

The Influence of Green Accounting, Audit Committees, and Environmental Performance on Company Value in the Mining Sector

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Abstract

Analyze the influence of green accounting, audit committees, and environmental performance on the value of companies in the mining sector listed on the Indonesia Stock Exchange for the 2019–2024 period. This topic has become important due to increasing investor attention to sustainability practices and corporate governance, especially in industries that have a significant environmental impact such as the mining sector. This research uses a quantitative approach with multiple linear regression analysis methods. Data was obtained from annual reports and company sustainability reports, PROPER ratings published by the Ministry of Environment and Forestry, as well as stock market data. The research sample was determined using a purposive sampling technique based on the availability and consistency of data publications, resulting in 126 company observations. The research results show that simultaneously green accounting, audit committees and environmental performance have a significant effect on company value. Partially, environmental performance is proven to have a positive and significant effect on company value, the audit committee has a negative and significant effect, while green accounting does not show a significant effect. These findings indicate that investors consider measurable and verified environmental performance more than green accounting disclosures or audit committee activities in assessing mining sector companies. This research provides implications for companies and regulators in improving the quality of sustainability practices and corporate governance.

Keywords: Green Accounting, Audit Committee, Environmental Performance

PENDAHULUAN

In the era of globalization, the main goal for companies is no longer limited to maximizing profits or the wealth of shareholders alone. Demands for social and environmental responsibility are increasing, in line with the concept of sustainable development (sustainable development). The mining sector is a sector that has a crucial role in the economy, but is also known to have the potential for significant environmental impacts, ranging from land damage, water and air pollution, to climate change [36]. Therefore, the ability of mining companies to manage their environmental impacts is an important measure for the sustainability of their operations.

Throughout 2024–2025, the reputation and value of mining companies in Indonesia will face enormous pressure due to cases of environmental pollution and regulatory violations. For example, in Halmaheira and Raja Ampat [3], where nickel and mineral mining activities cause damage to the ecosystem as well as leading to a decline in investor confidence and fluctuations in the share value of the companies involved. The government has also acted decisively, one of which is by revoking four mining company permits in Raja Ampat in June 2025 due to irreversible environmental damage reported by the Ministry of Environment and Mineral Resources. These incidents show that poor environmental management and weak governance have a direct impact on the decline in company value and the risk of losing attractiveness in the capital market.

Company value is a measure of the company's performance and how well the company is working and its future. You could say, this is like the value that people give to a company when they see the results of their work and what they might achieve in the future. The value of a company increases because many people believe in it and value it highly, which is usually seen from the share price on the market. Company value, which is usually measured through share prices on the capital market, is an indicator of management success. A high company value indicates the investor's confidence in the company's future prospects.

Environmental impacts are an issue that is frequently discussed at national leadership meetings. Therefore, currently most companies include environmental impacts in their accounting systems. Global accounting involves identifying, measuring and reporting environmental costs and benefits. One of the key components of GCG is the Audit Committee. The Audit Committee is responsible for overseeing the company's financial reporting and compliance processes.

The audit committee is an important part of corporate governance whose function is to monitor management implementation, especially in financial reporting and internal control which serves to increase the company's transparency and accountability. The audit committee's leadership is driven by the need to protect the interests of shareholders and increase public confidence, with the main task being to review financial reports and establish communication with internal and external auditors [15]. The audit committee acts as a supervisor. independence and helping the board of commissioners increase supervision and avoid fraudulent financial reports [23] states that environmental performance is a reflection of the extent to which a company has succeeded in managing and minimizing the negative impacts of its operations on the environment. Good environmental performance is expected to reduce the risk of litigation, delinquency and reputational damage, which in turn can increase the positive image and attractiveness of investment, thereby potentially increasing the value of the company.

METHOD

Types of research

The use of green accounting, audit committees, and environmental performance have an impact on the company value of companies in the mining sector listed on the Indonesian Economic Exchange (BEII) from 2019 to 2024. This study uses quantitative analysis and uses multiple linear regression analysis methods.

Research Data Source

The data used comes from international sources such as company annual reports, sustainability reports, data from the Company Performance Assessment Program in Environmental Management (PROPEiR) released by the Ministry of Environment and Forestry (KLHK), and stock market data from the Indonesian National Exchange (BEiI).

Population and Sample

In this research, the research population consists of all mining companies listed on the Indonesian National Exchange. The sample was selected using a purposive sampling technique, with the main criteria being companies that consistently publish annual reports and sustainability reports over the research period and have comprehensive data for all variables. Overall, the research population included 126 observations. The following inclusion criteria were used to select the sample:

1. The company will remain registered on BEiI during 2019–2024 (without delisting).
2. The company publishes annual reports and comprehensive sustainability reports every year.
3. The company received the PROPEiR award from the Ministry of Environment and Forestry.

Than the sample results in this research were 126 observations.

Variable Measurement (Green Accounting)

Greiein Accounting, uses the ratio between total environmental costs and the company's total net profit, using the formula:

$$\text{Green Accounting} = \frac{\text{Environmental Cost}}{\text{Net Profit}} \times 100\%$$

This ratio illustrates the extent to which a company allocates its resources to environmental interests compared to its overall operational activities. The greater the proportion of environmental costs incurred, the higher the company's level of commitment to implementing green accounting principles and environmental sustainability [2]. In this way, this indicator becomes a quantitative measure that reflects the extent to which a company integrates environmental aspects into its accounting practices.

Audit Committee

In this research, the Audit Committee variable is measured based on the number of meetings held in one financial year, which reflects the intensity and effectiveness of the committee's oversight function. This measurement is based on the provisions of the Financial Services Authority Regulation (POJK) Number 55/POJK.04/2015 concerning Guidelines and Guidelines for Implementing the Work of Audit Committees, which require audit committees in public companies to hold meetings at least 4 times a year or at least once every quarter. This intention aims to ensure continuous monitoring of the integrity of financial reporting, internal control, risk management, as well as compliance with regulations, including non-financial aspects such as environmental reporting.

Environmental Performance

For global data in Indonesia, environmental performance is generally measured using indicators in the form of the Corporate Performance Assessment Program in Environmental Management (PROPEiR) ranking issued by the Ministry of Environment and Forestry (KLHK). This ranking is quantified into a numerical score in accordance with LHK Peirmein Number 1 of 2021, where a higher score indicates better environmental performance (LHK Regulation Number 1 of 2021, 2021). PROPEiR's ranking from worst to best is black (1) for companies that do not comply and cause serious warnings, red (2) for those that only meet minimum compliance, blue (3) for those that comply with basic regulations, green (4) for those that implement effective environmental management, and eimas (5) for those that demonstrate extraordinary performance with innovation and social-environmental contribution.

Company Value

In this research, the company value indicator is measured using the Tobin's Q ratio, which describes the extent to which the market values the company compared to the book value of its assets. The formula used is:

$$\text{Tobin's Q} = \frac{(\text{Share Price} \times \text{Number of Beireidar Shares}) + \text{Total Debt}}{\text{Total Asset}}$$

This ratio shows how large the company's market value is compared to the value of the assets it owns. The higher the Tobin's Q value, the greater the investor's confidence in the company's ability to create value and generate profits in the future [13].

The data analysis method in this research uses multiple linear regression analysis which aims to examine the relationship between individual variables (Accounting Group, Audit Committee, and Environmental Performance) and independent variables (Enterprise Value). The analysis process was carried out with the help of the SPSS application 26.

Data analysis

Based on the results of the research through a purposive sampling method, a total of 126 observational data were obtained from mining sector companies listed on the Indonesian Securities Exchange (BEiI) during the research time horizon 2019 to 2024. The results of these observations were then used to analyze and test hypotheses. in order to see how related the factors are Greicin Accounting, Audit Committee, and Environmental Performance in influencing Company Value in the mining sector.

RESULTS AND DISCUSSION

This section presents the results of the data analysis conducted in this study, followed by a comprehensive discussion of the findings. The results are presented systematically based on the research objectives and research questions. Furthermore, the findings are interpreted by relating them to relevant theories and previous studies to provide a deeper understanding of the research problem.

Normality Test

Following are the results of the Normality Test:

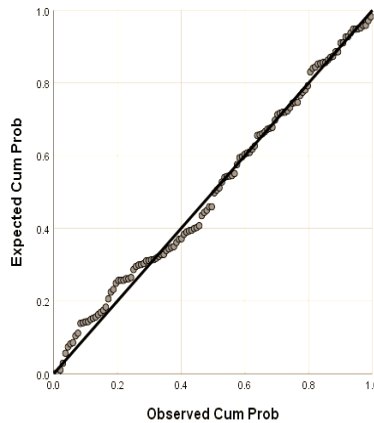
N	126
Most Extreme Differences	.056
Test Statistic	.056
Asymp. Sig. (2-tailed)	.200

Source: Data processed by researchers

The residual normality test on 126 observations yielded a Most Eixtreimei Diffeirenceis (Absolutei) of 0.056, a statistical theist of 0.056, and an Asymptotic Significance (2-tailed) value of 0.200. A significance value that is much greater than 0.05 accompanied by very small extreme differences indicates that the residual multiple linear regression mode is normally distributed.

Heiteiroskeidasticity Test

The following is an overview of the Heiteiroskeidasticity Test:



Source: Data processed by researchers

Figure 2. Scatteirplot Heiteiroskeidasticity Test Results

According to Figure 2, the heiteiroskeidasticity test was carried out using the P-normal normal residue standardization regression plot method. The plot results show that the data points are spread out randomly and follow a diagonal line without creating any definite pattern. Constant residual variance, or homoscheidasticity, is indicated by a random distribution of points around a diagonal line. Therefore, the assumption of the absence of heiteiroskeidasticity has been confirmed statistically. In addition, one of the requirements of the classical assumption has been fulfilled, and the coefficient estimation results can be considered valid.

Autocorrelation Test

Table 2. Autokorelasi

Model	R	R Square	Adjusted R Square	Durbin Watson
1	.354	.126	.104	2.262

Source: Data processed by researchers

The autocorrelation test was carried out using the Durbin-Watson (DW) test to ensure that there was no correlation between the residuals in the current observation period and the previous period, which is a mandatory requirement in the migration model. Based on the Model Summary table, the Durbin-Watson value obtained is 2.262. This value is quite close to the number 2 (the middle value indicating the absence of autocorrelation), and is also within the range of the dU limit (upper limit), namely 1.66 and 4-dU. Therefore, it can be concluded that this regression model is free from autocorrelation problems, so that the resulting regression estimation results can be considered consistent. The following is a description of T Test on Table 3:

Table 3. T Test

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
GA	-.207	.139	-1.494	.138
KA	-.042	.017	-2.495	.015
KL	.191	.053	3.614	.000

Source: Data processed by researchers

The results of the partial t test show that Greiein Accounting has a B coefficient of -0.207 with a t-count of -1.494 and a significance value of $0.138 (> 0.05)$, so it does not have a significant influence on company value. The Audit Committee has a B coefficient of -0.042 with a t-count of -2.459 and a significance of $0.015 (< 0.05)$, so it has a significant negative effect. Environmental Performance has a B coefficient of $+0.191$ with a t-count of

3.614 and a significance of 0.000 (<0.05), so it has a positive and most significant influence. The following is a description of F Test on Table 4:

Table 4. F Test

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regresi	3.829	3	1.276	5.845	.001
Residu	26.639	122	.218		
Total	30.468	125			

Source: Data processed by researchers

The F test results in Table 4 (ANOVA) show that the overall regression model is statistically significant, with an F value of 5.845 and a significance level of 0.001 which is much smaller than the threshold of 0.05. This indicates that the independent variables together have a real influence and do not occur by chance on the dependent variable. Thus, this regression model can be considered suitable for use to explain the relationship between variables in research, because there is strong statistical evidence that at least one or more predictors contribute significantly to the variation in the observed data.

Greiein Accounting does not have a significant influence on Company Value. With a significance value of 0.138 (> 0.05), the results of this research are in line with research by [11], which found that voluntary disclosure of environmental information is not yet considered a signal of reliability by the Indonesian capital market for company valuation. In the mining sector, reported environmental costs are ignored by investors because they are considered less credible, so companies are better off diverting resources to verified initiatives rather than voluntary reports.

The Audit Committee has a negative and significant influence on Company Value. With a significance value of 0.015 (< 0.05) and a negative coefficient of regression, this finding indicates the view of the investigator that increasing the size or effectiveness of the Audit Committee's supervision is actually considered an inefficient cost of monitoring, which ultimately results in a positive perception by the market regarding the Company's Value [35].

Environmental Performance has a positive and significant influence on Company Value. With a significance value of 0.000 (< 0.05) and being a variable with the highest coefficient, this finding proves that good Environmental Performance is the most dominant non-financial signal and is appreciated by investors in the mining sector Findings that Environmental Performance has a positive and significant influence on Company Value along with research [22], which uses the PROPEiR ranking and finds that companies with good environmental performance tend to have higher company value.

Green Accounting, Audit Committee, and Environmental Performance together have a significant influence on Company Value. These findings prove that the combination of these three factors has a definite and significant role in explaining variations in market valuation of mining sector companies. These results are in line [4] which found that environmental performance and GCG elements (including managerial and institutional ownership) have a positive effect on the value of mining companies on the IDX for the 2021–2023 period, thus supporting the simultaneous contribution of governance and environmental factors to market valuation.

CONCLUSION

In general, the regression model used is feasible and can simultaneously predict company value. This is proven by the F test which produces a significance value of around 0.001 (smaller than 0.05). Despite this, the Determination Coefficient (Adjusted R Square) of 0.104 indicates that the variation in Company Value can only be explained by the model amounting to 10.4%, while the remaining 89.6% is influenced by other factors outside the model.

The advice from this research is that mining companies must have a focus on Environmental Performance (PROPEiR), because this has proven to be the strongest and most positive in increasing Company Value. Management is advised to optimize the Audit Committee by focusing on quality and efficiency rather than just quantity, to avoid negative market perception. Investors are advised to use the PROPEiR rating as the main reference for valuation, and not rely too much on Greiein Accounting because it has proven to be insignificant. For further research, it is recommended to rebalance the Greiein Accounting measurement method so that it can reflect environmental accounting practices more comprehensively. The next research can also consider the addition of other variables which have the potential to have an influence on the value of the company. In addition, the use of different analytical methods can be considered so that the research results become stronger and able to provide a more in-depth picture.

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