

The Effect Of Environmental Performance On Company Value With Financial Performance And Corporate Governance As Intervening Variables

Rahayu Safitri Mutmainah

STIE Dharmaputra

Riana Sitawati

STIE Dharmaputra

Abstract: *This study examines the effect of environmental performance on company value by mediating financial performance and good corporate governance. The research objective is to find empirical evidence about (1) the influence of environmental performance on company value, (2) the influence of environmental performance on financial performance, (3) the influence of environmental performance on good corporate governance. (4) the influence of financial performance on company value. (5) the influence of Good Corporate Governance on company value, (6) the influence of environmental performance on company value by mediating financial performance, (7) the influence of environmental performance on company value by mediating Good Corporate Governance. Environmental performance is measured using PROPER and company value is measured using Price Book Value, for the mediating variable Environmental Financial Performance is measured using ROA, Good Corporate Governance is measured using institutional ownership. The object of this research is a group of manufacturing industries listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period. The research sample was 55 companies with 5 years of observation. The data analysis test tool used warp PLS 5.0 software for each variable. The test results show that environmental performance has no significant effect on company value, environmental performance has a significant and positive effect on financial performance, environmental performance has a significant and positive effect on institutional ownership, financial performance has a significant and positive effect on company value, institutional ownership has no effect on company value. , Environmental Performance has an effect on company value through Financial Performance, Environmental Performance has no effect on company value through Institutional Ownership.*

Keywords: *Environmental Performance, Company Value, Financial Performance, Good Corporate Governance.*

Abstrak: Penelitian ini menguji pengaruh kinerja lingkungan terhadap nilai perusahaan dengan memediasi kinerja keuangan dan tata kelola perusahaan yang baik. Tujuan penelitian adalah untuk menemukan bukti empiris mengenai (1) pengaruh kinerja lingkungan terhadap nilai perusahaan, (2) pengaruh kinerja lingkungan terhadap kinerja keuangan, (3) pengaruh kinerja lingkungan terhadap tata kelola perusahaan yang baik. (4) pengaruh kinerja keuangan terhadap nilai perusahaan. (5) pengaruh Good Corporate Governance terhadap nilai perusahaan, (6) pengaruh kinerja lingkungan terhadap nilai perusahaan dengan memediasi kinerja keuangan, (7) pengaruh kinerja lingkungan terhadap nilai perusahaan dengan memediasi Good Corporate Governance. Kinerja lingkungan diukur menggunakan PROPER dan nilai perusahaan diukur menggunakan Price Book Value, untuk variabel mediasi Kinerja Keuangan Lingkungan diukur menggunakan ROA, Good Corporate Governance diukur menggunakan kepemilikan institusional. Objek penelitian ini adalah kelompok industri manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) periode 2015-2019. Sampel penelitian sebanyak 55 perusahaan dengan masa observasi 5 tahun. Alat uji analisis data menggunakan software warp PLS 5.0 untuk masing-masing variabel. Hasil pengujian menunjukkan bahwa kinerja lingkungan tidak berpengaruh signifikan terhadap nilai perusahaan, kinerja lingkungan berpengaruh signifikan dan positif terhadap kinerja keuangan, kinerja lingkungan berpengaruh signifikan dan positif terhadap kepemilikan institusional, kinerja keuangan berpengaruh signifikan dan positif terhadap nilai perusahaan, kepemilikan institusional tidak berpengaruh terhadap nilai perusahaan. , Kinerja Lingkungan berpengaruh terhadap nilai perusahaan melalui Kinerja Keuangan, Kinerja Lingkungan tidak berpengaruh terhadap nilai perusahaan melalui Kepemilikan Institusional.

Kata Kunci: Kinerja Lingkungan, Nilai Perusahaan, Kinerja Keuangan, Good Corporate Governance.

INTRODUCTION

The main objective of a business is to gain profitability and increase company value in order to maintain the company's survival. Profitability is the company's ability to generate profits for its business activities, which illustrates the company's fundamental performance in terms of efficiency and effectiveness of the company's operations. To find out whether a company's shares are suitable as an investment option, we must first analyze the company in question. The results of the analysis must be able to provide investors with an overview of the value of the company, its internal characteristics, the quality of the company and its management performance, and of course the prospects of the company in the future (Tandelilin 2010). Company value is important because it is an indicator of how the market values represents the company as a whole. Company value in this study is measured by Price to Book Value (PBV), this is used to determine the consistency between the independent variables and the dependent variable, namely environmental performance, financial performance, corporate governance on company value.

Price to Book Value (PBV) is a ratio to value stocks and can make it easier for investors to make investment choices. The relationship between the stock market price and the book value per share (Price to Book Value) can also be used as an approach to determining the value of a stock (Tandelilin 2010). Bodie et al. (2005) suggest that the Price to Book Value ratio is obtained from the market price per share divided by the book value per share. Theoretically, the market value of a stock must reflect its book value. Book Value can describe the potential for stock price movements so that from this description, indirectly the Price to Book Value ratio also has an influence on stock prices. The companies selected in this study are manufacturing companies whose shares are listed on the Indonesia Stock Exchange for the 2015-2019 period. The reason the researchers chose a manufacturing company listed on the Indonesia Stock Exchange as the object of research is because manufacturing companies are large-scale companies. Company value is influenced by many factors, one of which is environmental performance, financial performance and corporate governance. Corporate responsibility must be based on triple bottom lines, namely financial aspects, corporate social responsibility and responsibility for environmental sustainability (sustainable environment responsibility).

Empirical research on the relationship between environmental performance and company value has been carried out in general, but this study still shows contradictory results, such as research conducted by Iqbal et al. (2019); Hariati and Rihatiningtyas (2015); Pérez-Calderón et al. (2012) show that environmental performance has a significant effect on

company value. This study is in line with research conducted by Pflieger et al. (2005), explained that company activities in the field of environmental preservation will bring a number of benefits, including the interest of shareholders and stakeholders in company profits due to responsible environmental management. However, it is different from the research of Tjahjono and Eko (2013); Nurani (2015) who concluded that environmental performance has no significant effect on company value.

Financial performance can also affect company value. The company's value will increase in a sustainable manner if the company is able to improve its financial performance. If the company's financial performance is described by high ROA, company value will also increase because its determined by the ability to generate profits using company assets. In line with Ken Zuraedah's (2010) research, ROA has a significant relationship to company value. Research Gunarsih et al. (2019); Halimah and Komariah (2017); Putri (2015) states that financial performance has an effect on company value. In contrast to the research conducted by Rahayu and Andri (2010); Liniarti (2019); Srihayati (2015) in her research states that financial performance does not have a positive influence on company value.

Practically speaking, the process of maximizing company value often creates conflicts of interest between managers (agents) and shareholders (principals). Agents prioritize their personal interests which conflict with the main objectives of the company and often ignore the interests of their principals. This difference in interest between an agent and a principal is generally referred to as an agency conflict. This method can be pursued through fraudulent profit-oriented accounting practices in order to achieve a certain performance that is more profitable for the agent. Therefore, this results in a decrease in the quality of the company's earnings. Low earnings quality causes users of financial statements to make mistakes in making decisions, so that the company value is reduced (Siallagan and Machfoedz 2006).

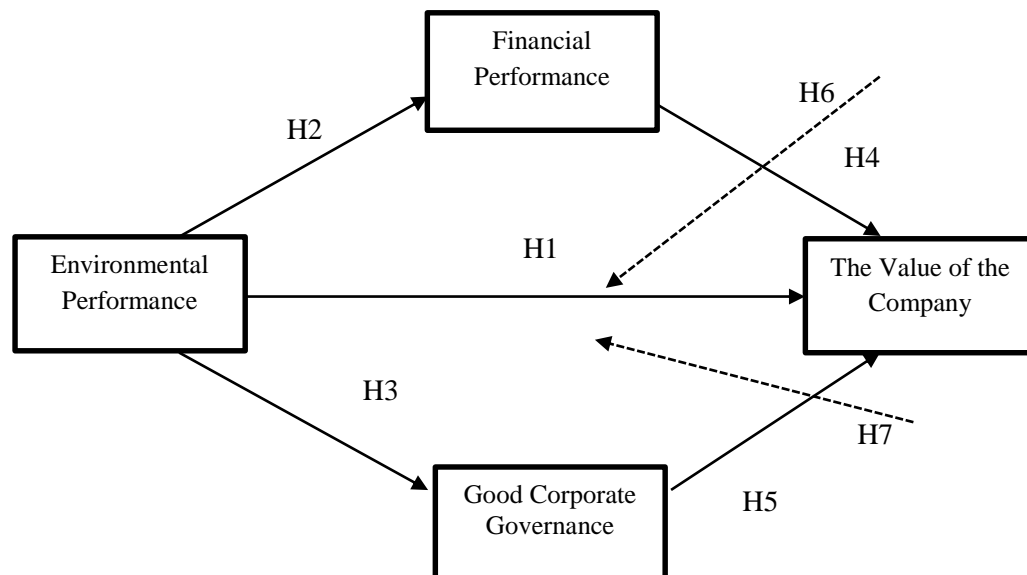
Agency theory provides the view that fraudulent practices committed by agents so that the impact on the decline in company value can be minimized by the presence of a monitoring or monitoring mechanism, namely through the implementation of corporate governance. The implementation of corporate governance is expected to be able to inhibit agent fraud behavior, so that the company's performance report reflects the true fundamental value. In addition, it is also expected to create a more transparent, accountable, responsible, and fair organizational performance so as to increase company value.

Institutional ownership is one way that can be used to reduce agency conflicts. In other words, the higher the level of institutional ownership of a company, the stronger the level of control exercised by external parties against the company so that agency conflicts that occur

within the company will decrease (Jensen and Meckling 1976). Research conducted by Rachmawati and Triatmoko (2007); Tarjo (2008); Susanti and Pangestuti (2010); Sukirni (2012); Damayanti and Suartana (2014) found that there is a positive relationship between institutional ownership and company value. Furthermore, research by Bjuggren et al. (2007); Manik (2011) found that there was a positive relationship between institutional ownership and company value. Different research has been conducted by Welim (2014) which states that there is no influence between institutional ownership and company value.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Figure 1
Conceptual Framework



From the conceptual framework image above, it is explained that environmental performance as measured by PROPER (assessment of the environmental management performance of a company that requires measurable indicators) can affect company value with the Intervening Variables of Financial Performance and Good Corporate Governance.

Environmental Performance on Corporate Value

Based on explanations and theories that explain the relationship between environmental performance and company value, it has been proven by Rustriarini (2010); Hariati and Rihatiningtyas (2015) stated that if a company is able to pay attention to its environmental management, the community will respond positively to the existence of the company. Investors are more interested in companies that have a good image / image in society because it has an impact on high consumer loyalty which in turn also has an impact on increasing company

value. So it can be concluded that the relationship between environmental performance and company value has a positive and significant effect.

H1: Environmental performance affects company Value

Environmental Performance on Financial Performance

The financial performance of company value is evidenced by Ken Zuraedah (2010); Gunarsih et al. (2019); Halimah and Komariah (2017); Putri (2015) where the value of the company will increase in a sustainable manner if the company is able to improve its financial performance. So it can be concluded that the relationship of financial performance has an effect on company value.

H2: Environmental performance has a significant effect on financial performance (ROA).

Financial Performance on Company Value

Research related to ROA conducted by Handoko (2010) found that ROA has a significant positive effect on stock returns for the next period. Putri (2015) found that financial performance has a positive and significant influence on company value, or in other words, the greater the financial performance, the more it increases company value.

Based on signal theory, it can be said that management will try to increase the value of ROA in order to provide information on the market where this is expected to increase the value of the company. Liniarti (2019) states that ROA has a significant relationship to company value. So the third hypothesis of this study is as follows:

H3: Financial performance (ROA) has a significant effect on company value.

Environmental Performance on Good Corporate Governance

Empirical testing conducted by Cox et al. (2004) in Saleh et al. (2010) found that the environmental dimensions and institutional ownership are positively and significantly related. Different results were found by Saleh et al. (2010) who found that the environmental dimensions and institutional ownership are positively related but not significant. In addition, different results were found by Mahoney and Roberts (2007) in Saleh et al. (2010) which found that the environmental dimensions and institutional ownership are negatively related. So the fourth hypothesis of this study is as follows:

H4: Environmental performance has a significant influence on Good Corporate Governance

Good Corporate Governance on Corporate Value

Junchristianti (2015) found that institutional ownership is a moderating variable of earnings management on company value. Furthermore, Junchristianti (2015) states that the

greater the shares owned by institutional parties, it can reduce earnings management actions on company value. Research results by Xu and Wang (1997); Pizzaro et al. (2007) and Bjuggren et al. (2007) in Rustiarini (2010) found that institutional ownership has an effect on company performance. With institutional ownership in a large proportion also affects company value. The value of the company can increase if institutional institutions are able to become an effective monitoring tool.

Based on signalling theory, the results of the value of Good Corporate Governance are positive information for stakeholders because the results of good Good Corporate Governance show management's commitment to making improvements and enhancing performance. In line with this, Laila's research (2011) shows that effective good corporate governance can increase company performance and provide benefits to shareholders so that the company value will also increase. So the fifth hypothesis of this study is as follows:

H5: Good Corporate Governance has a significant effect on company value

Environmental Performance on Company Value through Financial Performance

Maryanti and Fithri (2017) state that environmental performance has an indirect effect on company value through the company's financial performance. In this case it is also supported by signal theory, in the research of Moeljadi and Supriyati (2014) where in this theory it provides an understanding of the importance of information about the company that is needed by shareholders or external parties owned by the company. In Saputra and Mahyuni's (2018) research, companies can use environmental information as a competitive advantage. Companies that have good environmental and social performance will be responded positively by investors through an increase in share prices which will increase financial performance and company value as well.

It is proven in the research of Tjahjono and Eko (2013); Fauziyyah (2019) states that environmental performance has an indirect effect on company value through financial performance. Based on the explanation and results of previous research with the existence of financial performance, the higher the environmental performance, the higher the corporate value. So the sixth hypothesis of this study is as follows:

H6: Financial Performance mediates the relationship between Environmental Performance and Company value.

Environmental Performance on Corporate Value through Good Corporate Governance

Jensen and Meckling (1976) stated that institutional ownership has an important role in minimizing agency conflicts that occur between shareholders and managers. The existence of

institutional investors is considered capable of optimizing the supervision of management performance by monitoring every decision taken by management. Jayaningrat et al. (2017) stated that institutional ownership structure is the proportion of shares owned by institutions such as the government, insurance companies, and other similar companies.

Based on research conducted by Hariati and Rihatiningtyas (2015); Dewi Kurnia and Wirasedana (2018) found that the independent board of commissioners has a positive effect on company value. Supervision by an independent board of commissioners provides added value to a company and can ensure that management is really working to improve the company's performance. Improved performance within a company will increase the value of the company. The higher the proportion of independent commissioners, the tighter the monitoring is carried out to increase company value. Based on the explanation and results of previous research with Institutional Ownership, the higher the Environmental Performance, the higher the Company value will be. So the seventh hypothesis of this study is as follows:
H7: Good Corporate Governance mediates the relationship between Environmental Performance and Company Value.

RESEARCH METHOD

Sample Selection The research object used was a manufacturing company listed on the Indonesia Stock Exchange during the period 2015 to 2019. The sample selection in this study used the purposive sampling method, which is selecting certain characteristics as the key to be the sample, while those not included in the specified characteristics will be selected. ignored or not sampled. The criteria used to determine the sample in this study, namely Listed on the Indonesia Stock Exchange in 2015-2019 in the manufacturing industry group that published annual reports in a row, companies that participated in the Rating Assessment Program (PROPER), had a period financial statements which ended December 31st and contain the required data. The number of sample companies that meet the sample selection criteria is 55 companies with 159 research data.

Definition of Operational Variables

Dependent Variable

The dependent variable studied in this study is the company's environmental performance, the proxy used in this study uses the Proper issued by the Ministry of Environment and Forestry (Ardila 2017; Tiarasandy et al. 2018). The Proper rating is divided into 5 ranks symbolized by the color, where each color will be given a score. Each ranking is

given an appropriate score from the best environmental performance to the worst, namely a score of 1 for gold rank, score 2 for green rank, score 3 for blue rank, score 4 for red rank and score 5 for black rank. The ratings and scores can be seen in the table below:

Table 1
Company Performance Rating Program in Environmental Management

RANKS	SCORE
GOLD	1
GREEN	2
BLUE	3
RED	4
BLACK	5

Independent Variable

The independent variable examined in this study is the company value as measured by using the Price Book Value which is calculated using the following formula:

$$Price\ Book\ Value = \frac{Price\ per\ share}{Book\ value}$$

Intervening Variable

According to Tuckman in Sugiyono (2015) intervening variable are variable that theoretically affect the relationship between the independent variable and the dependent variable into an indirect relationship. In this study, financial performance and Good Corporate Governance are used as intervening variables.

Financial Performance

The company's financial performance is a form of company achievement seen from the financial statements that reflect the company's financial condition during a certain period. From financial performance, it can describe the success of the company in managing and allocating company resources. Financial performance is measured by profitability using the Return on Assets (ROA) indicator. Return on Assets (ROA) measures the company's ability to generate profits using the total assets (wealth) owned by the company after adjusting for the costs to finance these assets. The ROA formulated in this study refers to the research of Bukhori and Sopian (2017) as follows:

$$\text{Return on Assets} = \frac{\text{Net Profit After Tax}}{\text{Total Asset}} \times 100\%$$

Good Corporate Governance

Corporate governance is a set of regulations that establishes the relationship between shareholders, management, creditors, employees and other internal and external stakeholders with respect to their rights and obligations or the system that directs and controls the company. The indicator used in this research is institutional ownership. Institutional ownership is the proportion of shareholders owned by institutional owners such as insurance companies, banks, investment companies, and other ownership. Institutional ownership has an important meaning in monitoring management because institutional ownership will encourage an increase in more optimal supervision (Indrasti and Martini 2017).

The institutional ownership formulated in this study are as follows:

$$\text{INST} = \frac{\text{Total institutional shareholdings}}{\text{The total number of shares outstanding in the company}}$$

Data Analysis Technique

In this study, data analysis used the Partial Least Square (PLS) approach. Partial Least Square (PLS) is a component or variant based Structural Equation Modeling (SEM) equation model. Structural Equation Modeling (SEM) is a statistical method used to test structured hypotheses (the dependent variable can be more than one, usually only one), the hypothesis formulated is a causal relationship of many variables (multiple variables).

Structural Model or Inner Model

The Structural Model or Inner Model draws the relationship between latent variables based on the coefficient of determination (R-Square) 0.75; 0.50; and 0.25 for each endogenous latent variable in the structural model can be interpreted as substantial, moderate, or weak.

The Structural Model or Inner Model draws the relationship between latent variables based on predictive relevance: a Q-Square value greater than zero indicates that the exogenous latent variable has predictive relevance to the affected endogenous latent variable.

According to Sarwono and Narimawati (2015), a structural model is a model that connects latent variables. Measurement of this structural model begins by looking at the R-Squares value for each endogenous latent variable as the predictive strength of the structural model (Ghozali and Latan 2015). The structural model or inner model is part of the hypothesis testing which is used to test the exogenous (independent) latent variable against the endogenous

(dependent) latent variable whether it has a substantive effect. R-Squares values above 0.7. indicate that the model is strong.

RESEARCH RESULT

By using the Structural Equation Model - Partial Least Square (SEM-PLS) WarpPLS 5.0 and with algorithmic calculations, the following values are obtained:

a) Determination Coefficient Test (R²)

Tabel 2
R-squared coefficients

K.Lin(X)	KKeu(Z)	KInt(Z2)	PBV(Y)
	0.954	0.983	0.966

Source: SEM WarpPLS 5.0, data processed by 2020

From the data table above, it is known that the coefficient of determination or R-squared on financial performance is 0.954 or equal to 95%. This figure shows that the variance of financial performance can be explained by 95% by environmental performance and company value (PBV). Furthermore, the coefficient of determination or R-squared on institutional ownership is 0.983 or equal to 98%, thus the variance of institutional ownership can be explained by 98% by environmental performance and company value. Furthermore, the coefficient of determination or R-squared on the company value is 0.966 or equal to 96%. Thus, the variance in company value can be explained by 96% by environmental performance, financial performance and institutional ownership.

b) Determination Coefficient Test (Q-Squared)

Tabel 3
Q-Squared Coefisient

K.Lin(X)	KKeu(Z)	KInt(Z2)	PBV(Y)
	0.833	0.877	0.920

Source: SEM WarpPLS 5.0, data processed by 2020

Based on the table data above, the predictive test results are 0.920, 0.833 and 0.877, which means that the Q-Squared Coefficient is good because it is greater than zero.

c) *Effect Size Test (f^2)***Tabel 4****Effect sizes for path coefficient**

Construct	Estimation Results	Catagory
K.Lin-PBV	0.083	Weak
K.Lin- KKeu	0.954	Strong
K.Lin- KInt	0.983	Strong
KKeu-PBV	0.953	Strong
KInt -PBV	0.070	Weak

Source: *SEM WarpPLS 5.0*, data processed by 2020

The estimation results above indicate that the effect size of the effect of environmental performance on PBV is 0.083. This result is classified as a weak effect size of environmental performance in increasing PBV. Meanwhile, the effect size of institutional ownership on PBV is 0.070. This result is also classified as the weak effect size of the influence of institutional ownership in increasing PBV. Furthermore, the estimation result of the effect size of environmental performance on financial performance is 0.954. This result is classified as a strong effect size of environmental performance in improving financial performance. Furthermore, the estimation result of the environmental performance effect size on institutional ownership is 0.983. This result is classified as a strong effect size of environmental performance in increasing institutional ownership. Furthermore, the estimation result of the effect size of financial performance on PBV is 0.953. This result is classified as a strong effect size that affects financial performance in increasing PBV.

Mediation Effect Testing

The procedures for testing Financial Performance and Institutional Ownership as mediating variables for the relationship between Environmental Performance and Company value (PBV) are as follows:

Direct effect testing

Tabel 5
Direct effects

No	Paths/flows	Direct Effect	
		Coefficient	P-Value
1	K.Lin→PBV	0.09	=0.25
2	K.Lin→K.Keu	0.98	<0.01
3	K.Lin→K.Int	0.99	<0.01
4	K.Keu→PBV	0.97	<0.01
5	K.Int→PBV	-0.07	=0.29

Source: SEM WarpPLS 5.0 data processed by 2020

After estimating the direct effect of environmental performance on PBV (path c) it was concluded that environmental performance had no effect and was positive on PBV with a beta value of 0.09 with a significance of $P = 0.25$. Environmental performance on financial performance (path c) it is concluded that environmental performance has a positive and significant effect on financial performance with a beta value of 0.98 with a significance of $P < 0.01$. Environmental performance on Institutional Ownership (path c) concluded that environmental performance had a positive and significant effect on Institutional Ownership with a beta value of 0.99 with a significance of $P < 0.01$. Financial performance on PBV (path c) concluded that financial performance had a positive and significant effect on PBV with a beta value of 0.97 with a significance of $P < 0.01$. Institutional ownership towards PBV (path c) concluded that Institutional Ownership had no and negative effect on PBV with a beta value of -0.07 with a significance of $P = 0.29$.

Indirect effect testing

Tabel 6
Indirect effects

No	Paths/flows	Indirect Effect	
		Coefficient	P-Value
1	K.Lin→ K.Keu→PBV	0.97	<0.01
2	K.Lin→ K.Int→PBV	-0.07	=0.29

Sumber: SEM WarpPLS 5.0 data diolah 2020

The results of testing the Indirect effect estimation simultaneously with the PLS SEM Model triangle with 2 estimated triangle mediation effects with 2 multiple mediation effects can be concluded as follows:

1. Environmental performance has no effect on PBV with a beta value of 0.09 with a significance of $P = 0.25$, but when mediated by Financial Performance, environmental performance has a positive and significant effect on PBV with a beta value of 0.97 with a significance of $P = 0.01$. Based on the above results, it is known that the direct effect value is 0.09 and the indirect effect is 0.97, which means that the value of the indirect effect is greater than the value of the direct effect. These results indicate that indirectly environmental performance through financial performance has a significant effect on PBV.
2. Environmental performance has no effect on PBV with a beta value of 0.09 with a significance of $P = 0.25$, but when mediated by Institutional Ownership, environmental performance has no effect and negatively on PBV with a beta value of -0.07 with a significance of $P = 0.29$. Based on the above results it is known that the value of the direct effect is 0.09 and the indirect effect is -0.07, which means that the value of the indirect effect is the same as the value of the direct effect. These results indicate that indirectly environmental performance through Institutional Ownership has no effect on PBV. This shows the form of full mediation.

Mediation Model Testing

The results of testing the mediation model are presented in the previous sub-chapter which shows the results of the estimation of the indirect effect model, the criteria for goodness of fit. The conditions for the model fit indices and P values that display 3 fit indicators, namely the average path coefficient (APC), average R-Squared (ARS), and average variance inflation factor (AVIF) must be fulfilled, namely if the P value for the average path coefficient (APC) and average R-Squared (ARS) is less than 0.05 or it means significant. In addition, average variance inflation factor (AVIF) as an indicator of multicollinearity must be less than 5. And the results of the goodness of fit test in this study are presented in the following table:

Tabel 7
Goodness Of Fit

No	Paths/flows	<i>indirect effect</i>	
		<i>Coefficient</i>	<i>P-Value</i>
1	APC	0.619	<0.01
2	ARS	0.968	<0.01
3	AVIF	107.81	

Source: *SEM WarpPLS 5.0* data processed by 2020

The estimation result of the average path coefficient (APC) model coefficient is 0.619 and has a P-value of <0.01 . And the estimation result of the average R-Squared (ARS) coefficient is 0.968 and has a P-value <0.01 . While the estimation results of the average variance inflation factor (AVIF) model are very high, amounting to 107.81 and the value is > 5 due to one of the risks from secondary data. The results above show that the Goodness of Fit criteria have met the criteria for SEM analysis, because the APC and ARS values have met the criteria, while the AVIF does not meet the criteria but these results can still be used for hypothesis testing and can also make findings from the research results.

DISCUSSIONS

After statistical testing is carried out, further discussion and analysis of the research results are as follows:

1. The test results with the PLS 5.0 warp software show that environmental performance has no direct effect on company value as indicated by a significance value of $P = 0.25$ with a regression coefficient value of 0.09 or 9%. The relationship between the environmental performance variables on the company value studied is not in line with theoretical predictions and it turns out that environmental performance is not one of the factors that determine the value of the firm. The results of this study are in line with research conducted by Tjahjono and Eko (2013) which states that there is no significant effect between environmental performance and company value. The above statement is also supported by Yendrawati and Tarusnawati (2013). This is because the conditions that occur in Indonesia are different from some other countries, especially Western countries, which are considered to be very concerned about social and environmental issues and activities, so that the environmental performance / activities carried out by companies in Indonesia have not been able to affect the value of the company. Heradila (2016) also states that environmental factors are considered unable to be taken into consideration in increasing the share value of a company, which will also affect the value of a company. According to Sarumpaet (2005) these insignificant results are not in themselves surprising for a developing country like Indonesia. Environmental performance itself is closely related to environmentally friendly products and services. Products or services that are environmentally friendly in themselves are usually accompanied by higher prices and are considered unfavorable for consumers in Indonesia. According to Amilia and Wijayanto (2007) this insignificant result is thought to be due to differences in conditions related to market behavior in Indonesia,

which are very different from other countries, especially in western countries. The researchers themselves suspect that there are other variables that influence capital market players in Indonesia in determining their investment portfolios in other sector companies.

2. The test results with the PLS 5.0 warp software show that environmental performance has a direct positive and significant effect on financial performance, with a significance value <0.01 with a regression coefficient value of 0.98 or 98%. The relationship between environmental performance variables on financial performance is in line with the theoretical predictions that environmental performance variables are one of the variables that can affect financial performance, especially stock prices. Environmental performance is also an indicator of company compliance with existing regulations in Indonesia, especially in the environmental sector. The results of this study are consistent with Suratno et al. (2007) and Al-Tuwaijri et al. (2004) who found a positive relationship between environmental performance and financial performance. The results of this study are also reinforced by Djuitaningsih and Ristiawati (2011) who state that environmental performance has a positive and significant effect on financial performance because companies with good environmental performance will also get a good response from stakeholders and have an impact on increasing company revenue in the long term.
3. The test results with PLS 5.0 warp PLS showed that environmental performance directly and significantly affects institutional ownership with a significance value <0.01 with a regression coefficient of 0.99 or 99%. The results of testing this hypothesis indicate that environmental performance has a positive and significant effect on Institutional Ownership. Good environmental management can avoid public and government claims and improve product quality which in turn will increase economic profits so as to encourage institutional investors to invest in companies that are able to continue going concern in order to guarantee long-term investment. These results are supported by Turban and Greening (1997) in Anggraini (2011) who also state that institutional investors see long-term benefits from corporate involvement in corporate social performance. Furthermore, Mahoney and Robert (2007) in Anggraini (2011) state that institutional investors consider the low corporate social performance of the company as a risky investment. The risk comes from the cost of sanctions for ignoring existing regulations (mandatory disclosure). Therefore, companies not only pay attention to financial performance but also must pay attention to social activities which

will be disclosed in the company's annual report.

4. The test results with the PLS 5.0 warp software show that financial performance directly has a positive and significant effect on company value with a significance value <0.01 with a regression coefficient value of 0.97 or 97%. This means that financial performance has a positive and significant influence on company value, which means that the higher the financial performance, the more the company value will increase. The results of this study are in line with research conducted by Ulupui (2007); Pertiwi and Pratama (2012) which state that partially financial performance has a significant positive effect on company value. The results of this study are confirmed by Wahongan's research (2019); Sari and Priantinah (2018) ROA is a ratio used to find out how much profit can be generated from the total available assets. A high ROA value indicates a high profitability for the company. High profitability will have an impact on high financial performance and become a positive signal for investors, resulting in an increase in share prices and an increase in company value.
5. The results of testing with PLS 5.0 warp software show that institutional ownership has no effect on company value, indicated by a significance value of 0.29 with a regression coefficient of 0.07 or 7%, this means that institutional ownership has no effect on company value. The results of this study do not support the agency theory which explains that the size of institutional share ownership makes the encouragement and voting power more optimal to increase company value. This can be achieved if the institution or institution is able to carry out the monitoring function more effectively (Purbopangestu and Subowo 2014). The results of this study support the research of Hariati and Rihatiningtyas (2015), in their research they say that institutional ownership cannot increase company value. This is because the existence of a familial relationship between institutional investors and management (agents) tends to be considered by the market that the company's management acts in accordance with the interests of institutional investors and ignores the interests of other investors, both minority and foreign shareholders. Most of the transactions and company policies are made only to provide benefits to institutional investors. This is in line with research conducted by Welim (2014) which states that institutional ownership has no effect on company value. This research has no effect, because the higher the level of institutional ownership of a company both domestically and abroad, the greater the institutional control in monitoring the company has nothing to do with the company's own business processes. The company's income from the investment returns of institutional shareholders

depends more on the role of human capital and technology from the company. Moreover, the times are developing, business is getting more complex. Every company is always required to make product innovations, a different business design every year, and also provide materials for the marketing team to promote the products they sell.

6. The test results with the PLS 5.0 warp software show that financial performance has a significant effect as a mediating variable on the relationship between environmental performance and company value. The results of this study support the research of Tjahjono and Eko (2013) which concluded that there is an indirect relationship between environmental performance and corporate value through financial performance. This shows that environmental performance that affects financial performance will affect changes in company value. Fauziyyah's research (2019) states that financial performance is able to mediate the relationship between environmental performance and company value. According to the conclusion of his research, paying attention to environmental aspects will improve financial aspects because of public trust in the company. Based on the research results, it can be concluded that when the level of profit in the company's financial performance is getting better, it will have a positive effect in increasing company value. This means that the more financial performance increases, the environmental performance and corporate value will also increase and vice versa, the financial performance decreases, the environmental performance and corporate value will also decrease. In an indirect relationship, financial performance can be used as a mediation for the relationship between environmental performance and corporate value.
7. The test results with PLS 5.0 warp software show that Institutional Ownership does not have a significant effect as a mediating variable on the relationship between Environmental Performance and Company value. The results of this study support the research of Hariati and Rihatiningtyas (2015), in their research they say that institutional ownership cannot increase company value. This is because the existence of a familial relationship between institutional investors and management (agents) tends to be considered by the market that the company's management acts in accordance with the interests of institutional investors and ignores the interests of other investors, both minority and foreign shareholders. The same result was carried out by Welim (2014) which states that institutional ownership has no effect on company value. In an indirect relationship, Institutional Ownership is not able to mediate the relationship between environmental performance and company value.

CONCLUSIONS, LIMITATION AND FUTURE STUDY

From the results of this study, following conclusions can be draw.

1. There is no influence of environmental performance on company value.
2. There is an influence of environmental performance on financial performance.
3. There is an influence of environmental performance on institutional ownership.
4. There is an influence of financial performance on company value.
5. There is an influence of good corporate governance on company value.
6. Financial performance can mediate the relationship between environmental performance and company value.
7. Institutional Ownership can not mediate the relationship between environmental performance and company value.
8. The coefficient of determination has a value *Adjusted R2* for company value of 0.966 (96.6%). This means that 96.6% company value can be explained by environmental performance, financial performance, and institutional ownership.

Limitations of the study include a shortage of empirical evidence used in this paper as there were only 55 samples used in this study. Further, this study only uses PBV to measure company value and institutional ownership which represents corporate governance. Other indicators in future study may have different results.

Despite these limitations, future research should be conducted to investigate further about other factors that can mediate the relationship between environmental performance and company value.

REFERENCES

- Al-Tuwaijri, S. A., T. E. Christensen, and K. E. Hughes. 2004. The relations among environmental disclosure, environmental performance, and economic performance: a simultaneous equations approach. *Accounting, Organizations and Society* 29 (5-6):447-471.
- Amilia, L. S., and D. Wijayanto. 2007. Pengaruh Environmental Performance dan Environmental Disclosure Terhadap Economic Performance. Paper read at The 1st Accounting Conference, at Faculty of Economics Universitas Indonesia. Depok, (November).
- Ardila, I. 2017. Pengaruh profitabilitas dan kinerja lingkungan terhadap nilai perusahaan *Jurnal Riset Finansial Bisnis* 1 (1).
- Bjuggren, P.-O., J. E. Eklund, and D. Wiberg. 2007. Institutional owners and firm performance: The impact of ownership categories on investments. *SSRN Electronic Journal*.
- Bodie, K. Z., A. Kane, and A. Marcus. 2005. *Investment*. Six Edition ed: McGraw Hill Companies Inc., New York, USA

- Bukhori, M. R. T., and D. Sopian. 2017. Pengaruh pengungkapan sustainability report terhadap kinerja keuangan. *Jurnal Sikap 2* (1):35-48.
- Cox, P., S. Brammer, and A. Millington. 2004. An empirical examination of institutional investor preferences for corporate social performance. *Journal of business ethics* 52 (1):27-43.
- Damayanti, N. P. W. P., and I. W. Suartana. 2014. Pengaruh Kepemilikan Manajerial Dan Kepemilikan Institusional Pada Nilai Perusahaan. *E-Jurnal Akuntansi* (3):575-590%V 579.
- Dewi Kurnia, A., and P. Wirasedana. 2018. Pengaruh Kinerja Lingkungan dan Komponen Good Corporate Governance pada Nilai Perusahaan yang Terdaftar di BEI. *E-Jurnal Akuntansi*:1737.
- Djuitaningsih, T., and E. E. Ristiawati. 2011. Pengaruh kinerja lingkungan dan kepemilikan asing terhadap kinerja finansial perusahaan. *Jurnal Akuntansi Universitas Jember* 9 (2).
- Fauziyyah, N. 2019. Pengaruh Kinerja Lingkungan dan Struktur Kepemilikan Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Intervening (Studi Empiris pada Perusahaan yang terdaftar di Bursa Efek Indonesia Periode 2013-2017), Universitas Islam Negeri Syarif Hidayatullah.
- Ghozali, I., and H. Latan. 2015. *Partial Least Square (PLS) Konsep, Teknik dan Aplikasi menggunakan program SmartPLS 3.0*: Badan Penerbit UNDIP-Semarang.
- Gunarsih, T., F. Sayekti, and T. Novak. 2019. RGEC, Sustainability Reporting, and Financial Performance: A Study in Listed Banks in IDX 2013-2017. *KnE Social Sciences*:1102–1114-1102–1114.
- Halimah, S. N., and E. Komariah. 2017. Pengaruh ROA, CAR, NPL, LDR, BOPO terhadap nilai perusahaan bank umum. *Jurnal Akuntansi, Ekonomi Dan Manajemen Bisnis/ e-ISSN: 2548-9836* 5 (1):14-25.
- Handoko, Y. 2010. Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility dan Good Corporate Social Responsibility Sebagai Variabel Pemoderasi, Fakultas Ekonomi. Universitas Gunadarma. Depok.
- Hariati, I., and Y. W. Rihatiningtyas. 2015. Pengaruh Tata Kelola Perusahaan dan Kinerja Lingkungan Terhadap Nilai Perusahaan. *Jurnal Ilmiah Mahasiswa FEB* 3 (2):1-16.
- Heradila, T. N. 2016. Pengaruh Pengungkapan Lingkungan dan Kinerja Lingkungan terhadap Reaksi Investor (Studi Empiris pada Perusahaan Pertambangan yang Tercatat di Bei dan Menerbitkan Laporan Keberlanjutan 2010-2014). *Jurnal Ilmiah Universitas Bakrie* 4 (1).
- Indrasti, A. W., and M. Martini. 2017. Pengaruh Struktur Kepemilikan Saham Dan Corporate Social Responsibility terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan Manufaktur Sektor Barang Konsumsi, Kosmetik dan Keperluan Rumah Tangga, dan Peralatan Rumah Tangga yang Terdaftar Di Bursa. *Jurnal Akuntansi dan Keuangan* 3 (2).
- Iqbal, W., A. Altalbe, A. Fatima, A. Ali, and Y. Hou. 2019. A DEA Approach for Assessing the Energy, Environmental and Economic Performance of Top 20 Industrial Countries. *Processes* 7 (12):902.

- Jayaningrat, I. G. A. A., M. A. Wahyuni, and S. Edy Sujana. 2017. Pengaruh Leverage, Profitabilitas, Likuiditas, Kebijakan Deviden, Kepemilikan Manajerial, Dan Kepemilikan Institusional Terhadap Nilai Perusahaan Pada Perusahaan Properti Dan Real Estate Di Bursa Efek Indonesia Tahun 2013-2015. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha* 7 (1).
- Jensen, M. C., and W. H. Meckling. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics* 3 (4):305-360.
- Junchristianti. 2015. Pengaruh Mekanisme Corporate Governance terhadap Hubungan Antara Manajemen Laba dengan Nilai Perusahaan pada Perusahaan Manufaktur di Bursa Efek Indonesia (BEI), Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA). Surabaya.
- Ken Zuraedah, I. 2010. Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Sebagai Variaber Pemoderasi, Universitas Pemabngunan Nasioanal Veteran Jakarta.
- Laila, N. 2011. Analisis Pengaruh Good Corporate Governance terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2005-2009), Universitas Diponegoro.
- Liniarti, S. 2019. Factors Affecting Company value With Institutional Ownership As Moderating Variables In Banking Companies Listed In Indonesia Stock Exchange. *International Journal of Public Budgeting, Accounting and Finance* 2 (3):1-12.
- Mahoney, L., and R. W. Roberts. 2007. Corporate social performance, financial performance and institutional ownership in Canadian firms. Paper read at Accounting forum.
- Manik, T. 2011. Analisis pengaruh kepemilikan manajemen, komisaris independen, komite audit, umur perusahaan terhadap kinerja keuangan. *JEMI* 2 (2):25-36.
- Maryanti, E., and W. N. Fithri. 2017. Corporate Social Responsibility, Good Corporate Governance, Kinerja Lingkungan Terhadap Kinerja Keuangan Dan Pengaruhnya Pada Nilai Perusahaan. *Journal of Accounting Science* 1 (1):21.
- Moeljadi, and T. S. Supriyati. 2014. Factors Affecting FirmvValue: Theoretical Study on Public Manufacturing Firms in Indonesia. *South East Asia Journal of Contemporary Business, Economics, and Law* 15 (2).
- Nurani, W. 2015. Pengaruh pengungkapan corporate social responsibility (CSR) terhadap nilai perusahaan dengan kinerja lingkungan dan struktur kepemilikan modal asing sebagai variabel moderating: Studi empiris pada perusahaan pertambangan, perkebunan dan kehutanan yang terdaftar di BEI 2011-2013, Universitas Islam Negeri Maulana Malik Ibrahim.
- Pérez-Calderón, E., P. Milanés-Montero, and F. J. Ortega-Rossell. 2012. Environmental performance and company value: evidence from Dow Jones Sustainability Index Europe. *International Journal of Environmental Research* 6 (4):1007-1014.
- Pertiwi, T. K., and F. M. I. Pratama. 2012. Pengaruh Kinerja Keuangan Good Corporate Governance Terhadap Nilai Perusahaan Food And Beverage. *Jurnal manajemen dan kewirausahaan* 14 (2):118-127.
- Pfliieger, J., M. A. Curran, M. Fischer, T. Kupfer, and P. Eyerer. 2005. The contribution of life cycle assessment to global sustainability reporting of organizations. *Management of Environmental Quality: an International Journal* 16 (2):167-179.

- Pizzaro, V., S. Mahenthrian, D. Cademartori, and R. Curci. 2007. The Influence of Insiders and Institutional Owners on the Value, Transparency, and Earnings Quality of Chilean Listed Firms. *Transparency, and Earnings Quality of Chilean Listed Firms (April 2007)*.
- Purbopangestu, H. W., and S. Subowo. 2014. Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility Sebagai Variabel Intervening. *Accounting Analysis Journal* 3 (3).
- Putri, A. O. 2015. Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Csr Sebagai Variabel Pemoderasi. *Jurnal Ilmu dan Riset Manajemen* 4.
- Rachmawati, A., and H. Triatmoko. 2007. Analisis faktor-faktor yang mempengaruhi kualitas laba dan nilai perusahaan. *Simposium Nasional Akuntansi X* 10 (16):1-26.
- Rahayu, S., and Andri. 2010. Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Dan Good Corporate Governance Sebagai Variabel Pemoderasi (Studi Empiris Pada Perusahaan Manufaktur di Bursa Efek Jakarta), UNIVERSITAS DIPONEGORO.
- Rustiarini, N. W. 2010. Pengaruh Corporate Governance Pada Hubungan Corporate Social Responsibility. Paper read at Simposium Nasional Akuntansi XIII, at Purwokerto.
- Rustriarini, N. W. 2010. The Influence of Corporate Governance to Relationship Between Corporate Social responsibility and Corporate Value. Paper read at Accountancy National XIII Symposium.
- Saleh, M., N. Zulkifli, and R. Muhamad. 2010. Corporate social responsibility disclosure and its relation on institutional ownership. *Managerial Auditing Journal*.
- Saputra, I. P. A., and L. P. Mahyuni. 2018. Pengaruh Struktur Kepemilikan dan Kinerja Lingkungan Terhadap Nilai Perusahaan. *Jurnal Manajemen Bisnis* 15 (3):64-81.
- Sari, P. Y., and D. Priantinah. 2018. Pengaruh Kinerja Keuangan dan Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan pada Bank yang Terdaftar di Bursa Efek Indonesia Periode 2011-2015. *Nominal: Barometer Riset Akuntansi dan Manajemen* 7 (1):111-125.
- Sarumpaet, S. 2005. The relationship between environmental performance and financial performance of Indonesian companies. *Jurnal Akuntansi dan Keuangan* 7 (2):89-98.
- Sarwono, J., and U. Narimawati. 2015. *Membuat skripsi, tesis, dan disertasi dengan partial least square SEM (PLS-SEM)*: Yogyakarta : Andi.
- Siallagan, H., and M. u. Machfoedz. 2006. Mekanisme corporate governance, kualitas laba dan nilai perusahaan. *Simposium Nasional Akuntansi IX. Padang*:23-26.
- Srihayati. 2015. Pengaruh Kinerja Keuangan Perbankan terhadap Nilai Perusahaan dengan Metode Tobin's Q pada Perusahaan Perbankan yang Listing Kompas 100 (Periode 2009-2013). *Jurnal Akuntansi*.
- Sugiyono. 2015. *Metode Penelitian Pendidikan: Pendekatan Kuantitatif, Kualitatif, dan R&D*. 22nd ed ed: Bandung, Jawa Barat: CV Alfabeta.
- Sukirni, D. 2012. Kepemilikan manajerial, kepemilikan institusional, kebijakan deviden dan kebijakan hutang analisis terhadap nilai perusahaan. *Accounting Analysis Journal* 1 (2).

- Suratno, I. B., Darsono, and S. Mutmainah. 2007. Pengaruh Environmental Performance Terhadap Environmental Disclosure dan Economic Performance (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Jakarta Periode 2001-2004) Paper read at SIMPOSIUM NASIONAL AKUNTANSI 9 PADANG
- Susanti, R., and I. R. D. Pangestuti. 2010. Analisis faktor-faktor yang berpengaruh terhadap nilai perusahaan (studi kasus pada perusahaan go public yang listed tahun 2005-2008), UNIVERSITAS DIPONEGORO.
- Tandelilin, E. 2010. *Portofolio dan Investasi: Teori dan aplikasi*: Kanisius.
- Tarjo. 2008. Pengaruh Konsentrasi Kepemilikan Institusional dan Leverage Terhadap Manajemen Laba, Nilai Pemegang saham serta Cost of Equity Capital. In *Simposium Nasioanal Akuntansi XI*. Pontianak.
- Tiarasandy, A., W. S. Yuliandari, and D. N. Triyanto. 2018. Pengaruh Kinerja Lingkungan Dan Pengungkapan Corporate Social Responsibility Terhadap Kinerja Finansial (Studi Empiris Pada Perusahaan Yang Terdaftar Di Proper Periode 2013-2015). *eProceedings of Management* 5 (1).
- Tjahjono, S., and M. Eko. 2013. Pengaruh kinerja lingkungan terhadap nilai perusahaan dan kinerja keuangan. *Jurnal Ekonomi Universitas Esa Unggul* 4 (1).
- Turban, D. B., and D. W. Greening. 1997. Corporate social performance and organizational attractiveness to prospective employees. *Academy of management journal* 40 (3):658-672.
- Ulupui, I. G. K. A. 2007. Analisis Pengaruh Rasio Likuiditas, Leverage, Aktivitas, Dan Profitabilitas Terhadap Return Saham (Studi Pada Perusahaan Makanan dan Minuman Dengan Kategori Industri Barang Konsumsi di BEJ). *Jurnal Ilmiah Akuntansi dan Bisnis* 2 (1).
- Wahongan, L. 2019. Effects of Financial Performance and Corporate Social Responsibility on Company Values: Case of Banks Listed on the Indonesia Stock Exchange. *Accountability* 8 (2):75-84.
- Welim, M. F. 2014. PengaruhKepemilikanManajerialdanKepemilikanInsitusionalTerhadapNilai Perusahaan: Yogyakarta: E-JurnalEkonomiAkuntansiUniversitasAtma Jaya Yogyakarta.
- Xu, X., and Y. Wang. 1997. *Ownership structure, corporate governance, and corporate performance: The case of Chinese stock companies*. Vol. 1794: World Bank Publications.
- Yendrawati, R., and L. R. Tarusnawati. 2013. Peran Environmental Performance terhadap Environmental Disclosure dan Economic Performance. *Jurnal Keuangan dan Perbankan* 17 (3).