

THE EFFECT OF ENVIRONMENTAL PERFORMANCE AND ENVIRONMENTAL COSTS ON COMPANY VALUE WITH PROFITABILITY AS INTERVENING VARIABLES IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2017 – 2021

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ABSTRACT: *This study aims to examine the effect of Environmental Performance and Environmental Costs on Firm Value with Profitability as an Intervening Variable in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2017-2021. The independent variable in this study is environmental performance and environmental costs, while the dependent variable in this study is firm value. The sample in this research is Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2017 - 2021. The results of this study found that Environmental Performance has an effect on Profitability, Environmental Costs have a negative effect on Profitability, Environmental Performance has a positive effect on Firm Value, Environmental Costs have no effect on Company Value, Profitability has a positive effect on firm value, Environmental performance has no effect on firm value through Profitability, Environmental Costs has no effect on firm value through profitability.*

Keywords: *Environmental Performance, Environmental Costs, Firm Value and Profitability.*

I. PRELIMINARY

1.1. Background

The success of an organization is influenced by the value of the company. An organization will always try to increase its Corporate Value in the hope of what is the goal the organization is reached. The consumer goods industry is an interesting industrial sector. This is because consumer goods products are always needed in human life. *Food and beverage* companies have an important role for the Indonesian economy. This sub-sector was able to survive and was not significantly affected by the global crisis and became one of the industries that has a fairly high growth rate in Indonesia. Consciously or unconsciously, humans definitely need it.

In Indonesia, food and beverage companies will increasingly increase in number because food and beverage consumption goods are very important for humans besides clothing and shelter, therefore food and beverage consumer goods companies are an opportunity in a business that has very good prospects. Food and beverage companies are still the mainstay sector supporting manufacturing growth in Indonesia.

A related phenomenon to company value is that food and beverage companies in 2020 experienced a drastic decline due to the impact of the pandemic, during the fourth quarter of 2020, there was a contraction in the growth of the non-oil and gas industry by 2.52%. However, the food and beverage industry is still able to grow positively by 1.58% in 2020. This makes investors reduce to take capital that previously existed in food and beverage companies, this makes the stock price and company value fall in 2020.

Food producer PT Sentra Food Indonesia Tbk, a sausage company, experienced a decline in total revenue of between 25% and 50%, while net profit fell by more than 75% for the period ended 30 June 2020 compared to 30 June 2019. This resulted in the dismissal of 5 employees resulting in the current total number of workers is 224. In addition, the company has also cut salaries for up to 50 employees. The company currently has short-term debt that will mature in the amount of IDR 10 billion. The events that occurred caused the company value of PT Sentra Food Indonesia Tbk to decrease (www.sentrafood.co.id). The Indonesian government has long paid attention to the issue of environmental damage by issuing regulations governing corporate responsibility Law no. 40 of 2007 concerning Limited Liability Companies.

Article 66 paragraph (2) point (c) explicitly states that the Company must submit a report on the implementation of social and environmental responsibility or *Corporate Social Responsibility* in an annual report or separately. The Indonesian government strongly supports the disclosure of *Corporate Social*

Responsibility. Corporate Social Responsibility activities are no longer voluntary, but have become an ethics and responsibility based on the laws that govern them (Rahmansyah, 2015).

Companies in Indonesia, have not been able to properly comply with environmental rules. CSR programs in some cases are only used to improve the company's image in the eyes of the public and the government. CSR is even intended for the benefit of the company. One of the causes of environmental damage is due to the company's lack of concern for environmental responsibility. This is of concern to many parties which results in the company's operating activities not wanting to incur costs in managing the environment and prioritizing financial benefits (Buana, 2015).

In the case of environmental pollution from PT Mayora Indah Jayanti Tangerang in 2021, the Head of the Environmental Service confirmed that there were reports about alleged waste pollution. The community reported allegations of pollution from Mayora's waste disposal which had an impact on the residential environment and the rice fields owned by residents. District DLH Team Tangerang, conducted an inspection of the Wastewater Treatment Plant (WWTP) and the waste disposal process for food and beverage manufacturers and found indications that the WWTP was in poor condition and the sewerage was clogged. DLH summoned PT Mayora's management to repair the WWTP and its waste treatment process, enlarge and increase the capacity of the storage tanks and improve the company's waste disposal channel (Arjanto, 2021).

The greater the level of profitability indicates the company is able to earn greater profits, so that the company is able to increase its social responsibility activities, as well as disclose its social responsibility in a wider annual report. Profitability is one of the financial parts that affect the value of the company. Sawitri (2017) found that environmental performance has no effect and is not significant on firm value, while environmental accounting has an effect and is significant on firm value (Prasetyorini, 2013).

Environmental performance (PROPER) has a significant influence on *financial performance* (ROA) with a contribution of 1.9%, and environmental costs have a significant influence on *financial performance* (ROA) with a contribution of 21.6% (Nababan & Hasyir, 2019). Profitability apart from providing a great attraction for investors who will invest their funds in the company is also a measure of the effectiveness and efficiency of the use of all existing resources in the company's operational processes. Profitability can be a reference for many investors who will invest their funds to buy company shares, so that it can affect company value (Harahap, Juliana, & Lindayani, 2018).

This research refers to research conducted by Aida & Mimin (2019) which examined the effect of environmental performance, environmental costs and company size on financial performance with CSR as an intervening variable in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2016. There are some differences between the current research and the referenced research.

The current research does not use firm size as an independent variable, researchers use profitability as an *intervening variable* and make firm value the variable the dependent variable of the study. This study chose the variable profitability as an *intervening variable* because profitability is a fundamental aspect of the company.

Profitability apart from providing a great attraction for investors who will invest their funds in the company is also a measure of the effectiveness and efficiency of the use of all existing resources in the company's operational processes. Profitability can be a reference for many investors who will invest their funds to buy company shares, so that it can affect company value (Harahap, Juliana, & Lindayani, 2018).

Based on this phenomenon, the motivation for this research is that food and beverage companies are companies that are needed by the community so that the prospects for these companies are very good in the present and in the future, with high stock prices the company's value is also high so that it will make the market believe in prospects for food and beverage companies. There is a research gap or inconsistency in the results of the research on the variables studied and also because firm value is still an interesting and important research object to do because considering that firm value is one of the things that underlies investors in making investment decisions with the aim of obtaining profits from activities that entity.

Based on the description above, the researcher conducted a study entitled " **The Influence of Environmental Performance and Environmental Costs on Firm Value with Profitability as an Intervening Variable in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2017–2021**".

1.2. Formulation of the problem

Based on the background described above, the problems to be discussed in this study are:

1. Does Environmental Performance have a significant effect on Profitability?
2. Do Environmental Costs have a significant effect on Profitability?
3. Does Environmental Performance have a significant effect on Company Value?
4. Do Environmental Costs have a significant effect on Company Value?
5. Does Profitability affect Company Value?
6. Does Environmental Performance indirectly affect Company Value through Profitability?
7. Do Environmental Costs indirectly affect Company Value through Profitability?

II. LITERATURE REVIEW AND HYPOTHESIS FORMULATION

2.1. Environmental accounting

This According to the AICPA (*American Institute of Certified Public Accounting*), Accounting is defined as follows: *Accounting is the art of recording, classifying and summarizing in a significant manner and in the terms of money, transactions and events which are and part, at least of financial character and interpreting the result there of* (1998).

The definition above can be translated as follows "accounting is an art for recording, classifying, and summing up the value of transactions that have been carried out by the company as part of financial accountability presented in a systematic form". This Environmental Accounting aims to increase company awareness and attention to the impact of company activities on the environment. Thus, this concept is growing and many practitioners and experts are researching this matter.

2.2. The value of the company

Firm value is the price that potential buyers (*investors*) are willing to pay if the company is sold. The normative goal of the company is to maximize shareholder wealth (Zimmermann, Dombrowski, Völker, & Wagner, 2020). Maximizing shareholder wealth can be realized by maximizing company value (Atmaja, 2008) . Firm value can be calculated by Tobin's Q analysis. Tobin's Q analysis is also known as the Tobin's Q ratio. This ratio is a valuable concept because it represents the financial market's current estimate of the return on value per dollar of investment in the future. According to (Andrew Smithers, 2007) , Tobin's Q is calculated by the ratio of the market value of the company's stock plus debt and then compared with the company's total assets. The formula is as follows, namely:

$$\text{Tobin's Q} = \frac{\text{MVE} + \text{Debt}}{\text{TA}}$$

Information :

MVE : Market value of the number of outstanding shares obtained from the number of outstanding shares x closing price

Debt : The total value of the company's liabilities

TA : Total assets of the company

2.3. Environmental Performance

Environmental performance is a measurable result of the environmental management system, which is related to the control of its environmental aspects. Environmental performance assessment is based on environmental policies, environmental goals and environmental targets (ISO 14004, from ISO 14001 by Sturm, 1998).

Quantitative environmental performance is a measurable result of an environmental management system that is related to the control of aspects of the physical environment.

Qualitative environmental performance is the result that can be measured from matters related to the size of non-physical assets, such as procedures, innovation processes, motivation, and work enthusiasm experienced by human actors in realizing organizational environmental policies, goals and targets. (Daat & Pangayouw, 2019) .

2.4. Types of Environmental Performance Indicators

Types of environmental performance indicator measures generally consist of 2 groups, namely (GEMI, 1998):

1. *lagging* indicator is a measure of *end-process performance* , measuring the output of processes such as the amount of pollutants released

2. *Leading* indicators are *in-process* performance measures . Types of indicators that are widely known are *lagging indicators* , such as the amount of waste generated, etc.

2.5. PROPER (Company performance rating assessment program in environmental management)

PROPER is a program held in order to assess the performance of those in charge of business in controlling B3 waste pollution or environmental damage.

PROPER is regulated in the Regulation of the Minister of Environment of the Republic of Indonesia Number 06 of 2013. The PROPER criteria in assessing the performance of a company are based on compliance criteria and criteria for assessing aspects that are more than required. The environmental performance rating by PROPER is carried out with color symbols. For companies that meet the compliance criteria, the color symbols used are blue, red and black.

The PROPER criteria in assessing the performance of a company are based on compliance criteria and criteria for assessing aspects that are more than required. The environmental performance rating by PROPER is carried out with color symbols. For companies that meet the compliance criteria, the color symbols used are blue, red and black. While the criteria for assessing aspects of more than required are used to rank the green and gold color symbols.

2.5. Environmental Costs

Environmental costs are costs that arise as a result of the company's activities carried out by the company in

overcoming the impact it has on the environment. Environmental costs are basically related to the costs of products, processes, systems or facilities that are important in making better management decisions. Environmental costs in this study are measured by comparing the costs incurred by companies for *Corporate Social Responsibility activities* with current year profits. In accordance with what was said (Marini, 2020) . The formula for measuring environmental costs is as follows:

$$\text{Cost Environment} = \frac{\text{cost}}{\text{Profit}}$$

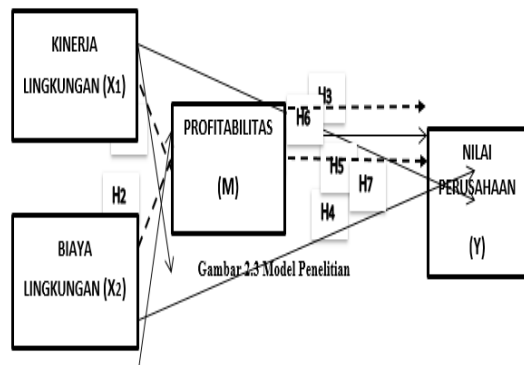
2.6. Profitability

Profitability ratio (*Profitability Ratio*) is a ratio or comparison to determine the company's ability to obtain profit (*profit*) from income (*earnings*) related to sales, assets, and equity based on certain measurements. Profitability can be determined by calculating various relevant benchmarks. One of these benchmarks is financial ratios as an analyzing financial conditions, operating results and the level of company profitability (Brigham & Houston, 2017) .

Profitability ratios provide information that is more important than the previous period's ratios and competitors' achievement ratios. Industry *trend* analysis is needed to draw useful conclusions about the level of profit (profitability) of a company.

2.7. Research Model

The research model in this study is described as follows:



Source: Processed data (2022)

Figure 1. Research Model

2.8. Research Hypothesis

- H1 Environmental Performance has a positive effect on Profitability.
- H2 Environmental Costs have a negative effect on Profitability
- H3 Environmental Performance positive effect on firm value.
- H4 Environmental Costs have a negative effect on Firm Value.
- H5 Profitability has a significant positive effect on firm value
- H6 There is a negative effect of Environmental Performance on Company Value through Profitability.
- H7 There is a negative effect of Environmental Costs on Firm Value through Profitability.

III. RESEARCH METHODS

2.9. Object of research

The research objects examined in this study include Environmental Performance, Environmental Costs, and Firm Value where Environmental Performance is defined as the independent variable (X1), Environmental Costs are also the independent variable (X2), and Firm Value is the dependent variable (Y).

2.10. Research subject

The sample of this research is a food and beverage company listed on the Indonesia Stock Exchange that participated in the Company Performance Rating Program in Environmental Management (PROPER) in 2017.– 2021 and has published an annual financial report (*annual report*) in 2017–2021.

2.11. Data Types and Sources

The data in this study are secondary data, namely data obtained from other parties in the form of publications. This type of secondary data was chosen to save time and costs as well as the data obtained to be more *valid* , while the source of data in this study was the publication of each company's annual financial reports as of December 2017 –2021 listed on the Indonesia Stock Exchange.

2.12. Method of collecting data

This research data is secondary data that has been published in the format of financial reports. The data collection method used in this study is data tabulation with statistical calculations according to the indicators or formulas for each variable.

2.13. Design or research design

This type of research is included in quantitative research. According to (Sugiyono, 2017) quantitative research is research by obtaining data in the form of numbers or numerical qualitative data. This research is a *time series* study, in which the researcher conducts research repeatedly in a group, which at one point is given a stimulus to then re-examine the dependent variable.

2.14. Data Analysis Tools

Data analysis is an activity after the data is collected. Data analysis was performed using path analysis (*path analysis*). *Path analysis* or path analysis is used to analyze the pattern of relationships between variables (Ghozali & Latan, 2016). This model aims to determine the direct and indirect effects of a set of independent (*exogenous*) variables on the dependent (*endogenous*) variable.

2.15. Descriptive statistics

The measurements used in this study are the *mean*, standard deviation, maximum, and minimum. The *mean* is used to find out the average of the data in question. The standard deviation is used to determine how much the data varies from the average.

Maximum is used to determine the largest amount of data in question. Minimum is used to find the smallest amount of data in question.

2.16. Path Analysis (Path Analysis)

Path analysis allows us to examine the direct relationship between variables as well as the indirect relationship between variables in the model. Model evaluation aims to predict the relationship between variables with the help of SPSS 23.0 software (Ghozali & Latan, 2016).

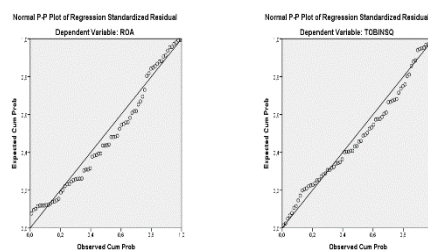
IV. RESULTS AND DISCUSSION

2.17. Data Normality Test

The normality test aims to test whether the residual or confounding variables in the model have a normal distribution. A good model is having a normal or close to normal data distribution (Ghozali, 2018). In this study, the normality test was carried out by means of a graphical test via the *normal p-plot*.

The research data contains some data that has extreme values that will disturb the normality of the data. This study treats data normality violations by eliminating outlier data by using a standardized value (*Z-score*) so that research data is normally distributed or close to normal distribution (Ghozali, 2018).

p-plot normality test in Figure 4.1.



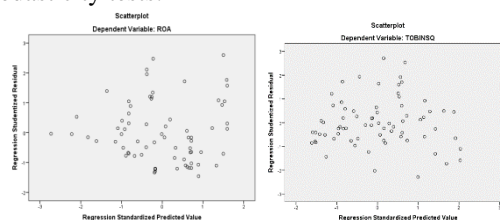
Source: Processed Data (2022)

Normal P-Plot (after treatment)

Figure 4.1

2.18. Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is an inequality of variance in the model from one residual observation to another. The heteroscedasticity test in this study used the *scatterplot test*. The following are the results of the following heteroscedasticity tests:



Source: Processed Data (2022)

Scatter plots

Figure 4.2

The results of the heteroscedasticity test using the *scatterplot* as shown in Figure 4.2 above show that the points are randomly distributed and spread both above and below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity problem in the model.

2.19. Path Analysis

4.4.1 First Path Equation

The first equation model is the influence of *Environmental Performance* and *Environmental Costs* on profitability. The following are the results of path analysis used in this study.

Table 4.1

Pathway Analysis I

Model	Unstandardized Coefficients	
	B	std. Error
1 (Constant)	-173,086	46,521
Environmental Performance	64,682	14,586
Environmental Costs	-2.047E-16	,000

Source: Processed Data (2022)

The results of the path analysis as presented in table 4.6 above show the equations obtained are as follows:

$$M = -173.086 + 64.682X_1 - 2.047E-16X_2$$

Information:

M : Profitability

X₁ : *Environmental Performance*

X₂ : *Environmental Costs*

The path equation above can be explained as follows.

1. A constant of -173.086 states that without the influence of the two independent variables *Environmental Performance* and *Environmental Costs* and other factors, the profitability variable for food and beverage companies listed on the Indonesia Stock Exchange is -173.086 units.
2. The regression coefficient of the *Environmental Performance* variable is 64.682. The positive direction of the relationship between *Environmental Performance* and profitability indicates that changes in *Environmental Performance* are in line with changes in profitability.
3. The regression coefficient of the *Environmental Costs* variable is -2.047E-16 (negative). The negative direction of the relationship between *Environmental Costs* and profitability indicates that changes in *Environmental Costs* are reversed with changes in profitability.

4.4.2 Second Line Equation

The second equation model is the effect of *Environmental Performance*, *Environmental Costs*, and profitability on firm value. Following are the results of path II analysis used in this study.

Table 4.2

Pathway Analysis II

Model	Unstandardized Coefficients	
	B	std. Error
(Constant)	-14,071	16,841
Environmental Performance	3,555	5,388
Environmental Costs	5,030E-18	,000
ROA	,812	.031

Source: Processed Data (2022)

The results of the path analysis as presented in table 4.2 above show the equations obtained are as follows:

$$Y = -14.071 + 3.555X_1 + 5.030E-18X_2 + .812M$$

Information:

Y : Company Value

X₁ : *Environmental Performance*

X₂ : *Environmental Costs*

M : Profitability

The path equation above can be explained as follows.

1. A constant of -14.071 states that without the influence of the variables *Environmental Performance*, *Environmental Costs*, and profitability as well as other factors, the company value variable for food and beverage companies listed on the Indonesia Stock Exchange is -14.071 units.
2. The regression coefficient of the *Environmental Performance* variable is 3.555 (positive). The positive direction in the relationship between *Environmental Performance* and company value indicates that changes in *Environmental Performance* are in line with changes in company value.
3. The regression coefficient of the *Environmental Cost* variable is 5.030E-18 (positive). The positive direction of the relationship between *Environmental Costs* and company value indicates that changes in *Environmental Costs* are in line with changes in company value.
4. The regression coefficient of the profitability variable is .812 (positive). The positive direction of the relationship between profitability and firm value indicates that changes in profitability are in line with changes in firm value.

2.20. Due Diligence (Test F)

The results of the F test of the effect of the variables *Environmental Performance* and *Environmental Costs* on profitability and the effect of *Environmental Performance*, *Environmental Costs*, and profitability on firm value are presented in table 4.3 below.

Table 4.3

F Test Results (Simultaneous)

Information	F count	Sig.
Pathway Analysis I	2.68	0.000
Pathway Analysis II	2.44	0.000

Source: Processed Data (2022)

The results of the F test in table 4.3 above show that the Fcount value for path I analysis is 2.68 and a significance value of 0.000 < 0.05 ($\alpha = 5\%$). This shows that the feasibility of the path I analysis model is fulfilled. The calculated F value for path II analysis is 2.44 and a significance value of 0.000 < 0.05 ($\alpha = 5\%$). This shows that the feasibility of the path II analysis model is also fulfilled.

2.21. t test

The results of the t test for the effect of *Environmental Performance* and *Environmental Cost* on firm value through profitability are presented in table 4.4 below.

Table 4.4

Test Results t

Hypothesis	Independent Variable	Influence Between Variables			t-stat	Sig.
		To	Through	Dependent Variable		
H ₁	X1	→		M	4,435	,000
H ₂	X2	→		M	-3,032	,003
H ₃	X1	→		Y	4,363	,000
H ₄	X2	→		Y	-2,710	,008
H ₅	M	→		Y	26,635	0.000
H ₆	X1	→	M	Y	0.660	0.511
H ₇	X2	→	M	Y	0.209	0.835

Source: Processed Data (2022)

1. Direct Influence

a. The direct effect of *environmental performance* on profitability has a t-count of 4.435 and a significance value of 0.000 < 0.05 ($\alpha = 5\%$).

The hypothesis which states that *Environmental Performance* affects profitability is accepted (H₁ is accepted).

b. The direct effect of environmental costs on profitability has a t-count of -3.032 and a significance value of $0.003 < 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental costs* affect profitability is accepted ($H_{2\text{ is}}$ accepted).

c. The direct effect of *environmental performance* on firm value has a t count of 4.363 and a significance value of $0.000 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental performance* influences firm value is accepted ($H_{3\text{ is}}$ accepted).

d. The direct effect of *environmental costs* on firm value has a t count of 0.209 and a significance value of $0.835 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental costs* affect firm value is not accepted ($H_{4\text{ is}}$ rejected).

e. The effect of profitability on firm value has a t count of 26.635 and a significance value of $0.000 < 0.05$ ($\alpha = 5\%$). The hypothesis which states that profitability has a significant effect on firm value is accepted ($H_{5\text{ is}}$ accepted).

2. Indirect Influence

a. The indirect effect of *Environmental Performance* on firm value through profitability has a t count of 0.660 and a significance value of $0.511 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that *Environmental Performance* influences firm value through profitability is not accepted ($H_{6\text{ is}}$ rejected).

b. The indirect effect of *Environmental Costs* on firm value through profitability has a t count of -2.154 and a significance value of $0.033 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental costs* affect firm value through profitability is not accepted ($H_{7\text{ is}}$ rejected).

2.22. Coefficient of Determination

The coefficient of determination/ R^2 is used to find out how far the ability of the model is to explain dependent variation (Ghozali, 2018). The results of the determination test resulted in an *adjusted R² value* as presented in table 4.5 as follows:

Table 4.5

Coefficient of Determination

Information	%
<i>Adjusted R Square</i>	0.354

Source: *Processed Data (2022)*

Table 4.5 above shows the results of the determination test that the value of the *adjusted R square* yields a value of 0.354 which means that 35.4% of the company's value can be explained by the variables *Environmental Performance*, *Environmental Costs* and profitability while the remaining 64.6% ($100\% - 35.4\%$).

2.23. Discussion

4.8.1 Effect of Environmental Performance on Profitability

The results of this study found that environmental performance has a positive effect on profitability in Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. The environmental performance variable on profitability is seen based on the t-count value of 4.435 and a significance value of $0.000 < 0.05$ ($\alpha = 5\%$), so the research hypothesis proposed in this study that environmental performance has a positive effect on profitability is accepted. Corporate responsibility for operational activities towards the environment shows that the company has carried out *Corporate Social Responsibility (CSR)*. The relationship between corporate environmental responsibility and activity with profitability can be described as a trade-off between investment and environmental improvement .

The results of this study are in line with the research of Shofia & Anisah, (2020) who found that environmental performance has a significant positive effect on profitability as a proxy for Net Profit Margin (NPM) . Companies to achieve high levels of environmental performance , of course, also require high costs which are called investment costs. These costs certainly reduce the level of company profitability, so that company activities will have a negative relationship to profitability because every activity in the company's environment requires a lot of money. The company as the main actor that carries out environmental performance, by participating actively in preserving the environment has an impact on the company's financial performance which is proxied by profitability.

4.8.2 Effect of Environmental Costs on Profitability

The results of this study found that environmental costs have a negative effect on profitability in Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. Environmental Cost Variables on profitability seen based on the results of the calculated t value of -3.032 and a significance value of $0.003 < 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental costs* affect profitability is accepted ($H_{2\text{ is}}$ accepted). The results of this study found that environmental costs have a negative effect on profitability, so the research hypothesis proposed in this study that environmental costs have a negative effect on profitability is accepted. Environmental costs are costs incurred by companies to prevent environmental damage or repair environmental damage as a result of the company's business activities. The more environmental costs the company incurs, it will reduce the company's profit.

The results of this study are in line with research conducted by Fairuz (2021) which shows that environmental costs have a negative effect on profitability. So it is concluded that the increase in environmental costs reduces or affects profitability.

From the perspective of cost analysis, when environmental costs are used as a form of periodic liability, the company's burden will increase. As a result, profits will decrease and affect the level of company profitability.

4.8.3 Effect of Environmental Performance on Company Value

In the tests carried out, it was found that environmental performance had a positive effect on company value at Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. Information about the company's concern for environmental and social aspects is reflected in the PROPER rating obtained by the company.

Research conducted by Monday & Yenev (2014) found a positive relationship between environmental performance and company value. This indicates the acceptance of legitimacy theory, that if a company is able to pay attention to environmental management, then the existence of the company will be responded positively by the community.

4.8.4. Effect of Environmental Costs on Firm Value

In the tests carried out, it was found that environmental costs have no effect on company value at Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. This can be interpreted that the more environmental costs incurred by the company does not have an impact on the higher the value of the company.

The results of this study are in line with research conducted by Buana & Nuzula (2017) which states that high environmental costs do not determine positive results in market reactions. The company's high environmental costs are not perceived as a high value by investors.

4.8.5 Effect of Profitability on Firm Value

on company value at Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. High profitability results indicate that the company is in a profitable condition, so if the ROA is high it will give a positive signal to investors.

The greater the profit earned, the greater the company's ability to pay dividends, so that more investors will invest in the company (Prasetyorini, 2013)

4.8.6 The Influence of Environmental Performance on Company Value Through Profitability

The results of this study found that there was no indirect effect on environmental performance on Company Value through Profitability in Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. This can be seen based on the calculated t value of 0.660 and a significance value of $0.511 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that Environmental Performance effect on firm value through profitability is not accepted (H_6 is rejected).

Profitability variable has a minimum value of 0,00 ; maximum value 365.00 ; the average value of profitability is 26.7594 and a standard deviation of 70.10920. The standard deviation value looks bigger than the average value. This shows that the data used in the profitability variable has a large or uneven distribution because the standard deviation is greater than the average value, so that the data deviation in the profitability variable is said to be bad. This shows that the profitability data in this study contained *outliers* (data that were too extreme), and there was a fairly large data gap between the maximum and minimum values of the profitability variable.

Profitability cannot provide an indirect relationship between environmental costs and firm value because firm value is heavily influenced by other variables. The results of this study are in line with research conducted by Buana & Nuzula (2017) which states that high environmental costs do not determine positive results in market reactions.

4.8.7 Effect of Environmental Costs on Company Value Through Profitability

The results of this study found that there was no indirect effect on environmental cost on company value through profitability at Food and Beverage Companies listed on the Indonesia Stock Exchange in 2017-2021. This can be seen based on the calculated t value of 0.209 and a significance value of $0.835 > 0.05$ ($\alpha = 5\%$). The hypothesis which states that *environmental costs* affect firm value through profitability is not accepted (H_7 is rejected).

Profitability cannot provide an indirect relationship between environmental costs and firm value because firm value is heavily influenced by other variables. The results of this study are in line with research conducted by Buana & Nuzula (2017) which states that high environmental costs do not determine positive results in market reactions.

V. CONCLUSIONS AND SUGGESTIONS

2.24. Conclusion

This study aims to determine the results of the influence test caused by environmental performance and

environmental costs on company value with profitability as an intervening variable in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. Based on the results of the statistical tests that have been carried out, the results of hypothesis testing are obtained so that the conclusions of the hypothesis results are as follows:

1. Environmental performance variables affect Profitability .
2. Environmental cost variables affect Profitability .
3. Environmental performance variables influence on Firm Value.
4. environmental cost variable has no effect on firm value
5. Variable influences Firm Value.
6. Environmental performance variables indirectly do not influence on Firm Value through Profitability.
7. Environmental cost variable does not directly affect Firm Value through Profitability .

2.25. Suggestion

There are limitations to the research that has been submitted, the researcher provides suggestions that are to develop future research. The suggestions given are as follows:

1. For companies, this research is expected to increase company awareness of the importance of carrying out corporate responsibility towards its environment which will affect company value .
2. For academics, this research is expected to be a reference material for further research in the same field and as a contribution to the development of accounting science.
3. For further researchers, they can add different types of variables or use different types of variables from the variables in this study that have a relationship with firm value , including the variables Financial Performance, Firm Size, Liquidity, Leverage, Capital Structure, and Dividend Policy. The next researcher can expand the research by increasing the observation period so that more information is obtained and the effect of each hypothesis can be seen . Suppose the variable financial performance.

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