-2023. The data collection method used in this study is secondary data obtained from www.idx.com. The sampling technique used is purposive sampling to obtain certain criteria as research material. The criteria in this study are:

1. Basic materials manufacturing companies listed on the IDX in 2020-2023.
2. Companies that publish annual reports consecutively for the period 2020-2023.
3. Companies that experience consecutive profits for the period 2020-2023.

The sampling criteria above produced 10 suitable companies, resulting in 40 observer data that will be used as material in this study. The data analysis techniques used include descriptive analysis and multiple linear regression analysis using SPSS 23 software.

Variable Definition and Measurement

Independent Variable
Environmental Accounting Disclosure (X1)

Environmental accounting is defined as the prevention, reduction and/or avoidance of impacts on the environment, moving from several opportunities, starting from the remediation of events that cause disasters due to these activities. Environmental costs are basically related to the costs of products, processes, systems or facilities that are important for better management decision making (Ikhsan, 2008). Environmental costs can be called quality costs (environmental quality costs). Costs that occur due to poor environmental quality or poor environmental quality may occur. Environmental costs are related to the creation, detection, improvement and prevention of environmental degradation (Anna Sutrisna, 2019). (Ramos, 2016) explains that environmental accounting disclosure is measured using environmental costs with the formula:
Environmental Accounting Disclosure = (Activity costs)/(Net Profit after tax)

Institutional Ownership (X2)

Institutional ownership is the proportion of share ownership by the company's founding institutions, not public shareholder institutions, measured by the percentage of shares owned by institutional investors. Institutional Ownership is an external mechanism in monitoring management to manage the company. Institutional ownership has the ability to control management through an effective monitoring process (Sintyawati & Dewi, 2018). Institutional ownership according to (Jamil Shabran., et al., 2019) is calculated using the formula:

$$KI = SI/SB \times 100\%$$

Dependent Variable (Y)
Firm Value
Firm value is an ability where a company can describe market prices and values

that can measure the level of company quality in the eyes of investors. (Suaidah, 2018) states that Firm Value is the condition of a company, the development achieved by the company over several years and public trust in the company. (Subrata, 2013) Firm Value is a form of good name obtained by the company in carrying out company activities in a certain period. Good Firm Value is a goal for every company because if the Firm Value is high, it will attract investors to invest their capital in the company. (Mardiana & Indah Wuryani, 2019) in this study, Firm Value is calculated using the Tobins'q formula, namely:
Tobin's Q = MVE + Debt /Total Aset

RESULTS AND DISCUSSION

Results

The analysis techniques used in this study are descriptive statistical analysis, classical assumption test, multiple linear regression analysis test, hypothesis test using the SPSS statistical test tool version 23.

• Descriptive statistical tests

Table 1. Descriptive statistical test results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Environmental Accounting Disclosure	40	.00	647.44	38.2826	110.80235
Institutional Ownership	40	.55	332027777.80	8300890.3754	52498169.44170
Firm Value	40	-40642.37	98565.15	36335.0152	23562.90023

Source: Data processed, 2025

From the results of the descriptive statistical test above, it can be interpreted as follows: In the environmental accounting disclosure variable (X1), a standard deviation of 110.80235 is obtained, which is greater than the average, which means that the data is heterogeneous or unevenly distributed. The institutional ownership variable (X2) obtains a standard deviation value of 52498169.44170, which is lower than the average, meaning that the data is evenly distributed. The Firm Value variable (Y) shows a standard deviation value of 23562.90023, meaning that the data is homogeneous because it is lower than the average.

• Classical assumption test

Normality test

Table 2 Normality test results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			40
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		127481.65798479
Most Extreme Differences	Absolute		.435
	Positive		.435
	Negative		-.357
Test Statistic			.435
Asymp. Sig. (2-tailed)			.000[c]
Monte Carlo Sig. (2-tailed)	Sig.		.000[d]
	99% Confidence Interval	Lower Bound	.000
Asymp. Sig. (2-tailed)		Upper Bound	.109
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 40 sampled tables with starting seed 2000000.			

Source: Data processed, 2025

Normality test using Kolmogorov-Smirnov seen from the Asymp.Sig value (2-tailed) if >0.05 then the data is said to be normal and if <0.05 then the data is said to be abnormal. Based on the table above, the significance value obtained is 0.109>0.05 then the data is said to be normal or there are no symptoms of normality.

Multikolinieritas Test

Table 3 Multikolinieritas Test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	46800.802	2647.336		17.678	.000		
	Environmental Accounting Disclosure	-108.960	21.207	-.512	-5.138	.000	.989	1.011

	Institutional Ownership	-8.849 E-5	.000	-.197	-1.961	.058	.973	1.028

a. Dependent Variable: Firm Value

Source: Data processed, 2025

Uji multikolinieritas dikatakan normal dapat dilihat dari apabila nilai vif dibawah atau < 10 dan toleransi value diatas >0.1 maka tidak terjadi multikolinieritas. Dapat dilihat dari tabel diatas dari semua variabel tidak terjadi gejala multikolinieritas atau datadikatakan normal.

Heteroskedasisitas Test

Table 4 Heteroskedastisitas Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8782.528	2172.290		4.043	.000
	Environmental Accounting Disclosure	-13.442	17.402	-.127	-.772	.445
	Institutional Ownership	-2.165E-5	.000	-.097	-.585	.562

Coefficients[a]

Source: Data processed, 2025

If the sign value >0.05 then there is no symptom of heteroscedasticity. In the table above all variables show numbers greater than 0.05 then the data can be said to be normal and there is no symptom of heteroscedasticity.

Autokorelasi Test

Table 5 Autokorelasi Test Result

Runs Test

	Unstandardized Residual
Test Value[a]	-4577.26248
Cases < Test Value	20
Cases >= Test Value	20
Total Cases	40
Number of Runs	18

Z	-.801
Asymp. Sig. (2-tailed)	.423
a. Median	

Source: Data processed, 2025

The run test autocorrelation test is used to test whether there is a high correlation between residuals. If the significance value of the run test results is less than 0.05, then it can be concluded that there is autocorrelation between residual values. Likewise, if the significance value is greater than 0.05, then it can be concluded that there is no autocorrelation symptom between residual values. Judging from the asymp sig value, it obtains a value of 0.423> 0.05, then there is no autocorrelation symptom.

- **Multiple linear regression test**

Y = A+B1.X1+B2.X2
= 46800.802+-108.960+ -8.84900000

From the equation above, it shows that the constant value is 46800.802, meaning that if the environmental accounting variables, managerial ownership, institutional ownership, independent commissioners and audit committee have a constant value or (0), then the Firm Value is 46800.802.

- **Hypothesis Test**

Test the coefficient of determination (R2)

Table 6 Test the coefficient of determination (R2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804[a]	.646	.616	14595.58281

Source: Data processed, 2025

Based on the data that has been obtained, the R Square value is 0.646, which means that 64..6% of the dependent variable can be explained by both variables, namely environmental accounting disclosure (X1), institutional ownership (X2) because the R Square value is at 64.6%, which means that if it approaches 1 or more, it is considered strong. While the rest (100% -64.6% = 35.4%) is explained by other factors not examined in this study.

t-Test

Table 7 t-Test

Coefficients[a]					
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	46800.802	2647.336		17.678	.000
	Environmental Accounting Disclosure	-108.960	21.207	-.512	5.138	.000
	Institutional Ownership	-8.849E-5	.000	-.197	1.961	.058

a. Dependent Variable: Firm Value

Source: Data processed, 2025

Based on the results of the calculation of the table of the large number of the table with the provisions of t-table = t (n-k) or (40-5) = t (0.05; 35) so that the value is obtained = 2.03011. Then the influence of each of the following variables can be known:

The environmental accounting disclosure variable (X1) obtains a significance value of 0.000 <0.05 or based on t-count has a value of 5.138> 2.03011 which means that the environmental accounting disclosure variable has an influence on Firm Value.

The institutional ownership variable (X2) obtains a significance value of 0.058> 0.05 or based on t-count obtains a value of 1.961 <2.03011 which means that the institutional ownership variable has no influence on Firm Value.

DISCUSSION

The effect of environmental accounting disclosure on Firm Value.

Based on the research results, it is known that the environmental accounting disclosure variable has an effect on Firm Value. This is evidenced by the t-test of 0.000>0.05. Anastasia Anggarkusuma Arofah & Destin Alfianika Maharani (2021) in their research concluded that environmental accounting disclosure has an effect on the value of an industry. Thus, disclosure of environmental information can generate greater opportunities for companies to improve their reputation. The disclosure of environmental accounting can also increase the trust of stakeholders or stakeholders including investors in the company. Although the value of environmental costs is considered small and is rarely included in the company's financial statements, the company still discloses environmental costs to increase the value of the company.

The effect of institutional ownership on Firm Value

Based on the research results, it is known that the institutional ownership variable (X2) does not affect the value of the company. This is evidenced by the t-test value of 0.058> 0.05. Research by Jamil, NR, and Afriyenti (2019) also states that Based on the results of the first hypothesis test, it shows that the institutional ownership variable has no effect on Firm Value. This means that institutional ownership has not been able to become a monitoring mechanism on the company's value so that it has not had an impact. The existence of information asymmetry between investors and managers causes investors not necessarily to have full information owned by managers (as company managers) so that managers are difficult to control by institutional investors. The lower the level of institutional ownership in a company, the weaker the monitoring of external parties to the company will be and cause the company's value to decrease.

CONCLUSION

Environmental accounting disclosure shows a significant influence on Firm Value. Although environmental costs are considered small, companies still disclose environmental costs as a responsibility between stakeholders and the company to provide information on company performance activities, so that environmental accounting disclosure can influence Firm Value.

Institutional ownership variables show that there is no significant influence on Firm Value. Judging from the lower level of institutional ownership in the company, the weaker the monitoring of external parties to the company will be and cause a decrease in Firm Value.

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