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The Influence Of Asset Management, Green Accounting, And Social Disclosure On Financial Performance In The Manufacturing Sector Listed On The IDX

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Abstract

Introduction/Main Objectives: This study explores the impact of asset management, green accounting, and social disclosure on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2022 and 2024. These factors are increasingly relevant as firms seek to improve profitability while maintaining sustainability in a competitive market.

Background Problems: The research addresses the question: Do asset management, green accounting, and social disclosure significantly influence the financial performance of IDX-listed manufacturing companies?

Research Methods: A quantitative explanatory design was adopted, utilizing secondary data from annual reports and PROPER environmental ratings. A purposive sample of 29 manufacturing firms was selected for the 2022–2024 period. Multiple linear regression analysis was performed using SPSS version 26 to test the hypotheses.

Finding/Results: The results reveal that asset management and green accounting have a positive and significant effect on financial performance, whereas social disclosure shows no direct impact. This indicates that efficient resource utilization and systematic adoption of green accounting practices contribute to profitability, while social disclosure alone does not guarantee financial improvement.

Conclusion: The study concludes that companies should prioritize optimal asset management and integrate green accounting into their operations to enhance competitiveness and firm value. Future research is recommended to examine potential mediating factors such as corporate governance and stakeholder engagement to better understand the role of social disclosure in financial outcomes.

Keywords: Asset Management, Green Accounting, Social Disclosure, Financial Performance, Manufacturing

Introduction

The manufacturing industry plays a crucial role in Indonesia's economy, accounting for 19.8% of the country's GDP in 2022 (BPS, 2023). Still, manufacturing companies often struggle to manage their resources effectively enough to maintain strong financial performance, especially in the face of global competition and rapid economic changes. Financial performance measures a company's ability to effectively manage its resources and generate profits. Dura (2022) explains that financial performance reflects how effectively resources are managed, which can boost a company's value. Asset management is one key factor that affects financial performance. When companies manage their assets effectively, they utilize resources more efficiently, increase productivity, and reduce operating costs (Sihombing et al., 2023). Good asset management also helps companies run smoothly by ensuring that assets are properly maintained, inventory is accurately monitored, and investments align with production needs. Mardivta & Herdiansyah (2022) note that efficient asset management can help companies maximize the value of their assets, minimize unused capacity, and extend the life of their equipment. This way, companies can lower the risk of losses from poor asset use and improve their financial performance over time.

Green accounting is an accounting method that emphasizes the efficient and effective use of long-term resources, focusing on sustainability and environmental responsibility. The goal is to ensure business growth is aligned with environmental responsibility and provides benefits to society (Dura & Riyanto, 2022). Green accounting systematically helps companies maintain environmental sustainability while remaining financially efficient (Sudarminto & Harto, 2023). This is achieved by controlling expenses, using environmentally friendly technology, and ensuring production processes do not harm the environment. One goal is to conserve energy (Li et al., 2023). The implementation of green accounting can also enhance the transparency of financial reports by providing more accurate disclosure of environmental costs, thereby assisting management in making strategic decisions oriented toward sustainability (Swalih et al., 2024). According to Tri Pratiwi et al. (2025), the implementation of green accounting can enhance the transparency of financial reports by providing more accurate disclosure of environmental costs, thereby assisting management in making strategic decisions oriented toward sustainability (Swalih et al., 2024). Green accounting has a positive and significant impact on the financial performance of manufacturing companies in Indonesia, as environmental cost efficiency can improve profitability and strengthen investor confidence. Similar research by Dura & Suharsono (2022) also shows that green accounting supports the achievement of sustainable development goals. (SDGs) through energy cost efficiency, waste reduction, and improved corporate image in the public eye. Thus, the implementation of green accounting not only impacts the environment but also provides tangible long-term economic contributions through increased corporate value and sustainable financial performance.

Social factors play a key role in corporate sustainability. When companies disclose their social responsibility, they show their commitment to society and the social environment (Wedari & Shafadila, 2022). By sharing this information, companies aim to be transparent and accountable.

Social activities, employee welfare, occupational safety, and contributions to the local community are important aspects of social disclosure (Chairunnisa et al., 2025). Effective social disclosure can boost a company's reputation and public trust, and help build strong, long-term relationships with stakeholders (Azzahra & Widiastuty, 2025). Wibowo & Linggarsari (2024) note that consistent social disclosure creates a positive image for companies among investors and the public, even if the effect on profits is not always clear. Bamel et al. (2025) found that the social aspect of ESG disclosure has a bigger influence on operational and market performance than on accounting results. Overall, social disclosure is key to supporting a company's sustainability and reputation, though its effect on financial performance tends to be indirect.

The financial performance of manufacturing companies in Indonesia has changed significantly in recent years. In 2024, PT Indofood CBP Sukses Makmur Tbk showed improvement in recent years. It recorded a net profit of IDR 7.07 trillion, up approximately 1.27% from the previous year, with consolidated net sales increasing 7% to IDR 72.6 trillion. This increase was due to optimal asset management, cost control, and operational efficiency amid rising raw material prices (Usman, 2025). Meanwhile, PT Indocement Tunggal Prakarsa Tbk. recorded a net profit of IDR 2.01 trillion in 2024, up 3% compared to the previous year, despite a slowing domestic cement market. However, due to rising production costs and pressure on cement selling prices, INTP's net profit fell by 16.7% during the first nine months of 2024. This condition demonstrates the importance of asset management and cost efficiency in maintaining stable profitability amidst fluctuating market challenges (Rizaldy, 2024). PT Krakatau Steel (Persero) Tbk., on the other hand, faces a bigger problem. The company recorded a loss of US$154.7 million in 2024, increasing from the previous year's loss of US$130 million due to declining sales and high energy costs. Nevertheless, KRAS remains committed to sustainable actions by implementing green accounting, increasing energy efficiency, reducing carbon emissions, and improving sustainability reporting (Nabhani, 2025). This shows that sustainability awareness has not diminished despite declining financial performance.

By implementing green accounting, environmental issues are also starting to become a major concern. According to a report from the Ministry of Environment and Forestry (KLHK, 2025), the results of the Company Performance Rating (PROPER) program show that of the 4,495 manufacturing companies evaluated, 58.93% only received a blue rating, indicating they still meet minimum requirements without innovative efforts to preserve the environment. This indicates It turns out that the implementation of green accounting has not had a major impact on improving the company's financial performance. In terms of social disclosure, manufacturing companies in Indonesia are still very limited. According to the IDX ESG Disclosure Report (2024), only around 55% of manufacturing companies consistently report social and environmental responsibility disclosures in their annual reports.

Based on these empirical phenomena and findings, this study was conducted to examine the influence of asset management, green accounting, and social disclosure on financial performance in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Research Methods

This study uses an explanatory design with a quantitative approach. The population includes all manufacturing companies listed on the Indonesia Stock Exchange from 2022 to 2024. The sample is selected using purposive sampling based on these criteria:

a. Manufacturing companies in the basic materials, industrial, consumer cyclical, and consumer non-cyclical sectors listed on the Indonesia Stock Exchange in 2022-2024.
b. Manufacturing companies in the basic materials, industrials, consumer cyclicals, and consumer non-cyclicals sectors that consistently disclosed sustainability during 2022-2024.
c. Manufacturing companies in the basic materials, industrial, consumer cyclical, and consumer non-cyclical sectors that received the PROPER award during 2022-2024.
d. Manufacturing companies in the basic materials, industrials, consumer cyclicals, and consumer non-cyclicals sectors that generated profits during

2022-2024 because the ROA proxy used in calculating financial performance was net profit after tax. Their shares were actively traded during 2022-2024.

The sample used in this study consisted of 29 companies that successfully met the predetermined criteria selected for this study. The dependent variable is financial performance, measured by ROA, which compares total assets to net profit after taxes. The impartial variables are asset management, measured by TATO, green accounting, In the context of this assessment, environmental performance is measured through the PROPER rating, which uses a five-level scale: gold (5), green (4), blue (3), red (2), and black (valu1), and social disclosure, measured by the social disclosure index, which counts the number of items disclosed about corporate social responsibility. Data analysis was conducted using SPSS version 26 to test the hypotheses and estimate errors. The data were analyzed using descriptive statistics, normality tests, classical assumption tests (multicollinearity, heteroscedasticity, and autocorrelation), and hypothesis testing.

Result

Descriptive analysis was used to give an overview of the research variables: asset management, green accounting, social disclosure, and financial performance. The results from 87 companies show that asset management practices still differ, and green accounting is not yet widely adopted. Most companies are similar in other respects, and their financial performance is generally good and stable.

The normality test checks if the sample data follows a normal distribution by using the Kolmogorov-Smirnov test. According to Nornadiah & Yap (2011), this test is important for validating statistical assumptions. The results are shown by a p-value, and the data is considered normal if the p-value> 0.05. The normality test was done to make sure the residual data is normally distributed. The Kolmogorov-Smirnov test gave a significance value of 0.058, which is higher than 0.05. Therefore, the residual data is normally distributed and meets the assumption of normality.

The multicollinearity test results show that all independent variables have a tolerance value above 0.10 and a VIF value below 10. This means there are no signs of multicollinearity in the regression model, so the independent variables do not strongly affect each other.

The Glejser test for heteroscedasticity showed significance values of 0.773 for asset management, 0.335 for green accounting, and 0.607 for social disclosure. Since all values are above 0.05, this means the regression model does not show signs of heteroscedasticity.

The Durbin-Watson test gave a value of 1.086, which shows there is no significant autocorrelation between the residuals. This means the regression model meets all the main classical assumptions.

The partial test (t-test) results show that asset management variables and green accounting have a significant impact on financial performance, but social disclosure did not have a significant effect.

The asset management variable shows a regression coefficient of 0.002 and a p- value of 0.023, which is less than 0.05. This means that better asset management leads to higher financial performance, so the hypothesis is accepted. Effective asset management can also enhance operational efficiency and contribute to increased profitability for a company.

The regression value for the green accounting variable is 0.003, with a significance value of 0.014, which is less than 0.05. This shows that green accounting has a positive and significant effect on financial performance, so the hypothesis is accepted. These results suggest that applying green accounting principles can improve a company's image and build investor trust, which in turn benefits financial performance.

Meanwhile, the regression value for social variables disclosure is -0.008, with a significance value of 0.383, which is greater than 0.05. This means that social disclosure does not have a significant effect on financial performance; therefore, the hypothesis is rejected. It suggests that investors and stakeholders do not yet consider social disclosure a primary factor in evaluating a company's financial performance.

Discussion

The influence of asset management on financial performance

The regression results support the hypothesis that asset management this appears to have significantly improved the financial performance of manufacturing companies listed on the Indonesia Stock Exchange between 2022 and 2024. This finding aligns with trends observed in Indonesian manufacturing companies, where efficient asset management enhances financial performance. Companies with effective asset management are better equipped to utilize their assets to generate revenue, even in the face of higher production costs.

This means that companies that manage their assets more efficiently are better at generating profits. Effective asset management demonstrates that a company is utilizing its resources efficiently, resulting in increased productivity and profitability. This result is consistent with research by Mardivta & Herdiansyah (2022) and Sihombing et al. (2023), who found that high total asset turnover indicates a The company's capacity to use its assets efficiently to generate revenue.

Influence green accounting on financial performance

The regression results support the hypothesis that green accounting has a positive and significant effect on the financial performance of manufacturing companies. In the manufacturing industry, adopting green accounting helps companies lower costs, work more efficiently, and enhance their reputation with investors by implementing more sustainable practices.

This indicates that companies that consistently employ green accounting tend to achieve better financial results. Green accounting helps manage environmental costs more efficiently, clarifies reporting, and enhances a company’s image with investors and the public. Dura & Suharsono (2022) found that green accounting improves financial performance by reducing costs and enhancing a company’s environmental reputation, which in turn increases profits. Tri Pratiwi et al. (2025) also found that green accounting had between 2019 and 2022, there was a significant positive impact on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange. In short, better green accounting is linked to higher profits because managing environmental costs well can improve financial results and increase investor confidence.

The influence of social disclosure on financial performance

The regression results led to the rejection of this hypothesis, indicating that corporate social responsibility disclosure does not have a significant impact on financial performance. This result is consistent with the manufacturing sector, where most companies view social responsibility mainly as a means of regulatory compliance rather than a key strategy for enhancing financial results. Although social activities can enhance a company's reputation and image, their impact on profitability has not been clearly established.

This indicates that investors do not yet consider corporate social disclosure a key factor in evaluating financial performance. While social disclosure can improve a company's reputation, its effect on profits is not immediately clear. This may be because social responsibility is still viewed as an additional activity rather than a primary means of boosting profits. This finding aligns with research by Wibowo & Linggarsari (2024) and Rahi et al. (2022), who found that social disclosure does not have a significant impact on financial performance. Social activities often require long-term investment, and their benefits are typically realized later. Bamel et al. (2025) also found that social disclosure does not always lead to improved financial results for a company. Their study reveals that the social aspect of ESG disclosure primarily impacts operational and market performance, rather than accounting or financial results. This suggests that while social activities can foster public trust and enhance a company's image, they do not always translate into improved profits or financial ratios, particularly in developing countries.

Conclusion

The study found that both asset management and green accounting have In the period 2022 to 2024, this appears to have had a substantial positive impact on the financial performance of manufacturing companies listed on the Indonesia Stock Exchange. Companies that manage their assets well and apply green accounting principles tend to perform better financially. On the other hand, social disclosure does not have a major impact on the company's financial results, suggesting that corporate social activities are not yet a key factor in profitability.

This study has several limitations, including a short observation period and a small sample size in the manufacturing sector. The variables are limited to asset management, green accounting, and social disclosure, so they do not cover all factors that affect a company's financial performance. Additionally, the data come from secondary sources, such as annual reports and PROPER, which may not fully reflect the company's actual condition.

Future studies should examine a broader range of industries and employ longer observation periods to obtain more representative results. Researchers could also include variables such as environmental performance, corporate governance, or ESG disclosure to better understand what factors affect financial performance. Additionally, employing qualitative or mixed-methods approaches may facilitate the exploration of how sustainability practices are related to corporate financial performance.

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