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Determinants of Financial Performance with Sustainability Report as A Moderation Variable

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ABSTRACT

This study aims to determine the effect of green accounting, environmental performance, and environmental costs on the level of profitability of financial performance moderated by sustainability report. This research is quantitative in the type of causality, with a research population of 80 manufacturing companies' industrial classification based on production results for the 2020-2022 period and determination of the number of samples of 20 companies obtained through purposive sampling techniques. Data collection was carried out using secondary data tracing through the Indonesia Stock Exchange and the GRI G4 index of each company. Data processing using SPSS software program is analyzed with a multiple linear regression analysis approach Moderated Regression Analysis (MRA). Based on the results of the study shows that green accounting, environmental performance, and environmental costs do not have a significant effect on financial performance.

Keywords: Environmental Performance; Environmental Costs; Financial Performance; Green Accounting; Sustainability Report

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INTRODUCTION

Economic development is often not in harmony with environmental sustainability as the economy faces two important problems, namely environmental impacts and financial interests, so that alternative financing is needed to overcome the two challenges that are worrying if they cannot change their conditions will worsen (Hasanah & Hariyono, 2022; Hetman et al., 2019). Structured environmental management of financial statements will be reviewed by stakeholders who can help users of this information in decision making. Financial reports have a role in environmental conservation efforts related to environmental costs (Aniela, 2012; Faisal et al., 2018; Hanum & Hidayat, 2017). Financial reporting that calculates costs related to the environment will affect the company's financial performance.

Financial performance is carried out to measure the ability of a company in a period that reflects the level of achievement of successful business implementation (Faisal et al., 2018; Ramadhani et al., 2021; Zainab & Burhany, 2020). The main achievement of business activities is illustrated by the company's ability to generate profits that think of financial performance assessment including budgeted cost planning for environmental conservation efforts caused by the company. Later this will be related to profitability and how to improve the company's financial performance in achieving sales profits, total assets, and company capital (Faisal et al., 2018; Priatna, 2016; Retno & Priantinah, 2012; Zainab & Burhany, 2020). Disclosure of cost information reported in the annual report is an indicator of measuring the company's environmental performance.

The annual report published by the company related to environmental performance will be known how much it affects the concern for protecting the environment around the company. Manufacturing companies are the most complex type of business in processing raw materials into ready-to-use goods and will cause environmental pollution if the company does not properly process the remaining production waste (Ramadhani et al., 2021). In modern industries that use the power of sophisticated machine tools, it results in changes in the structure of the environment. Over the past few decades, the management of industrial waste generated from technological tools has developed as a response to solving environmental problems (Faizah, 2020). However, the presence of this technology can add its own costs to the company.

The presence of advanced technology certainly begins with the investment in the field of internal research and development of companies that are oriented towards reducing costs on production factors (Zhao, 2013). The existence of measurements made by companies with cost development seems to reap positive value from the community. The measurement of environmental aspects has been determined by the Ministry of Environment (KLH) which has an indicator of environmental management, namely the Company Performance Rating Assessment Program (PROPER).

Other research on the effect of green accounting variables, environmental costs, and environmental performance on financial performance has been conducted by previous researchers who revealed that the application of green accounting to the company's financial performance has no effect (Faizah, 2020; Hartiah & Pratiwi, 2022; Prena, 2021). There are differences in the results of other studies which prove that the assessment of green accounting and environmental performance has a positive effect on the profitability of the company's financial performance (Dewi, 2016; Hadriyani & Dewi, 2022; Ramadhani et al., 2021). Based on the inconsistent results of previous research, the researcher intends to conduct research again with reference to research conducted before (Faizah, 2020; Ramadhani et al., 2021). Although there are similarities in several variables studied, there are still differences in objects, the addition of independent

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variables, and differences in moderation variables, so researchers are interested in conducting research again to obtain evidence whether green accounting, environmental performance, and environmental costs affect financial performance based on sustainability reports as moderation.

LITERATURE REVIEW

Green Accounting

The concept of Green Accounting shows an effort to link economic interests with environmental preservation. Green accounting is an accounting science that deals with environmental information and environmental audit systems and has been defined as the identification, tracking, analysis, and reporting and cost information related to environmental aspects (Astiti, 2014; Faizah, 2020; Hati, 2018; Prena, 2021). This application is to improve the efficiency of environmental management by protecting the environment from the point of view of costs and benefits. By implementing green accounting, it benefits stakeholders for a longer period of time.

Companies that want to achieve corporate sustainability in addition to paying attention to economic and social aspects, must also pay attention to environmental aspects so that the existence of the company will be maintained and at the same time the preservation of the environment (Sunaryo, 2013). Green accounting aims as an indicator of environmental management and to increase the amount of relevant information made for those who need it, so that they can find out the company's activities in an effort to deal with environmental pollution and the company's obligations on these issues through the company's financial statements. In addition, green accounting is also used as an effort to assist in achieving company goals towards responsibility to company stakeholders (Astiti, 2014). Green accounting is applied by companies to produce quantitative assessments of the costs and impacts of environmental protection. As for some of the objectives of implementing green accounting, namely helping entities in determining accounting strategies to respond to environmental issues in the context of the entity's relationship with environmental issues, providing a positive image so that the entity can obtain funds from increasing investors, showing the entity's commitment and responsibility for environmental improvement efforts, and preventing negative public opinion considering that companies that are trying to operate in areas that are at risk of not being environmentally friendly will generally receive challenges from the public.

The implementation of good green accounting is a positive thing in the eyes of stakeholders, because it is considered that the company is not only focused on increasing company profits, but has paid attention to the impact on the surrounding environment generated by the remaining waste from the company's production. The benefits of implementing green accounting can attract investor interest and loyal consumers due to clear information about environmental concerns from analyzing estimated costs and reporting audited environmental information disclosures, so that it will increase product sales which have an impact on increasing company profitability.

Environmental Performance

Environmental performance is a company mechanism to indicate attention to the environment into the operation of production activities and interactions with stakeholders as a form of responsibility in the legal field (Aniela, 2012; Novriani Gultom & Nurmaysaroh, 2021) Environmental performance refers to how much impact and damage has been caused by the company's production, starting from waste disposal to how to

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control waste pollution from the company so as to minimize environmental damage around the company. The less environmental damage is considered to improve the environmental performance of a company, while the greater the impact of environmental damage, the worse the company's performance. The measurement of environmental performance in this study is from the PROPER test scores sourced from the Ministry of Environment of the Republic of Indonesia.

Environmental Costs

Environmental costs can be defined as costs incurred due to environmental quality incurred for environmental damage prevention activities, environmental monitoring activities, and waste treatment activities (Asjuwita & Agustin, 2020; Zainab & Burhany, 2020). Environmental costing is a systematic cost accounting approach and not only focuses on accounting for environmental protection costs, but also considers environmental costs of materials and energy that can show the estimated costs of the company's production activities. According to (Hansen et al, 2009), there are several costs that are indicators of the application of green accounting, namely environmental prevention costs, are costs for activities carried out to prevent the production of waste and or waste that causes environmental damage, environmental detection costs, are costs for activities carried out to determine whether products, processes, environmental internal failure costs, are costs for activities carried out due to the production of waste and garbage, but not discharged into the external environment, and environmental external failure costs, are costs for activities carried out after releasing waste or garbage into the environment. External failure costs can be further divided into realized and unrealized external failure costs.

Financial Performance

A management's success in managing business activities can be seen from its financial performance compiled in the financial statements. According to Jumingan, (2006) financial performance is a description of the company's financial condition in a certain period concerning aspects of raising funds and channeling funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability. Thus, financial performance is one indicator to determine the amount of the company's financial capability that can determine in an effort to increase profits and profits must be evaluated at the end of each period to determine the development of the company. To measure the financial performance of a company, a commonly used measurement is financial ratios. One of the financial ratios used is the profitability ratio.

The profitability ratio is a unit of measurement of the effectiveness of overall management which is addressed by the size of the level of profit obtained in relation to sales and investment, the better the profitability ratio, the better it illustrates the high ability of the company to earn profits. The better the profitability ratio, the higher the company's profits (Fahmi, 2012). There are six ratios used to measure profitability, namely: Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), Gross Profit Margin (GPM), Net Profit Margin (NPM), and Return on Sales (ROS).

Sustainability Report

Asokawati & Roekhudin (2019) narrate the Sustainability Report as a report published by the company in which financial, social, and environmental aspects occur in the company that affect the continuity of the company's operations to the public. The

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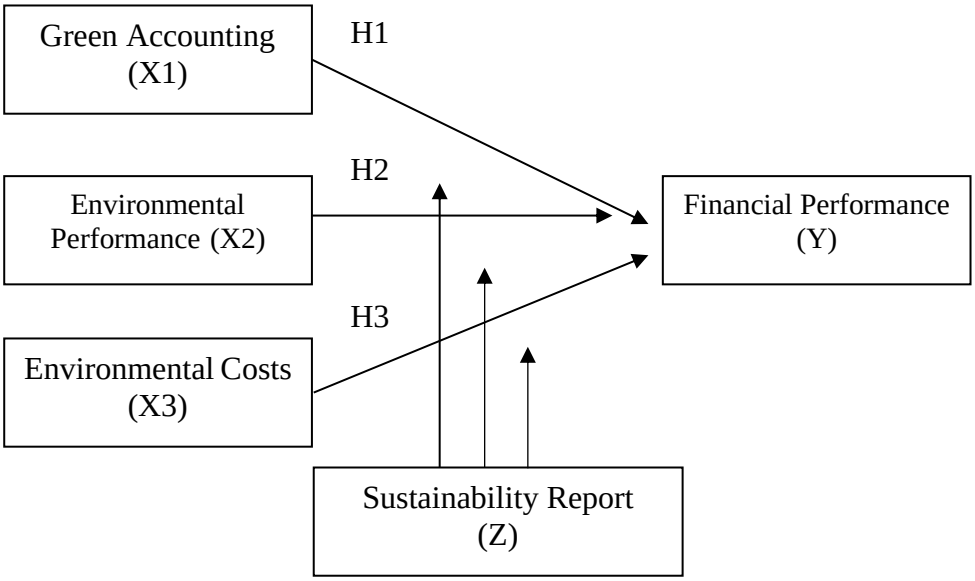
company's sustainability report can provide views to the public regarding social and environmental responsibility both positively and negatively. Based on Law No. 40 of 2007 concerning Limited Liability Companies chapter 1(3), Limited Liability Companies have social and environmental responsibilities, namely the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for the company itself, the local community, and society. Indonesia has standardized standards related to sustainability reporting, one of which is by adopting globally applicable standards, namely the Global Reporting Initiative (GRI) G4.

GRI G4 aims to help reporters prepare sustainability reports on important matters, contain valuable information about the most critical organizational issues related to sustainability, and make sustainability reporting a standard. The emphasis of GRI G4 for green accounting reporting is to emphasize how companies disclose expenses related to mitigation due to the impact of environmental degradation as a cost that must be reported by the company. Performance indicators in GRI G4 are divided into 3 main categories, namely economic, environmental, and social categories.



Development of Hypothesis

The Effect of Green Accounting Implementation on Financial Performance

The application of green accounting for the efficiency of environmental management by protecting the environment from the point of view of costs and benefits. By implementing green accounting, it is very beneficial for stakeholders for a longer period of time. The impact of the company implementing green accounting will spur positive things or have an opposite impact on the company's financial performance. This can be influenced by the company's time period in paying attention to environmental aspects. The results of previous research state that the application of green accounting has no effect on financial performance due to the additional allocation of special costs regarding the environment (Faizah, 2020; Prena, 2021). Based on this description, the researchers propose the following hypothesis:

H1 : The application of Green Accounting has no effect on the company's financial performance

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The Effect of Environmental Performance Implementation on Financial Performance

Environmental performance refers to how much impact and damage has been caused by the company's production, starting from waste disposal to how to control waste pollution from the company so as to minimize environmental damage around the company. The community (consumers) will positively assess the company if the company also pays attention to the environment around production, which means that environmental performance has an impact on the sales sector which affects the company's financial performance. The implementation of environmental performance tends to have a negative effect on financial performance (Hartiah & Pratiwi, 2022), so based on this description, the researcher proposes the following hypothesis:

H2 : The implementation of environmental performance has no effect on the company's financial performance

The Effect of Environmental Cost Implementation on Financial Performance

Environmental costing is a systematic cost accounting approach and not only focuses on accounting for environmental protection costs, but also considers environmental costs of materials and energy that can show the estimated costs of the company's production activities. Thus, environmental costs can be used as a benchmark that can affect the financial aspects of the company. This is as a result of previous research which reveals that the existence of special costs for environmental implementation is considered a burden that can reduce company profits (Hadriyani & Dewi, 2022; Hartiah & Pratiwi, 2022). Based on the description of this research, the following hypothesis is determined.

H3 : Environmental Cost Implementation does not affect the company's financial performance

Sustainability Report Moderates the Effect of Green Accounting Implementation, Environmental Performance, and Environmental Costs on Financial Performance

Corporate sustainability reports can give the public a view of social and environmental responsibility both positively and negatively. Based on these interests, the Indonesian government requires a company to set aside the net profit that has been obtained for the corporate social responsibility activity fund for the operational activities carried out. Based on this description, the researchers propose the following hypothesis:

H4a: The influence of the company's Sustainability Report can strengthen green accounting on financial performance
H4b: The influence of the company's Sustainability Report can strengthen environmental performance on financial performance
H4c: The influence of the company's Sustainability Report can strengthen environmental costs on financial performance

RESEARCH METHODS

This research is quantitative research of the causality type. Causal research is research that aims to determine the relationship between two or more variables (Sugiyono, 2019) Causal relationships are relationships that are causal in nature, one variable (independent) affects another variable (dependent). Quantitative research is one type of research whose specifications are systematic, planned, and clearly structured from the beginning to the

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creation of its research design. Thus, the reason researchers use causality type quantitative research is because the aim is to test the effect of the resulting cause-and-effect relationship between variables so that researchers can state the results of the classification of a hypothesis test treatment in a systematic and measurable manner.

Data collection technique is a strategic step in research to obtain data to meet predetermined standards in answering the formulation of problems expressed by research. The data collection method is carried out by searching secondary data, namely data obtained from the Indonesia Stock Exchange (IDX) for the 2020-2022 period. This method is carried out by collecting secondary data by looking at the annual report and the GRI index of each company that matches the sample criteria obtained from https://www.idx.co.id

The population in this study is industrial classification manufacturing companies based on production results listed on the Indonesia Stock Exchange (IDX) for the period 2020-2022. The total population is 80 primary industry and secondary industry companies. The sampling technique was carried out through purposive sampling technique and obtained a sample of 20 companies or 60 units of analysis with the following details.

- Companies that went public in manufacturing industry companies for the 2020-2022 period amounted of 80.
- Manufacturing industry companies for the 2020-2022 period that published complete annual reports amounted by 53,
- Companies that have participated in PROPER registered in manufacturing industry companies for the 2020-2022 period published by the Ministry of Environment (KLH) amounted by 33,
- Companies that have reported sustainability activities based on GRI G4 guidelines amounted to 20 of these reports observed for three years, so the number analyzed was 60.

The variables in this study are classified into independent variables (independent) which include green accounting (X1), environmental performance (X2) and environmental costs (X3), dependent variables, namely financial performance (Y), and moderating variables (Z), namely sustainability reports.

The effect between the independent variables which include green accounting (X1), environmental performance (X2) and environmental costs (X3) on the dependent variable financial performance (Y), and the moderating variable (Z) sustainability report, this study uses a moderated regression analysis approach through the MRA (Moderated Regression Analysis) multiple regression analysis method because researchers use moderating variables. Data processing in this study used SPSS (Statistical Package for Social Science). The stages of analysis are described as follows: descriptive statistical test, classical assumption test, and hypothesis testing.

RESULTS

Table 1 Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	60	1	2	1.550	.502
Environmental Performance	60	3	5	3.467	.623
Environmental Costs	60	-.284	.426	.040	.085
Financial Performance	60	-.203	.349	.082	.099

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Sustainability Report	60	.352	.901	.653	.175
GA_Sustainability Report	60	.352	1.802	1.018	.434
KL_Sustainability Report	60	1.121	7.802	3.517	1.619
BL_Sustainability Report	60	-.885	1.329	.129	.264
Valid N (listwise)	60				

Source: SPSS, 2023

Table 1 shows that the number of observed samples is 60, as explained earlier, namely 20 companies multiplied by three years. As a result, 60 observations are presented in the minimum, maximum, average and standard deviation values. Of the variables tested, the majority obtained a standard deviation value that did not exceed the average value, as is the case with the Sustainability report, this variable has a standard deviation value that does not exceed the average, thus indicating that the sustainability report is a suitable variable to be used for moderation in testing.

Results of Classical Assumption Test

This study uses a classic assumption test consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests. From this test all variables are normally distributed. The normality test using the One-Sample Kolmogorov-Smirnov test model produces a normal value because the significance value or Asymp. Sig. (2-tailed) > 0.05. The multicollinearity test results in a decision that there are no symptoms of high correlation because the VIF value> 10 and the Tolerance value <0.10. The heteroscedasticity test produces a good regression because the variable significance value is greater than 0.05. The autocorrelation test does not experience interference because the Durbin-Watson test value obtained is between the upper limit DU and the 4-DU value so that decision making does not occur autocorrelation.

Results of Hypothesis Test

Table 2. Regression Analysis Test Equation 1 Multiple Linear (MRA)

Model		Coefficients[a] Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.138	.088		1.566	.123
	Green Accounting	-.029	.026	-.147	-1.109	.272
	Environmental Performance	-.002	.021	-.016	-.118	.906
	Environmental Costs	-.055	.155	-.048	-.358	.722

a. Dependent Variable: Financial Performance

Based on table 2, it is known that the negative value of the regression coefficient occurs in the green accounting variable, environmental performance, and environmental costs, meaning that the value of the role of these variables has a negative direction which results in if the value of green accounting, environmental performance, and environmental costs increases every 1%, the level of profitability of financial performance will decrease, but the significance value of the three variables is greater than 0.05 so it can be concluded that the increase in value has no significant effect on the financial performance variable.

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Table 3. Regression Analysis Test Equation 2 Multiple Linear (MRA)

Model		Coefficients[a]			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.188	.236		-.799	.428
	Green Accounting	-.070	.098	-.353	-.710	.481
	Environmental Performance	.075	.055	.470	1.352	.182
	Environmental Costs	-.115	.544	-.098	-.211	.834
	Sustainability Report	.105	.223	.186	.469	.641
	GA_Sustainability Report	.312	.220	1.368	1.419	.162
	KL_Sustainability Report	-.075	.048	-1.225	-1.566	.123
	BL_Sustainability Report	.016	.175	.042	.090	.298

a. Dependent Variable: Financial Performance

Based on table 3, it is known that the significance value of the green accounting variable is 0.162, environmental performance is 0.123, and environmental costs are 0.298, the three variables have been moderated by the sustainability report to obtain a significance value that is <0.05, with this concluding that the sustainability report variable is not strong enough even though there is a change in the decrease that is close to <0.05 to moderate the independent variable on the dependent variable.

Test Results of the Coefficient of Determination (R2)

The coefficient of determination test is used to test the magnitude of the influence between the independent variables in influencing the dependent variable which can be seen from the R Square (R^2) value. Based on the moderated test results, the Adjusted R Square value of 0.516 means that the existence of a moderating variable (sustainability report) can strengthen the influence of the independent variables (green accounting, environmental performance, and environmental costs) on the dependent variable (financial performance) by 51.6%. While the remaining 48.4% is influenced by factors other than the variables studied. While the remaining 48.4% is influenced by factors other than the variables studied.

F Test Results (simultaneous)

The F test is used to test whether the independent variables simultaneously affect the dependent variable. Based on the test results, researchers revealed that the moderated variables, namely green accounting, environmental performance, and environmental costs, did not have a simultaneous influence on financial performance. This means that the additional costs for preserving the environment around the company can be a burden in itself and reduce the level of profitability so that more capital is needed so that the company can balance its financial performance.

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t Test

Table 4. t Test

Model		Coefficients[a] Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.188	.236		-.799	.428
	GA_Sustainability Report	.312	.220	1.368	1.419	.162
	KL_Sustainability Report	-.075	.048	-1.225	-1.566	.123
	BL_Sustainability Report	.016	.175	.042	.090	.298

a. Dependent Variable: Financial Performance

Based on the results of table 4 t test, it can be seen that the t value on green accounting, environmental performance, and environmental costs that have been moderated get a value smaller than the t table and the significance value is accepted, so it can be concluded that green accounting, environmental performance, and environmental costs that have been moderated have strengthened but do not have a significant effect on financial performance. This shows that testing of several variables that have been moderated can strengthen the value of the company even though the sig number still does not reach the predetermined limit (0.05). The influence of sustainability reports that can be seen by the public regarding the company's involvement in maintaining and caring for the environment around production whose impact can be felt by the community causes positive interest in the company. The impact felt by the community around the company can affect reciprocity for the care caused by the company. But on the other hand, there are additional costs incurred by the company, especially since the period of this research year in 2020-2022 was affected by the pandemic, thus affecting the level of total profits and investor interest in the company.

DISCUSSIONS

The Effect of Green Accounting Implementation on Financial Performance

Based on the test results, it shows that the significance value is 0.272> 0.05 and the regression coefficient value is -0.029. Thus, it can be concluded that the negative value on the regression coefficient indicates that there is an indication of a decrease in profitability (financial performance) due to green accounting. This shows that green accounting can affect the size of the financial aspects disclosed by the company in the annual report. The financial aspects incurred by the company in the form of research and development and liability for environmental pollution caused by the company certainly increase expenses that can reduce profits. This study is in line with the results of research conducted by Faizah, (2020); and Prena, (2021) which state that green accounting does not have a positive effect on financial performance due to additional costs specifically regarding the environment. Faizah (2020) concluded that the existence of these costs is considered a burden that can increase expenses so that it reduces the company's net profit, but with companies caring about the environment, it will have a one-sided positive impact on the public's view of related companies.

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The Effect of Environmental Performance Implementation on Financial Performance

Based on the test results, it shows that the significance value is 0.906> 0.05 and the regression coefficient value is -0.002. Thus, it can be concluded that the negative value of the regression coefficient indicates that there is an indication of a decrease in profitability (financial performance) due to environmental performance. This shows that the environmental performance carried out by the company still does not necessarily guarantee that the company's profitability will increase significantly even though according to the KLHK source (2019) PROPER ranking criteria, the average company obtained a rating of 3 (good). The company's role in paying attention to the environment has also not been able to attract investors to be able to invest massively, especially in the external sector in addition to production operations. This research is in line with the results of research conducted by Hartiah & Pratiwi (2022) which states that the implementation of environmental performance tends to have a negative effect on the company's financial performance. The company's rating assessment is still on the verge of being unstable, which on average achieves blue color in the PROPER criteria according to KLHK (2019) and tends to stagnate every year. The important role of investors in investing is expected to improve the company's criteria for environmental management efforts in accordance with statutory regulations.

The Effect of Environmental Cost Implementation on Financial Performance

Based on the test results, the significance value is 0.722> 0.05 and the regression coefficient value is -0.055. Thus, it can be concluded that the negative value of the regression coefficient indicates that there is an indication of a decrease in profitability (financial performance) due to environmental costs. This shows that the environmental costs projected by the company are a dynamic approach when compared to the company's financial condition in the annual report, the object of this research year was carried out during the pandemic, resulting in an unstable environmental cost reference in the prevention (protection) of environmental damage. In a situation like this, the company will consider aspects of profitability by reducing external costs and not reducing production costs or company overhead. This research is in line with the results of research conducted by Hadriyani & Dewi, (2022); and Hartiah & Pratiwi, (2022) which state that the allocation of special costs for environmental implementation is considered a burden that can reduce company profits. Given that the average financial condition of companies during a pandemic has decreased so that it will increase the burden even greater with the allocation of environmental costs.

CONCLUSION

Based on the results of research and discussion regarding the effect of green accounting, environmental performance, and environmental costs moderated by sustainability reports on the level of profitability of financial performance as the dependent variable in industrial classification manufacturing companies based on production results, namely primary industry and secondary industry in 2020-2022 listed on the Indonesia Stock Exchange (IDX) and have been programmed by PROPER which is the focus of research, then based on the discussion the three hypotheses are accepted. Thus, it can be concluded that the existence of green accounting, environmental performance, and environmental

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costs applied has no effect on the level of profitability of the company's financial performance, but with the moderation by sustainability reports on green accounting, environmental performance, and environmental costs can affect the results of strengthening the profitability of financial performance even though it does not have a significant effect. The existence of additional components of expenses in environmental aspects such as the cost of preventing damage before it occurs, the cost of research and development, and handling liabilities for environmental pollution caused by the company will have an impact on how much the company's net profit will increase, which will reduce the company's profitability level. In addition, the year of the research conducted in 2020-2022 there was a pandemic period which resulted in several companies experiencing a decrease in profit levels so that the company allocated the burden component of environmental aspects to voluntary costs (donations) which resulted in instability in the value of environmental aspects. With these results, the influence of green accounting, environmental performance, and environmental costs does not guarantee that the profitability of the company's financial performance will increase significantly. But on the other hand, the influence of green accounting, environmental performance, and environmental costs can slightly gain a positive image from the public regarding environmental management caused by the company.

This research can be used as a means to add information, insight, and knowledge about the effect of green accounting, environmental performance, and environmental costs on the level of profitability of financial performance of manufacturing companies. The results of this study can be used as input and evaluation material for related and similar companies to make decisions on environmental components that have an impact on annual report reporting. This research can also be used as a consideration for the government to control the company's performance in managing the remaining waste generated from production and a form of responsibility to society. Then, for future researchers, this research can be a reference for similar research and as a reference to complete the necessary information.

This research is limited to data available on the IDX according to PROPER for a three-year period, so there is a possibility that the results will be different if the time period is extended, or there are other criteria used. Therefore, based on the results of this study, it is recommended that companies can seek capital massively to improve financial ratios, so that company performance can also be improved. Likewise, for future researchers, they can add other variables, because in this study it was found that there were 48.4% other factors that influenced the results of this study.

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