

**THE EFFECT OF ENVIRONMENTAL DISCLOSURE AND ENVIRONMENTAL  
PERFORMANCE ON PROFITABILITY IN COMPANIES IN THE  
CONSUMER GOODS INDUSTRY SECTOR THAT  
LISTED ON THE INDONESIA STOCK  
EXCHANGE PERIOD 2020-2023**

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**ABSTRACT**

*This comprehensive study explores the strategic dimensions of the relationship between environmental disclosure, environmental performance, and profitability in the Indonesian consumer goods industry sector. The research focuses on an in-depth analysis of companies listed on the Indonesia Stock Exchange, aiming to uncover the complex mechanisms by which environmental sustainability practices influence organizational financial performance. The research methodology employs a quantitative approach using purposive sampling technique, where out of 51 potential entities in the population, researchers selected 12 companies as analysis units. Data access was conducted through the official platform [www.idx.co.id](http://www.idx.co.id), utilizing multiple linear regression statistical analysis to explore correlations between variables. Empirical findings yield significant insights. Environmental disclosure demonstrates a substantial positive correlation with profitability, indicating that environmental transparency can serve as a strategic instrument for enhancing a company's economic value. In contrast, environmental performance displays a negative relationship inconsistent with profit levels, signaling the complexity of dynamics between environmental practices and financial efficiency. Simultaneous analysis reveals that environmental disclosure and performance variables collectively exert a significant influence on profitability. The coefficient determination test shows that the research model can explain 18.6% of profitability variation, with the majority 81.4% influenced by external factors not yet identified within the research framework. The primary contribution of this study lies in developing a contextual understanding of the interconnection between environmental responsibility and corporate economic performance, offering novel perspectives in strategic management and business sustainability literature. Keywords: Environmental Disclosure, Environmental Performance (PROPER), Profitability (ROA)*

**ABSTRAK**

Studi komprehensif ini mengeksplorasi dimensi strategis hubungan antara pengungkapan lingkungan, kinerja lingkungan, dan profitabilitas di sektor industri barang konsumsi Indonesia. Penelitian ini berfokus pada analisis mendalam terhadap perusahaan-perusahaan yang terdaftar di Bursa Efek Indonesia, yang bertujuan untuk mengungkap mekanisme kompleks yang dengannya praktik keberlanjutan lingkungan memengaruhi kinerja keuangan organisasi. Metodologi penelitian ini menggunakan pendekatan kuantitatif dengan teknik purposive sampling, di mana dari 51 entitas potensial dalam populasi, peneliti memilih 12 perusahaan sebagai unit analisis. Akses data dilakukan

melalui platform resmi [www.idx.co.id](http://www.idx.co.id), dengan menggunakan analisis statistik regresi linier berganda untuk mengeksplorasi korelasi antar variabel. Temuan empiris menghasilkan wawasan yang signifikan. Pengungkapan lingkungan menunjukkan korelasi positif yang substansial dengan profitabilitas, yang menunjukkan bahwa transparansi lingkungan dapat berfungsi sebagai instrumen strategis untuk meningkatkan nilai ekonomi perusahaan. Sebaliknya, kinerja lingkungan menunjukkan hubungan negatif yang tidak konsisten dengan tingkat keuntungan, yang menandakan kompleksitas dinamika antara praktik lingkungan dan efisiensi keuangan. Analisis simultan mengungkapkan bahwa pengungkapan lingkungan dan variabel kinerja secara kolektif memberikan pengaruh yang signifikan terhadap profitabilitas. Uji penentuan koefisien menunjukkan bahwa model penelitian dapat menjelaskan 18,6% variasi profitabilitas, dengan mayoritas 81,4% dipengaruhi oleh faktor eksternal yang belum diidentifikasi dalam kerangka penelitian. Kontribusi utama dari penelitian ini terletak pada pengembangan pemahaman kontekstual tentang interkoneksi antara tanggung jawab lingkungan dan kinerja ekonomi perusahaan, yang menawarkan perspektif baru dalam literatur manajemen strategis dan keberlanjutan bisnis.

**Kata Kunci:** Pengungkapan Lingkungan, Kinerja Lingkungan (PROPER), Profitabilitas (ROA)

## I. INTRODUCTION

The world is entering the era of the Industrial Revolution 4.0 with a high dependence on technology, driving faster and more instant activity in various sectors. These developments led to major changes in an industry that was increasingly competitive to achieve maximum performance and optimal profitability. The traditional concept of profit maximization that ignores environmental impacts is beginning to be replaced by the Triple Bottom Line (TBL) paradigm initiated in 1994 by John Elkington, emphasizing the importance of a balance between profits, social contributions, and environmental protection.

Profitability is a fundamental performance indicator to evaluate a company's effectiveness. According to (Syahputra, 2020), profitability measures a company's ability to generate profits through various dimensions of comparison. A company's effectiveness in generating profits from its asset investments is often measured through the Return On Assets (ROA) indicator. A company is considered to have a good and sustainable level of profitability when its ROA exceeds the 2% mark, indicating optimal asset management in creating economic value.

Companies that practice ecological sustainability develop what is referred to as environmental performance. Evaluation of this performance can be carried out through the PROPER (Company Performance Rating Assessment Program) system run by the Ministry of Environment. Although regulations in Indonesia do not yet require organizations to publish information related to the environment, openness about environmental management activities has the strategic benefit of reducing the possibility of rejection from the surrounding community.

The focus of the investigation in this study is on manufacturing entities engaged in the production of consumer goods, considering their operational activities that significantly affect the environmental ecosystem. Based on data observation during the 2020 – 2023 time frame, a gap between theoretical construction and practical implementation was identified. Temporal analysis shows several contradictory patterns: the 2020-2021 period was characterized by a decline in environmental performance but an increase in profitability; In 2021-2022, environmental information transparency has increased, but profitability has decreased; Meanwhile, in 2022-2023, despite progress in environmental disclosure and performance, the level of profitability still shows a negative trend.

The results of previous research also show different conclusions. Some found a positive relationship between environmental performance and environmental disclosure on profitability, while others found no significant effect. Based on this framework, this study uses PROPER as a proxy for environmental performance and ROA for profitability, with the title "The Effect of Environmental Disclosure and Environmental Performance on Profitability in Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2020-2023 Period."

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## II. LITERATURE REVIEW

### Stakeholder Theory

Stakeholder theory uncovers the complexities of modern organizations that go beyond mere profit-creation mechanisms. A company is seen as a dynamic system that interacts intrinsically with its external environment. According to (Wulandari, 2020), "Stakeholders are a very broad and diverse group, some are supportive and useful, but some provide negative and obstructive influences, all depending on different needs and aspirations."

According to (Harmadji, 2020), "Stakeholder theory states that the success and life of a company is highly dependent on the company's ability to balance the diverse interests of stakeholders." The company's capacity to meet stakeholder expectations will have the potential to generate long-term loyalty as well as market segment expansion, sales volume, and profitability. This theoretical perspective emphasizes that the social community and environmental ecosystem are parties that have fundamental interests and require priority attention in the company's business strategy.

Stakeholder theory aims to provide a comprehensive understanding for company executives about the relational ecosystem with various stakeholders and optimize the management of interactions within the scope of business organizations. An additional goal of this theory is to facilitate management in maximizing the benefits and positive impacts of the company's operational activities, while reducing the potential negative impact on stakeholders. Within this theoretical framework, transparency and achievement in environmental aspects play a strategic element that allows the company to gain recognition and support from various parties.

### Legitimacy Theory

According to (Wulandari, 2020), "Legitimacy theory focuses on the interaction between companies and society". According to this frame of mind, business entities are an integral component of the broader social structure, so it is necessary to align their activities with the principles and values that prevail in society. Successfully adopting and implementing social standards can strengthen the company's position and acceptance as an organization that has legitimacy in the eyes of the public.

(Lindawati & Puspita, 2015) states that the underlying theory of legitimacy is the social contract between the company and the society in which the company operates and uses economic resources. Legitimacy has the benefit of supporting the survival of a company.

The theoretical perspective of legitimacy emphasizes the importance for business entities to ensure that their operations and achievements are recognized and accepted by the social community. In this context, the organization utilizes the publication of annual reports as a strategic medium to project an image of concern and commitment to environmental conservation, with the aim of gaining recognition and support from the community. According to (Dewi & Pitriasari, 2019) "To continue to gain legitimacy, the company's organization must communicate environmental activities by disclosing the social environment."

### Environmental Disclosure

Environmental compensation refers to the activity of providing information about the non-financial ecological impact of a company's activities to investors, which is based on the premise that business organizations have an obligation to generate added value for capital owners. According to (Syahri, 2023), "Environmental disclosure contains information about the company's past, present, and future environmental management."

The absence of specific regulations has led to a wide variety of environmental disclosure practices. The company communicates its environmental commitments through annual reports and sustainability reports. According to (Syahputra, 2020) The environmental disclosure framework is built on four comprehensive categories: accounting aspects and financial factors related to the environment, dynamics of environmental litigation, pollution prevention strategies, and various additional aspects.

### Environmental Performance

Environmental performance is an instrument that allows business entities to proactively and without coercion incorporate ecological concerns into their operational activities as well as in establishing relationships with various parties who have interests in the company. According to

(Rahayudi & Apriwandi, 2023), "environmental performance is seen as a form of corporate social responsibility."

#### Profitability

According to (Ely, 2021), "Profitability is the ability to measure a company's ability to generate profits by using the resources it owns such as assets, capital or sales."

According to (Gusnadi & Nurhadi, 2023), profitability is "to assess a company's ability to make a profit." And according to (Pardian et al., 2022), profitability is "the ability of a company to earn profits through all existing capabilities and sources such as sales activities, cash, capital, number of employees, number of branches, and so on."

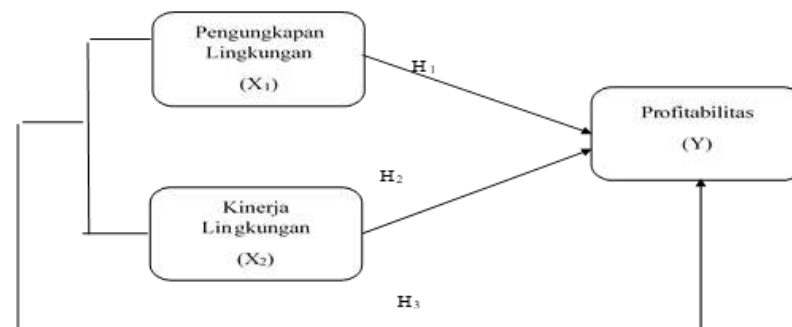


Figure 1. Thinking Frame Picture

#### Hipotesis:

From the background presented, the research hypothesis:

- H1: Environmental Disclosure has a positive and significant effect on profitability in Consumer Goods Industry Sector companies listed on the Indonesia Stock Exchange for the 2020-2023 period
- H2: Environmental Performance has a positive and significant effect on profitability in companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2020-2023 period.
- H3: Environmental disclosure and environmental performance have a simultaneous effect on profitability in companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2020-2023 period.

### III. RESEARCH METHODOLOGY

#### Data Types and Sources

The research adopts a quantitative methodology that focuses on the analysis of cause-and-effect relationships. The data sources used come from secondary documentation. The research utilizes financial documentation published by consumer products sector entities registered on the Indonesian capital market between 2020 and 2023. These documents include yearly financial statements and sustainability disclosures that are publicly accessible. The necessary data was collected through Indonesia's official exchange platform at [www.idx.co.id](http://www.idx.co.id) and supplemented with information gathered directly from the corporate websites of the examined companies. This methodology relies on publicly available historical financial records as the primary data source for analysis.

#### Population and Sample

This research covers all business entities in the consumer sector that have been listed on the Indonesia Stock Exchange, with a total number of 51 companies. business entities make up the study population. Sampling is carried out through purposive sampling techniques with a number of selection provisions that have been determined as follows:

Yes	Information	Sum
1	Companies in the Consumer Goods Industry Sector listed on the Indonesia Stock Exchange for the period 2020 - 2023.	51
2	Companies in the consumer goods industry sector that suffered losses during the 2020 – 2023 Perode.	(3)



3	Consumer Goods Industry Sector Companies That Do Not Publish PROPER Ratings During the 2020 - 2023 Period	(36)
Sample		12
Research Year 4 years		4
Number of Observations		48

## Research Variables

### Variable Dependency

The dependent variable in this study is profitability. The ability of a business entity to obtain financial benefits over a certain period of time is defined as profitability. In the study, the researcher applied Return On Asset (ROA) as a measurement instrument, which reflects the level of effectiveness of a company in utilizing all its assets to generate economic value.

$$\text{Return On Asset} = \frac{\text{Laba Bersih setelah Pajak}}{\text{Total Aktiva}} \times 100\%$$

### Independent Variables

The independent variables in this study are:

1. Disclosure of the Information Environment which includes the influence of the company's operational activities on the environment both that has occurred, is ongoing, and projected to arise is the essence of this concept. To measure the level of disclosure of environmental aspects, the study uses a dummy variable approach by applying an assessment or coding system to the environmental disclosure index applied by each business entity.
2. Environmental Performance Environmental performance represents the measurable outcome of a firm's implemented ecological management framework, reflecting its effectiveness in regulating various environmental factors throughout organizational operations. This dimension can be evaluated by examining the Environmental Management Corporate Performance Rating Assessment Program (PROPER) documentation, which is developed and disseminated by the Ministry of Environment as the designated regulatory authority responsible for environmental oversight and assessment.

## Data Analysis Methods

### Descriptive Statistical Analysis

Research with a descriptive statistical approach is a methodology that focuses on collecting, processing, and presenting data in a format that is easier to interpret. As a fundamental stage in quantitative studies, this analysis includes the representation of data through various forms such as percentages, frequencies, diagrams, graphs, tabulations, averages, and modes. This process plays an important role as the initial foundation for systematically parsing information.

### Classic Assumption Test

#### 1. Normality Test

Normality evaluation was performed to test whether the distribution of independent and dependent variables in the regression model followed a normal distribution pattern or not. The results of the assessment are determined through the observation of the data distribution pattern visualized as points drawn on the diagonal lines in the normal probability plot graph.

- a) The regression model is considered to have met the normality requirements if the data points are seen to be spread in the area around the diagonal line and consistently follow the orientation of the diagonal line.
- b) The assumption of normality in the regression model is not fulfilled when the distribution of data is seen to move away from the diagonal line or shows a pattern that is not in line with the direction of the diagonal line.

#### 2. Multicollinearity Test

The examination of multicollinearity was conducted to determine the presence of correlative relationships among predictor variables within the regression framework. When interpreting the findings from this analytical procedure, one may draw conclusions based on the following criteria:



- a) In the regression model, when the tolerance value exceeds 0.10 along with the VIF (*Variance Inflation Factor*) value of less than 10, this indicates that there is no significant multicollinearity relationship between the independent variables used.
  - b) The regression model shows a multicollinearity relationship between independent variables when the tolerance value is below 0.10 while the Variance Inflation Factor (VIF) value exceeds 10.
3. Autocorrelation Test
- Autocorrelation evaluation was performed to examine the possible relationship between disruptive errors in a given time span (t) and disruptive errors in the previous time span in the construction of linear regression models. In the assessment of this model, there are a number of evaluation parameters to consider:
- a) A positive autocorrelation is identified when the Durbin-Watson value (DW) is less than -2.
  - b) The regression model is declared to be free of autocorrelation when the DW value is in the range of -2 to +2.
  - c) if the DW statistical value exceeds +2, the model contains a negative autocorrelation.
4. Heteroscedasticity Test
- Heteroscedasticity testing aims to evaluate the uniformity or non-uniformity of residual variance in regression models. When using the plot graph method to detect heteroscedasticity, the analysis is based on several interpretive criteria as follows:
- a) Indications of heteroscedasticity can be identified through the formation of points arranged in a systematic and regular pattern, such as a wavy configuration or a pattern that widens and narrows on a residual scatterplot graph.
  - b) Heteroscedasticity is not detected in the model when the points on the graph are randomly distributed without forming a clear pattern, with an even random distribution in the area above and below the zero horizontal line on the Y-axis.

### Regresi Linier Berganda

This study applied multiple regression analysis as a data processing method to investigate the relationship and impact caused by various independent variables on a dependent variable. The mathematical formulation of the multiple regression model used in this study can be expressed with the following formula:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Information:

- "And = Financial Performance  
 $X_1$  = Scope disclosure  
 $X_2$  = Environmental performance  
 $A$  = Interception constant  
 $b_{1,2}$  = The regression coefficient of each variable  
 $e$  = Standar error"

### Uji Hypothesis

1. Partial Test (t-Test) Partial test (t-test) is carried out to evaluate the magnitude of the impact caused by each variable separately. independent separately on the bound variable. There are several criteria that are the basis for drawing conclusions from the results of this test.
  - a) When the results of the statistical test show a probability value of t greater than 0.05, this indicates that the hypothesis is unacceptable, meaning that there is no significant effect of the free variable on the bound variable.
  - b) If the significance probability value of t is less than 0.05, then it can be concluded that the hypothesis is accepted, which indicates a significant influence of the independent variable on the dependent variable.
2. Simultaneous Significance Test (Statistical Test F)  
 The statistical evaluation aims to examine the possibility of a collective effect of all independent variables on bound variables. This process results in a decision regarding the acceptance or rejection of the research hypothesis that has been formulated.

- a) If the results of the analysis show that the probability value of F exceeds 0.05, it can be concluded that all the independent variables together do not show a significant influence on the dependent variables.
  - b) Conversely, when the probability value of F is below the threshold of 0.05, it indicates that all the independent variables tested together have a meaningful influence on the dependent variables.
3. Determination Coefficient ( $R^2$ ) Test
- The value of the adjustment of the determination coefficient (Adjusted  $R^2$ ) serves as an indicator that shows the extent to which the statistical model is able to explain the diversity that occurs in bound variables. The results of this coefficient calculation are always in the range of zero to one.
- a) When the results of the  $R^2$  calculation show a low number, this indicates that the free variables have a very minimal capacity to explain the changes that occur in the bound variables.
  - b) On the other hand, if the value of  $R^2$  is close to one, it can be interpreted that the independent variables provide almost all the elements of information necessary to estimate the fluctuations in the dependent variables.

#### IV. RESULTS AND DISCUSSION

**Table 1. Descriptive Statistical Test Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Hours of deviation
Profitability	48	.02	34.88	11.7004	9.57115
Environmental Disclosure	48	6.00	15.00	12.0417	2.04168
Environmental Performance	48	3.00	5.00	3.3333	.69446
Valid N (listwise)	48				

Source: SPSS 2024 Data Processing

From the descriptive statistical table above, it can be explained that:

1. Statistical analysis on the Profitability variable (ROA) showed a sample of 48 with a value range of 0.02 to 34.88. The mean value of 11.7004 exceeded the standard deviation recorded at 9.57115, indicating that the data is distributed normally and of good quality for use in the study.
2. Analysis of the Environmental Disclosure variable recorded 48 samples with a value range of 6.00 to 15.00. The mean variable of 12.0417 which is higher than the standard deviation of 2.04168 proves the normal distribution of data, making it suitable for use for research analysis purposes.
3. The Environmental Performance Variable (Proper) with a sample of 48 shows a value range of 3.00-5.00. The mean of 3.3333 exceeds the standard deviation value of 0.69446, indicating a normal distribution of data and is eligible for use in the research analysis.

#### Classic Assumption Test

##### 1. Normality Test Results

**Table 2. One-sample kolmogrov – Smirnov test**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		48
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Hours of deviation	8.44834020
Most Extreme Differences	Absolute	.125
	Positive	.125
	Negative	-.075
Test Statistic		.125
Asymp. Sig. (2-tailed)		.058c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS Data Processing, 2024

From this table, the Kolmogorov-Smirnov value is 0.125 with a significant level of 0.058. Because the significance value > value 0.05, the residual value is said to be normally distributed.

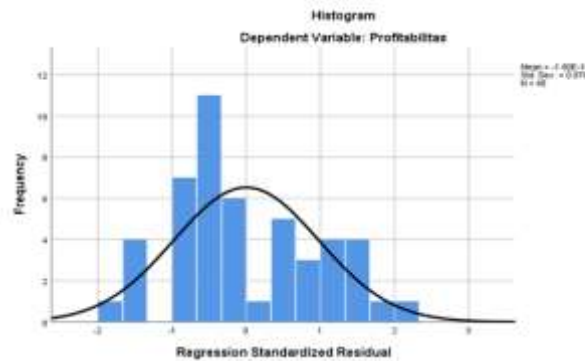


Figure 2. Histogram Graphic Images

This image shows a normally distributed histogram graph because it is balanced, not tilted to the right or left, or symmetrical.

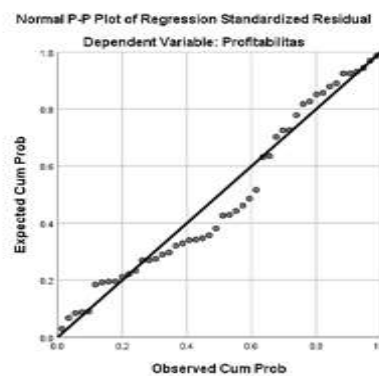


Figure 3. Normal Picture P-P Plot

Based on the normal picture, the probability plot shows the point spread on the diagonal line. Which shows that the regression model of dependent and independent variables has normal distribution data so that conclusions can be drawn from the research data according to the assumption of normality.

## 2. Multicollinearity Test Results

Table 3. Multicollinearity Test Results

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	Bright
1	(Constant)	-11.202	8.960		-1.250	.218		
	Environmental Disclosure	2.235	.626	.477	3.571	.001	.971	1.030
	Environmental Performance	-1.205	1.840	-.087	-.655	.516	.971	1.030
a. Dependent Variable: Profitabilitas								

The results of multicollinearity analysis showed that the two independent variables in this study had identical Variance Inflation Factor (VIF) values, namely 1.030 for Environmental Disclosure and



1.030 for Environmental Performance. In line with that, the Tolerance value of the two variables was also the same, recorded at 0.971 for Environmental Disclosure and 0.971 for Environmental Performance. So it can be concluded that there is no multicollinearity in the study because each independent variable has a VIF value of  $< 10$  and a Tolerance value of  $> 0.10$

### 3. Heteroscedasticity Test Results

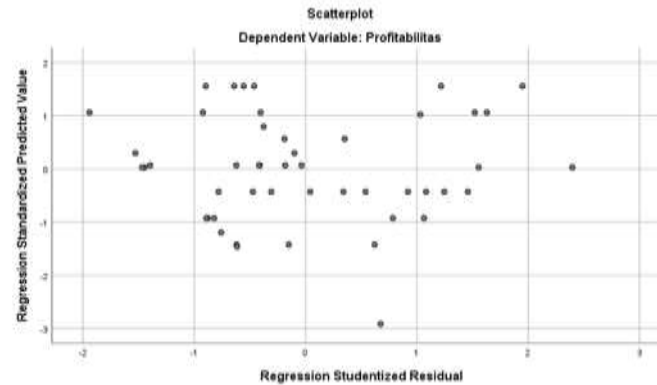


Figure 4. Heteroscedasticity Test Results

The dots have spread above and below the 0 Y axis and do not form a specific pattern. Thus, the Scatterplot image shows that the regression model does not show the problem of heteroscedasticity. Therefore, it is suitable for predicting how independent variables affect dependent variables.

Table 4. Autocorrelation Test Results

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.470 <sup>a</sup>	.221	.186	8.63404	1.328
a. Predictors: (Constant), Environmental Performance, Environmental Disclosure					
b. Dependent Variable: Profitabilitas					

The Durbin-Watson examination serves as a diagnostic tool for identifying autocorrelation patterns within regression analyses. According to the analytical results, the calculated DW statistic registers at 1.328, which falls within the acceptable range between -2 and +2. Given this positioning within the established parameters, the assessment indicates an absence of autocorrelative tendencies in the current regression framework, confirming the independence of residual observations.

### Analysis of the Regresi Linier Berganda

Table 5. Analysis of the Regresi Linier Berganda

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	-11.202	8.960		-1.250	.218		
	Environmental Disclosure	2.235	.626	.477	3.571	.001	.971	1.030
	Environmental Performance	-1.205	1.840	-.087	-.655	.516	.971	1.030
a. Dependent Variable: Profitabilitas								

From the multiple linear regression analysis model between independent variables and dependent variables is expressed in the following model:

$$ROA = -11,202 + 2,235 X_1 - 1,205 X_2 + \varepsilon$$

Where:

$X_1$  = Environmental Disclosure

$X_2$  = Environmental Performance

From the regression equation, each independent variable can be known to have an influence on profitability, namely:

1. The constant value of -11,202 has a meaning that if the value of all independent variables of Environmental Disclosure and Environmental Performance is considered unchanged, then the value of Profitability is -11,202.
2. The value of the Environmental Disclosure coefficient of 2.235 has meaning if there is an increase in the value of the Environmental Disclosure variable by one unit (1%) the Profitability value increases by 2.235 assuming that other independent variables are rated fixed or equal to 0.
3. The value of the Environmental Performance coefficient -1.205 means that if there is an increase in the value of the Environmental Performance variable by one unit (1%), then the Profitability value decreases by 1.205 assuming that the other independent variable remains or is equal to 0.

#### Partial Hypothesis Test (t-test)

**Table 6. Partial Hypothesis Test (t-test)**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	BRIGH T
1	(Constant)	-11.202	8.960		-1.250	.218		
	Environmental Disclosure	2.235	.626	.477	3.571	.001	.971	1.030
	Environmental Performance	-1.205	1.840	-.087	-.655	.516	.971	1.030

a. Dependent Variable: Profitabilitas

The results of the Partial Significance Test can be concluded:

1. From the results of the t-test, a regression coefficient value of Environmental Disclosure was obtained of 2.235 and a significant value of 0.001. The value of the regression coefficient of the Environmental Disclosure variable shows a positive and significant value of  $0.001 < 0.05$  with H1 accepted or the Environmental Disclosure variable has a positive and significant effect on Profitability.
2. From the results of the t-test, the value of the environmental performance regression coefficient was -1.205 and the significant value was 0.516. The value of the regression coefficient of the Environmental Performance variable shows negative and insignificant values, namely  $0.516 > 0.05$  with H2 rejected or the Environmental Performance variable has a negative but insignificant effect on Profitability.

#### Simultaneous Hypothesis Test (F Test)

**Table 7. Simultaneous Hypothesis Test (F Test)**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	950.928	2	475.464	6.378	.004b
	Residual	3354.599	45	74.547		
	Total	4305.527	47			

a. Dependent Variable: Profitabilitas

b. Predictors: (Constant), Environmental Performance, Environmental Disclosure

It is known that the value of F is calculated as 6,378 with a significance level of 0.004. The results of the statistical test showed that the significance probability value of 0.004 was below the alpha threshold of 0.05 set in this study. Based on these findings, it can be concluded that the two independent variables studied, namely Environmental Disclosure and Environmental Performance, together exert a meaningful influence on the Profitability variable. In other words, simultaneous testing proves a significant relationship between the combination of these environmental factors and the company's ability to generate financial profits.

#### Coefficient of Determination Test ( $R^2$ )

**Tabel 8. Coefficient of Determination Test ( $R^2$ )**

Model Summary <sup>b</sup>			
Model	R	R Square	Adjusted R Square
1	.470 <sup>a</sup>	.221	.186
a. Predictors: (Constant), Environmental Performance, Environmental Disclosure			
b. Dependent Variable: Profitabilitas			

The calculated Adjusted R Square coefficient stands at 0.186, representing 18.6% of explained variance. This statistical indicator reveals that Environmental Disclosure and Environmental Performance variables collectively account for 18.6% of the variation in Profitability outcomes. Consequently, the remaining 81.4% of profitability fluctuations can be attributed to external factors not incorporated within the current regression framework. This suggests that while the examined environmental variables demonstrate meaningful explanatory power, additional unexamined elements exert substantial influence on profitability determinants.

#### Discussion

##### The Effect of Environmental Disclosure on Profitability

The results of the hypothesis test show that the Environmental Disclosure variable has a significant positive impact on profitability. The regression coefficient is 2.235, and the significance level is 0.001,  $< 0.05$ . Based on the findings of the study, there is a significant positive relationship between environmental information disclosure and profitability levels in business entities operating in the consumer goods industry sector and listed on the Indonesia Stock Exchange. The results of the analysis indicate that when companies increase transparency regarding their environmental practices and policies, it correlates with a significant improvement in their financial performance, especially in terms of profitability. Thus, the more comprehensive the disclosure of environmental aspects carried out by the company, the higher the company's ability to generate meaningful profits.

Thus the first hypothesis that environmental disclosure has a positive effect on profitability is acceptable. The results of this study are in line with the research conducted by (Nafilah Nuryaningrum & Erry Andhaniwati, 2021) & with the results of the research the disclosure of the environment has a positive effect on profitability.

##### The Effect of Environmental Performance on Profitability

The results of the hypothesis test show that the Environmental Performance variable has a negative and insignificant influence on Profitability. With a regression coefficient of -1.205 and a significance level of 0.516  $> 0.05$ , the Environmental Performance variable lowered the Profitability value, but it was not significant. The findings of this study indicate that improvements in environmental performance do not have a statistically significant impact on the company's ability to generate profits. Data analysis shows that despite improvements in the company's environmental practices, it is not consistently followed by a significant increase in profitability. Thus, it can be concluded that better environmental performance cannot be used as a reliable predictor to ensure growth in the level of financial profit of companies.

The theory states that the higher the environmental performance, the more profitability the company will increase (Husin, 2024). However, the results obtained in this study are not in line with the theory. Therefore, it can be stated that the higher the environmental performance of a company, the more

it is not a benchmark for the company in increasing its profitability. Thus, the second hypothesis that environmental performance has a positive effect on profitability is rejected.

#### **The Effect of Environmental Disclosure and Environmental Performance on Profitability**

The simultaneous significance assessment reveals that Environmental Disclosure and Environmental Performance factors collectively exert a meaningful impact on Profitability outcomes, as evidenced by an F statistic of 6.378 and a probability value of 0.004, which falls below the 0.05 threshold. These statistical indicators confirm that both environmental variables, when examined concurrently, demonstrate a statistically significant relationship with Profitability measures. The results validate the concurrent influence of these environmental dimensions on financial performance within the analytical framework.

### **V. CONCLUSIONS AND SUGGESTIONS**

#### **Conclusion**

1. Partial Environmental Disclosure has a positive and significant impact on the profitability of companies in the consumer goods industry sector listed on the IDX. Until the first hypothesis of this research was accepted.
2. Environmental performance partially has a negative and insignificant effect on the profitability of companies in the consumer goods industry sector listed on the IDX. Until the hypothesis of this second study was rejected.
3. Environmental Disclosure and Environmental Performance simultaneously have a significant impact on the profitability of companies in the consumer goods industry sector.
4. Environmental Disclosure and Environmental Performance can describe the Profitability variable of 18.6% and the remaining 81.4% is influenced by other variables that are not included in the research regression model.

#### **Suggestion**

1. For Investors, the author suggests that investors also look at profitability to consider environmental disclosure and environmental performance in supporting decision-making before investing their funds in a company.
2. For the next researcher, it is hoped that the research sector will expand and not only focus on the consumer goods industry sector but can expand the company sector as well as the observation period, and add other variables to this study.

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