

DETERMINANT OF FINANCIAL PERFORMANCE IN INDONESIA

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ABSTRACT

The study aims to evaluate the effect of green accounting implementation, environmental performance, and capital structure on the financial performance of companies engaged in the basic materials sector listed on the Indonesia Stock Exchange (IDX) in the period 2020-2024. This study is quantitative in nature. The population in this study consists of basic material companies listed on the Indonesia Stock Exchange for the period 2020-2024. The sample selection method used was purposive sampling with a total sample of 157. The data analysis technique used in the study was panel data analysis using Eviews 12. The study results show that green accounting and environmental performance do not affect financial performance. On the other hand, capital structure negatively affects financial performance.

Keywords: Financial Performance, Green Accounting, Environmental Performance, Capital Structure

ABSTRACT

Penelitian ini memiliki tujuan untuk mengevaluasi pengaruh penerapan akuntansi hijau, kinerja lingkungan, dan struktur modal terhadap kinerja keuangan perusahaan yang bergerak di sektor bahan dasar yang terdaftar di Bursa Efek Indonesia (BEI) periode 2020-2024. Teknik pengambilan sampel menggunakan metode purposive sampling dengan total sampel 157 sampel. Teknik analisis data yang digunakan dalam penelitian ini adalah analisis regresi data panel menggunakan Eviews 12. Hasil penelitian menunjukkan bahwa akuntansi hijau dan kinerja lingkungan tidak berpengaruh terhadap kinerja keuangan. Sementara itu, struktur modal berpengaruh negatif terhadap kinerja keuangan.

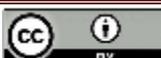
Kata Kunci: Kinerja Keuangan, Akuntansi Hijau, Kinerja Lingkungan, Struktur Modal

INTRODUCTION

In the current era of globalization, the increasingly evolving business world has led to increasingly fierce competition between companies. In this competition, companies must be able to compete effectively to survive and thrive. To face increasingly intense competition, companies are required to improve and develop their financial performance. The primary goal of a company is to generate profits from its operations to ensure the company's continuity and growth, and owners expect to receive returns on their investment. On the other hand, companies are required to demonstrate not only good financial performance but also adequate environmental performance. The implementation of green accounting is increasingly significant because it allows companies to more accurately identify, measure, and report environmental costs and impacts. This not only contributes to improving a company's environmental performance but also influences the strategic decision-making process, including determining capital structure. Companies that manage environmental aspects and have a sound capital structure tend to gain

greater trust from investors, thereby increasing competitiveness and long-term business sustainability.

Financial performance is a crucial aspect for any business because it is the primary indicator for assessing the company's success in achieving its strategic goals (Subhan, 2024). By assessing financial performance, a company can assess how effectively it manages its financial resources, including aspects of liquidity, profitability, and solvency. This enables management to identify strengths and weaknesses in the company's operations and make informed decisions to improve efficiency and performance (Widjaya & Sisdianto, 2024). With financial performance reports, companies can monitor financial stability to remain resilient in the face of economic changes and intense market competition. Therefore, financial performance is not only important as a measurement tool but also as a basis for strategic planning and sustainable decision-making to support the company's future sustainability. In this study, financial performance was measured using ROA. ROA serves to assess how efficiently a company manages its existing resources. ROA is



the total return from the use of assets or total investment. ROA reflects management's ability to utilize company assets to generate profits; the higher the ratio, the better the results (Efria et al., 2023)

In 2025, the basic materials sector experienced changes influenced by fluctuations in commodity prices and global economic conditions. In Indonesia, this sector increased 12.65% year-to-date through early June 2025, driven by a surge in the value of PT ANTM shares, along with improving global sentiment following the easing of tariff tensions between the US and China (investasi.kontan.co.id). The increase in commodity prices had a positive impact on corporate profits without being offset by a significant increase in assets, resulting in an increase in ROA as a measure of financial performance efficiency. On the other hand, the decline in the basic materials sector in the United States of -1.21% in September 2025 due to concerns about the global economy, indicating pressure on profitability that could reduce ROA (market.financialcontent.com). This event highlights the significance of ROA as a key benchmark for financial performance in the basic materials sector.

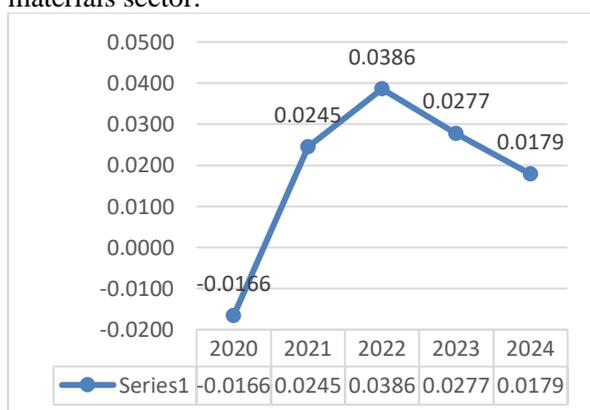


Figure 1. Average ROA Data for the Basic Materials Sector

Based on Figure 1, ROA values vary from year to year. A high ROA indicates that a company has optimized the use of its assets to generate profits. A higher ROA indicates a company's improving financial performance. In 2020, ROA experienced a decline of -0.0166, indicating that the company was unable to generate profits from its assets. This condition may be attributed to the potential COVID-19 outbreak, which has led to a decline in industrial demand, supply disruptions, and decreased operational efficiency. In 2021, ROA showed significant growth, reaching 0.0245, which may be a sign of recovery from COVID-19,

characterized by a resurgence in production activity and increased market demand. The positive ROA continued in 2022, when it reached its highest level of 0.0386, reflecting a period of significant financial performance for the basic materials sector amid rising global commodity prices and the optimization of corporate asset utilization. However, in 2023 and 2024, ROA decreased to 0.0277 and 0.0179, respectively. This decline indicates new pressure on company profitability, possibly due to falling commodity prices, rising production costs, and weakening global demand.

Fluctuations in ROA values for basic materials companies from 2020 to 2024 suggest that these companies are not optimally utilizing their assets to generate profits. Therefore, this study was conducted to measure the effectiveness and efficiency of company financial performance, as predicted by ROA. The ROA ratio is also used by investors as a guide in making choices. (Tambunan et al., 2023).

Green accounting is one factor that can influence financial performance. Implementing green accounting in companies can improve environmental performance, ultimately enhancing financial performance, with environmental benefits that can be properly managed and preserved in accordance with government regulations. (Damayanti & Astuti, 2022). Green accounting can be defined as a series of accounting activities aimed at properly aligning financial and environmental aspects, with the results benefiting users in the decision-making process. (Wara et al., 2023).

Environmental performance is a crucial aspect that can influence and improve financial performance. (Rosadilla et al., 2023). The government will evaluate companies' environmental performance using a color scale, ranging from the lowest (black), red, blue, green, to the highest (gold). It is hoped that this program will encourage companies to engage in activities that positively impact the environment, thereby benefiting the company's image and future. (Sapulette & Limba, 2021).

(Rima Sekar Ayu Cahyani, 2023) stated that capital structure is crucial for a company because it directly relates to its financial position. Facing increasingly pressing sustainability demands, an appropriate capital structure not only aids in financing efficiency but also supports the implementation of green accounting and improves environmental performance. The ideal capital structure maximizes the value of its shares.



Excessive debt can hinder a company's development and make shareholders hesitant to continue investing, which in turn creates uncertainty in long-term capital allocation (Sagala & Nurmala, 2021).

Research on financial performance has been extensively researched by previous studies. This study is an extension of the research conducted by (Nur Rahman & Kusumawardani, 2025). The difference from this study is first, this study has added one independent variable, namely capital structure. The addition of the independent variable of capital structure is because capital structure is important for research. After all, the appropriate proportion of debt and equity can increase profitability and financial performance, but if there is a funding imbalance, especially excessive debt, it can reduce company performance and increase risk. (S. R. Sari et al., 2025). Secondly, the research object of (Nur Rahman & Kusumawardani, 2025) was a mining company, while in this study, the research object was a basic material sector company. The final difference is that the research of (Nur Rahman & Kusumawardani, 2025) used the years 2019-2023, while this study used the years 2020-2024.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory is a theory that links organizations with their internal and external environments, which means a set of policies and practices relevant to stakeholders, values, legal compliance, recognition from the community and environment, and the business sector's dedication to playing a role in sustainable development. Stakeholder theory was proposed by R. Edward Freeman in 1984. Stakeholder theory posits that a company should not only function for its own self-interest, but should also provide benefits to all stakeholders, including shareholders, lenders, customers, suppliers, the government, and the community. A company's business objective is not solely to seek profit but also to be responsible to the community and the surrounding environment. This theory emphasizes that companies also have responsibilities to society and the environment, in addition to economic responsibilities, and these responsibilities must be implemented sustainably. (Handoko & Larasati, 2024).

Agency Theory

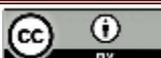
Agency theory explains the professional interaction between two entities, namely the company owner or shareholders acting as the

principal and the management acting as the agent. This concept arises when the principal grants the agent the power to manage the company and carry out operational activities on behalf of the owner. Thus, the principal and the agent are two distinct entities with specific roles, responsibilities, and duties. Agency theory was proposed by Jensen and Meckling (1974), which means a relationship formed through a contract, where one or more business parties (principals) hand over responsibility to a manager (agent) to provide services and provide power in decision-making. This relationship is between business owners and managers who are tasked with managing the company. (Wibowo & Febriani, 2023). In this theory, business owners expect managers to act in their best interests that can conflict with business goals. Agency theory is designed to address problems that arise due to differences in goals between parties involved in cooperation. (Susanti et al., 2022). If managers' personal interests are not aligned with those of the business owners, they may make decisions that result in high debt-funded company equity.

Green Accounting and Financial Performance

(Wulandhari & Machdar, 2025) stated that the implementation of green accounting in a company demonstrates the company's concern for the environment. This can be seen from the environment-related expenses listed in the financial performance prepared by the company for environmental sustainability. Companies that implement green accounting have the opportunity to improve their environmental performance, which will positively impact financial performance, while also facilitating the achievement of environmental benefits that can be managed and maintained in accordance with government regulations. This effort plays a crucial role in building a positive image among stakeholders and investors. (Putra & Sisdiyanto, 2024)

The application of green accounting is related to stakeholder theory, which states that companies need to accommodate the interests of various stakeholders, such as the community, investors, the government, and the environment, rather than solely focusing on shareholders, as expressed by R. Edward Freeman. By implementing green accounting, companies demonstrate a clear moral and strategic commitment to transparently managing environmental costs in their financial reports, which can build stakeholder trust. Research conducted by (Nur Rahman & Kusumawardani, 2025) states that green



accounting has a positive effect on financial performance. These results align with research conducted by (Ramadhani & Wahyuni, 2025) that found that green accounting has a positive effect on financial performance.

H1: Green accounting has a positive effect on financial performance.

Environmental Performance and Financial Performance

(Juncia Prinanta et al., 2023) state that environmental performance levels can be seen as an indicator of how much a company cares about the surrounding environment. A company's environmental performance describes the extent to which it successfully manages the environmental impacts of its operations. Environmental performance relates to the concepts of stakeholders as described by R. Edward Freeman in 1984, which emphasizes that companies are responsible not only to shareholders but also to stakeholders. In this regard, achieving positive environmental performance demonstrates a company's dedication to meeting stakeholder expectations regarding sustainability, including reducing operational impacts on the environment, which can foster trust and support from the community. Research conducted by (Paneka, 2024) found that environmental performance. These results align with research conducted by (Kurnia et al., 2024) that found that environmental performance positively impacts financial performance.

H2: Environmental performance positively impacts financial performance.

Capital Structure and Financial Performance

Capital structure refers to the combination or ratio of funding sources utilized by a company to conduct its operations and own assets. Generally, two main elements comprise capital structure: equity and debt (S. N. Sari & Sisdiyanto, 2024). Capital structure reflects the proportion of resources used over the long term. How capital is managed will undoubtedly impact financial performance (Zalukhu et al., 2022).

Capital structure is related to agency theory, which states that a larger capital structure serves as a monitoring tool that minimizes conflicts of interest between principals and agents. Agents may act for personal gain, leading to waste and unnecessary expenditures that incur agency costs. Debt provides financial discipline and reduces bankruptcy risk, encouraging management to operate efficiently, thus aligning agent actions with shareholders' interests to maximize company

value (Lesmono & Siregar, 2021). Research by (Zalukhu et al., 2022) suggests that capital structure has a positive effect on financial performance. These results align with research conducted by (Sukadana, 2025) that found that capital structure has a positive effect on financial performance.

H3: Capital structure has a positive effect on financial performance.

RESEARCH METHODS

This study uses quantitative data. The data used is secondary data from annual reports, with a population of all basic materials companies listed on the Indonesia Stock Exchange (IDX) from 2020-2024. Data analysis in this study used EViews from Ajija et al., (2011). The data collection method used was panel data. Panel data is a combination of cross-sectional and time series data, with purposive sampling, a method of determining samples based on specific criteria appropriate to the research objectives. Based on the established criteria, 157 samples were obtained. The sample size was reduced after outliers were removed to ensure the data were normally distributed, resulting in a final sample size of 157, with the following criteria :

Table 1. Sampling Criteria

No	Criteria	Total
1	Basic material sector companies listed on the IDX during the 2020-2024 period	476
2	Basic materials sector companies not listed on the IDX during the 2020-2024 period	(61)
3	Basic materials sector companies that did not publish an IDX annual report during the 2020-2024 period	(35)
4	Basic materials sector companies that did not receive a PROPER rating during the 2020-2024 period	(210)
Number of research samples		34
Number of data studied during the 2020-2024 period		170
<i>Outlier data</i>		(13)
Final sample		157

Source: Processed Data, (2025)

Operational Variables

Financial Performance (Y)

Financial performance reflects how successfully and efficiently a company manages its financial resources to achieve business goals, such as generating profits. This situation



encourages companies to be more transparent in providing more complete information to demonstrate financial performance to stakeholders (Novianti et al., 2022).

ROA assesses profitability based on the efficiency of asset utilization. This ratio can assess the extent to which a company has generated profits in the past, which can then be predicted for future periods (Tambunan et al., 2023)

$$ROA = \frac{\text{net profit}}{\text{total assets}}$$

Green Accounting (X₁)

Green accounting is a type of accounting that aims to identify, measure, present, and report costs related to a company's environmental activities. Green accounting is measured using the following dummy values :

0	:	Companies that do not publish environmental costs in their annual reports
1	:	Companies that publish environmental costs in their annual reports

Environmental Performance (X₂)

(Armono & Santosa, 2024) state that environmental performance is the result achieved by a company in environmental management through policies, tools, and targets to protect the environment, which can be assessed using an environmental management system.

Environmental performance can be measured using the PROPER (Company Performance Rating Assessment in Environmental Management) score published by the Ministry of Environment and Forestry. The PROPER rating is divided into five colors :

Gold	:	5
Green	:	4
Blue	:	3
Red	:	2
Black	:	1

Capital Structure (X₃)

Capital structure can be defined as the percentage composition of owners' equity and company debt used to fund daily needs and long-term development.

Capital structure is generally measured using the DER calculation, which describes the ratio between a company's debt and total equity. Furthermore, companies with a high DER typically face greater financial risk (Amalia et al., 2023)

$$DER = \frac{\text{total debt}}{\text{total equity}}$$

Data Analysis

Descriptive Statistical Analysis

Table 2. Descriptive Statistical Analysis Test Results

	Min	Max	Mean	Std.dev
Y	-0.095299	0.157736	0.032828	0.045738
X ₁	0.000000	1.000000	0.292994	0.456592
X ₂	0.000000	5.000000	2.745223	1.458417
X ₃	-3.835506	5.651491	1.050570	1.195132

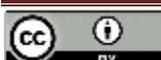
Source: Processed Data, *Eviews 12* (2026)

Based on the table, the company's financial performance variable had a minimum value of -0.095299 for PT INAI in 2022 and a maximum value of 0.157736 for PT IFSH in 2021. The average value for the financial performance variable was 0.032828 with a standard deviation of 0.045738. This mean value is smaller than the standard deviation, indicating differences in economic performance between companies and suggesting that the financial performance variable has unfavorable results.

The green accounting variable had a minimum value of 0.000000 for PT BRPT in 2022 and a maximum value of 1.000000 for PT TINS in 2023. The average value for the green accounting variable was 0.294872 with a standard deviation of 0.457454. The average value is smaller than the standard deviation; this indicates that there are differences in green accounting between one company and another, so it can be said that the green accounting variable has poor results.

The environmental performance variable had a minimum value of 0.000000 for PT PSAB in 2020 and a maximum value of 5.000000 for PT SMCB in 2024. The average value for the environmental performance variable was 2.745223 with a standard deviation of 1.458417. The average value was greater than the standard deviation, indicating that there were no differences in environmental performance between companies, thus indicating that the environmental performance variable had good results.

The capital structure variable had a minimum value of -3.835506 for PT WSBP in 2022 and a maximum value of 5.651491 for PT KRAS in 2024. The average value for the capital structure variable was 1.050570 with a standard deviation of 1.195132. The average value is smaller than the standard deviation, which shows that there are differences in the capital structure between one company and another, so it can be said that the



capital structure variable has poor results.

Panel Data Model Selection

Chow Test

The Chow test is a testing method used to determine the most appropriate approach between the common effect model (CEM) and the fixed effect model (FEM) when estimating panel data. The hypotheses used in the Chow test are as follows :

H0 = Common Effect Model

H1 = Fixed Effect Model

Hausmann Test

The Hausmann test is a testing method used to determine the most appropriate choice between

the random effect model (REM) and the fixed effect model (FEM). The hypotheses tested in the Hausmann test are as follows :

H0 = Random Effect Model

H1 = Fixed Effect Model

Lagrange Multiplier (LM) Test

The Lagrange multiplier test is a method used to determine the most appropriate choice between the common effect model (CEM) and the random effect model (REM). The hypotheses in the Lagrange multiplier test are as follows :

H0 = Common Effect Model

H1 = Random Effect Model

Table 3. Panel Data Model Selection Test

Test	Number	Measurement	Conclusion
Chow	0.0040	If prob > 0.05, then CEM If prob < 0.05, then FEM	FEM
Hausman	0.7226	If prob > 0.05, then REM If prob < 0.05, then FEM	REM
LM	0.0075	If prob > 0.05, then CEM If prob < 0.05, then REM	REM

Source: Processed Data, *Eviews 12* (2026)

Panel Data Regression Analysis Equation Model

From the previous tests, it can be concluded that the panel data regression equation in this study is :

$$Y = 0.054807 + 0.001349 X_1 + 0.000182 X_2 - 0.021532 X_3 + e$$

Keterangan :

Y = Nilai Perusahaan

A = Nilai Konstanta

$\beta_1, \beta_2, \beta_3$ = Koefisien Regresi

X_1 = Green Accounting

X_2 = Kinerja Lingkungan

X_3 = Struktur Modal

e = Error

Based on the regression equation from the panel data, it was found that the constant value was 0.054807. This means that if all independent variables, namely green accounting (X_1), environmental performance (X_2), and capital structure (X_3), are set at a fixed value, then financial performance (Y) is estimated to be 0.054807. The regression coefficient for green accounting (X_1) shows a positive relationship with financial performance, which means that the better the implementation of green accounting, the higher the financial performance will be by 0.001349 for every one unit increase. Further, the coefficient of regression environmental performance (X_2) is increased by one unit, and

financial results will improve by 0.000182. On the other hand, the regression capital structure (X_3) shows a negative relationship, indicating that when the capital structure is increased, financial results decrease by 0.021532.

Hypothesis Testing

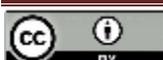
Coefficient of Determination

The coefficient of determination (*adjusted R²*) basically describes how effective the model is in explaining the independent variable. The R² value ranges from 0 to 1. A low R² value indicates that the independent variable has limitations in explaining the dependent variable. Conversely, an R² value close to 1 indicates a better fit, suggesting that the independent variable provides all the information needed to explain the dependent variable. The R² test results in this study are as follows:

Table 4. R² Determination Coefficient Test

Weighted statistic	
R-squared	= 0.225765
Adjusted R-squared	= 0.210584
S.E. of regression	= 0.034930
F-statistic	= 14.87145
Prob (F-statistic)	= 0.000000
Mean dependent var	= 0.022557
S.D. dependent var	= 0.039509
Sum squared resid	= 0.186681
Durbin-Watson stat	= 1.587624

Source: Processed Data, *Eviews 12* (2026)



Based on the table, the adjusted R² value is 0.210584 or 2.1%. It can be concluded that 2.1% of the financial performance is influenced by the independent variables, namely green accounting, environmental performance, and capital structure. Meanwhile, 97.9% is influenced by other variables not examined in this study.

F-test (simultaneous)

The F-test is conducted to determine the simultaneous effect of the independent variables on the dependent variable. A probability value of $F < 0.05$ indicates that the independent variables simultaneously influence the dependent variable. A probability value of $F > 0.05$ indicates that the independent variables simultaneously do not affect the dependent variable. The results of the F-test in this study are as follows:

Table 5. F-test

Weighted statistic	
R-squared	= 0.225765
Adjusted R-squared	= 0.210584
S.E. of regression	= 0.034930
F-statistic	= 14.87145
Prob (F-statistic)	= 0.000000
Mean dependent var	= 0.022557
S.D. dependent var	= 0.039509
Sum squared resid	= 0.186681
Durbin-Watson stat	= 1.587624

Source: Processed Data, *Eviews 12* (2026)

The table shows an F-statistic probability value of $0.000000 < 0.05$, so it can be concluded that the variables green accounting, environmental performance, and capital structure simultaneously and significantly have a positive effect on the financial performance variables.

T-test (partial)

The t-test is used to determine the effect of the independent variables individually (partially) on the dependent variable. A t-test probability value < 0.05 indicates that the hypothesis is accepted, and the dependent variable partially influences the dependent variable. A t-test probability value > 0.05 indicates that the hypothesis is rejected, and the independent variable partially influences the dependent variable. The results of the t-test in this study are as follows:

Table 6. T-test

	Coefficient	T-statistic	Prob
X ₁	0.001349	0.177434	0.8594
X ₂	0.000182	0.077693	0.9382
X ₃	-0.021532	-6,580865	0.0000

Source: Processed Data, *Eviews 12* (2026)

The Effect of Green Accounting on Financial Performance

Based on the results of testing and data analysis using *Eviews 12*, it was concluded that green accounting (X₁) on financial performance produced a probability value of $(0.8594 > 0.05)$. This indicates that green accounting does not affect financial performance. The hypothesis stating that green accounting has a positive effect on financial performance (H1) was rejected.

Based on this data, it can be concluded that the implementation of green accounting does not guarantee an increase in financial performance. The implementation of green accounting can improve the ability to reduce environmental problems faced by companies. (Navira et al., 2023). This shows that the implementation of green accounting is still largely oriented towards regulatory compliance and social responsibility, so that its economic benefits cannot yet be directly obtained in the form of increased company profitability. Therefore, it can be concluded that green accounting does not affect financial performance.

Based on stakeholder theory, the results of this study are inconsistent with the notion that a company needs to accommodate the interests of various stakeholders, such as the community, investors, government, and the environment, rather than solely focusing on shareholders. Companies with good environmental cost scores in green accounting will produce improved financial performance. This study indicates that green accounting results cannot be used as a benchmark for assessing financial performance. Companies that demonstrate a moral commitment and a strategy for transparently managing environmental costs in their financial reports can increase stakeholder trust. It can be concluded that green accounting has no impact on financial performance, and the theory used is inconsistent with the results of previous research.

The results align with research conducted by (Naufaldy & Sunu, 2025), (S. R. Sari et al., 2025), and (Hidayat et al., 2023) which stated that green accounting has no impact on financial performance.

The Influence of Environmental Performance on Financial Performance

Based on the results of testing and data analysis using *Eviews 12*, it was concluded that environmental performance (X₂) on financial performance produced a probability value of $(0.9832 > 0.05)$. This shows that environmental performance does not affect financial

DISCUSSION



performance. The hypothesis stating that environmental performance has a positive effect on financial performance (H2) was rejected.

Environmental performance refers to actions taken by a company to preserve the environment affected by its business activities. (Rani et al., 2024).

Based on this data, it can be concluded that the presence or absence of environmental performance does not automatically determine the quality of financial performance. This may occur because environmental performance prioritizes compliance with regulations and efforts to manage environmental impacts, so that the benefits obtained are not yet clearly visible in increased probability. In addition, the implementation of environmental performance usually requires quite high expenditures, so that in the short term, it does not contribute to improved financial performance. Therefore, it can be concluded that environmental performance does not affect financial performance.

Based on stakeholder theory, the results of this study are inconsistent with the theory that a company exists not only for its own interests but also to benefit stakeholders through achieving environmental performance, demonstrating the company's contribution to meeting stakeholder expectations regarding the environment. Companies with good environmental performance ratings will produce increasingly better financial performance. This study shows that environmental performance results cannot be used as a benchmark for assessing financial performance. Companies with good environmental performance will produce environmentally friendly products, but public awareness of environmentally friendly products is not yet high, and the quality of a company's environmental performance cannot be directly perceived by the public. It can be concluded that the environment does not affect financial performance, and the theory used is inconsistent with the results of this study.

The results of this study align with research conducted by (Tambunan et al., 2023), (S. R. Sari et al., 2025), and (Efria et al., 2023) which stated that environmental performance does not affect financial performance.

The Effect of Capital Structure on Financial Performance

Based on the results of testing and data analysis *Eviews 12*, it was concluded that capital structure had a probability value of $(0.0000 < 0.05)$. Meanwhile, the t-statistic was -6.580865 . This indicates that capital structure has a negative

effect on financial performance. The hypothesis stating that capital structure has a positive effect on financial performance (H3) is rejected.

The optimal capital structure for a company can generate profits and improve the company's financial performance in the short and long term. (Rani et al., 2024).

Based on this data, it can be concluded that the higher the debt to equity ratio, the lower the return on assets, which means that the company is indicated to be practicing capital structure.

Based on agency theory, the results of this study are not in line with the statement that the use of debt in a high capital structure serves as a monitoring mechanism. Debt creates financial discipline that encourages operational efficiency, thereby minimizing conflicts of interest between principals and agents and improving the financial performance. It can be concluded that capital structure influences financial performance, and the theory used aligns with the results of the research conducted.

These results align with research conducted by (Febiola & Susanti, 2024), (Syafitri, 2025), and (S. R. Sari et al., 2025) which states that capital structure influences financial performance.

CONCLUSION

Based on the studies that have been conducted, the purpose of this research is to examine the effect of green accounting implementation, environmental performance, and capital structure on financial performance in basic material companies listed on the Indonesia Stock Exchange during the period 2020 to 2024. Sample selection was carried out using purposive sampling with a total of 157 samples. From the test results, the following conclusions can be drawn:

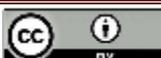
1. Through the t-test calculation, it was found that green accounting does not affect the financial performance of basic material companies listed on the Indonesia Stock Exchange for the period 2020-2024.
2. Through t-test calculations, it was found that environmental performance does not affect the financial performance of basic material sector companies listed on the Indonesia Stock Exchange for the period 2020-2024.
3. Through t-test calculations, it was found that capital structure hurts the financial performance of basic material sector companies listed on the Indonesia Stock Exchange for the period 2020-2024.
4. Through the F-test calculation, it was found that green accounting, environmental



performance, and capital structure simultaneously have a positive effect on the financial performance of basic material sector companies listed on the Indonesia Stock Exchange for the period 2020-2024.

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