Effect of Environmental Accounting Disclosure, Firm Size, and Growth Opportunity on Stock Return: Empirical Evidence on Mining Companies Listed on the Indonesia Stock Exchange

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Abstract. The purpose of this study was to examine the effect of Environmental Accounting Disclosure, Firm Size, and Growth Opportunity in Stock Return. This study uses panel data with 126 observation samples from mining companies listed on the Indonesia Stock Exchange in 2019-2021. The results of this study indicate that environmental accounting disclosure and growth opportunity have an effect on stock returns, while firm size has no effect on stock return. The implications of the study indicate that the more environmental accounting disclosure made by companies and high growth opportunity can increase stock prices and have a positive impact on stock return. Conversely, firm size is not an important indicator that investors pay attention to.

Keywords: environmental accounting disclosure, firm size, growth opportunity, stock return

1. Introduction

The capital market refers to a place where long-term trading of financial instruments, such as stocks, bonds and derivatives, takes place between parties who need capital and those who provide capital (investors). The main purpose of the capital market is to facilitate the transfer of funds from investors who have excess funds to entities or companies that need funding for business development or expansion. While the goal of investors is one of them to get a capital return (return). Stocks that are able to provide a realized return that is not too far from the expected return are considered good stocks [8]. Measurement of stock investment returns is important for investors to find out how well the performance of the financial assets they choose will be able to be used to estimate stock returns in the future.

Investors are attracted to companies that make environmental accounting disclosures, companies that care about the environment have a good image in terms of sustainable prospects in the future [12]. One way to inform investors that the company has participated in environmental responsibility is by voluntarily disclosing environmental performance in financial reports or sustainability reports. The link between firm size and stock returns is seen from the company's total assets, which is getting bigger, it will affect the size of the company so that the size of the company will be relatively stable because it has large total assets and the company will be able to generate large profits as well. This affects the increase in stock returns that will be obtained by the company and shareholders. In addition to the several indicators

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above in assessing the evaluation of company shares, growth opportunity indicators can also be used. A company's growth opportunity refers to existing opportunities or growth potential to increase the overall scale, profitability and value of the company by identifying and exploiting new opportunities that can generate long-term business growth. It is important for investors to identify and take advantage of growth opportunities because they will affect high levels of stock returns.

2. Literature Review

Legitimacy Theory

Legitimacy theory is one of the theories used to view studies of environmental accounting. The legitimacy theory reveals that a company has limits on operating based on the norms and values that apply to the social life of the community and the environment in which the company operates. Therefore, the company's operations and all of its activities will continue to be attached to the social life of the community and the surrounding environment. This shows that there is a social contract between the company and the community and there is social environmental disclosure. Companies managing social contracts must adjust to the prevailing norms and values so that they run in a balanced way. A company can obtain legitimacy if its presence does not have a negative impact on the environment and the surrounding community and its operations are carried out based on social norms and values that apply in social life [7].

Stakeholders Theory

Stakeholder theory explains that a company is not an entity that runs for it’s own purposes but is useful for itself and others it’s stakeholders. This theory shows that the progress of an entity relies heavily on its ability to balance the various interests of stakeholders or stakeholders. Companies are part of a number of components that make up society in a social system. This situation produces a reciprocal relationship between the company and its stakeholders. This means that the company must realize its obligations in two directions, namely achieving the goals of the company itself and its stakeholders. Stakeholder theory identifies and models stakeholder groups and companies and explains how management can act in the interests of these groups [12].

Environmental Accounting Disclosures

The main purpose of environmental accounting is to take into account the economic impact of activities related to the environment and assist organizations in making environmentally sustainable decisions. Disclosure of environmental accounting becomes a distinct characteristic for consumers where consumers will be interested in choosing products sourced from companies that have implemented green accounting. This has had a positive developmental impact on the industry in increasing sales levels so that business continuity and the selling value of the industry in the eyes of investors can also increase.

Firm Size

The size of the company can provide how much information it contains, and illustrates management's understanding of the importance of information, both for internal and external parties to the company. Firm size will have an impact on investor interest in investing in a company. Companies with large total assets will easily get additional capital in the capital market when compared to companies that have smaller total assets because with small total assets, the company's stock price will be low which results in low stock returns.

Growth Opportunity

Growth opportunity is a variable that describes future prospects. The market assessment of a company's development opportunities can be seen from whether or not a company is growing. Profit information for companies that have growth opportunities will be responded positively by investors [1]. In addition, companies that have growth opportunities are expected to provide high profitability in the future, and are expected to have sustainable profits.

Stock Return

Stock return is the profit received from the company for the investor from the results of the investment made either in the form of interest or dividends and as a reward for the courage of the investor to bear the investment risk. Return is the result obtained from investing in stocks consisting of capital gains (losses) and yields. The capital gain is a difference in the profit loss from today's investment price when compared with its value past period. The yield is the percentage of cash revenue over a given period in which the investment price shall be invested by the investor.

3. Hypothesis Development

Global environmental problems are growing rapidly resulting in changes related to stakeholder needs. If more and more environmental information is disclosed by the company, it will show the company's high commitment to the environment and the company's sustainability in the long term. The existence of disclosed information will attract external stakeholders or companies, which consist of government, employees, investors, and the public.

H1: Disclosure of environmental accounting affects stock returns.

The size of the firm can provide an indication of the number of assets held by a company, because it is larger. The larger the number of assets held by a company. Larger companies will use their assets for company activities so that the use of debt is smaller [2].

H2: firm size has an effect on stock returns

Growth Opportunity is a company growth opportunity that can increase the company's value in the future. The faster growth of the company must be equipped with a large number of fixed assets. So to offset the company's rapid growth in the future, the company requires larger funds.

H3: growth opportunity affects stock returns.

The existence of environmental accounting is used to identify, assess measure, present costs of managing waste from operational activities as an effort to reveal environmental quality in optimizing the social responsibility industry. The bigger the firm size, the more it will affect how to manage the company and produce good company performance. A relatively high Growth Opportunity will give a positive signal to stakeholders which will lead to a higher profit level.

H4: environmental accounting disclosures, firm size, and growth opportunities have an effect on stock returns.

4. Research Methods

The population in this study are mining companies listed on the IDX in 2019-2021. Based on the results of the sample selection, there were 126 research samples. Companies that are sampled are based on certain criteria (purposive sampling) with the following requirements:

1. The company has consistently registered and published annual reports for the period 31 December 2019 – 31 December 2021 consistently.
2. The available data is complete, which means that the data as a whole is available in publications for the period 31 December 2019 – 31 December 2021, including data regarding environmental accounting disclosures, firm size, growth opportunities, and stock returns.

This research uses data sources in the form of annual reports, which are accessed through the Indonesia Stock Exchange (www.idx.co.id) and the websites of each company. The measurements for each variable are in table 1.

Table 1 Variable Measurement

Variable	Definition	Indicator	Scale
Environmental Accounting Disclosures (X_1)	Disclosure of environmental accounting is the presentation of information regarding financial and non-financial information.	$\frac{\text{the total index disclosed}}{\text{the actual total index}}$	Ratio
Firm Size (X_2)	Firm size is a measure of the size of a company.	Ln (Total Assets)	Ratio
Growth Opportunity (X_3)	Growth opportunity is an opportunity to grow an entity in the future.	$\frac{\text{Total Assets (t)} - \text{Total Assets (t} - 1)}{\text{Total Assets (t} - 1)}$	Ratio
Stock Return (Y)	The level of profit enjoyed by investors on a stock investment that they do.	$\frac{Pit - Pit - 1}{Pit - 1}$	Rasio

5. Results And Discussion

Descriptive Statistics

Table 2. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PAL	126	.15	1.00	.6054	.25742
FS	126	24.89	32.32	29.1812	1.79160
GROWTH	126	-.50	.77	.0458	.21816
RS	126	-.96	3.05	.1671	.67204
Valid N (listwise)	126				

Source: Processed data, 2023

Normality Test

Table 3. Normality test

		Unstandardized Residual
N		126
Normal Parameters[a,b]	Mean	,4383
	Std. Deviation	,45875
Most Extreme Differences	Absolute	,203
	Positive	,203
	Negative	-,177
Test Statistic		,203
Asymp. Sig. (2-tailed)		,768

Source: Processed data, 2023

Based on table 3 it can be concluded that the data is normally distributed. This is supported by the Asymp value. Sig. (2-tailed) of 0.768 > 0.05.

Autocorelation Test

Table 4. Autocorelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,324[a]	,105	,083	,6434420	2,117

Source: Processed data, 2023

Based on Table 4, the results of the autocorrelation test using Durbin Watson can be seen that the Durbin Watson value is 2.117, so the DW table value is between two < d < 4 – du (no autocorrelation occurs).

Multicolinearity Test

Table 5. Multicolinearity Test

Model		Collinearity Statistics Tolerance	VIF
1	(*Constant*)	,607	1,646
	PAL	,590	1,695
	FS	,951	1,052
	GROWTH	,607	1,646

Source: Processed data, 2023

Based on table 5, the results of the multicollinearity test show that the tolerance value for each independent variable is greater than 0.1 and the VIF value is less than 10. So it can be concluded that multicollinearity does not occur.

Heteroskedasticity Test

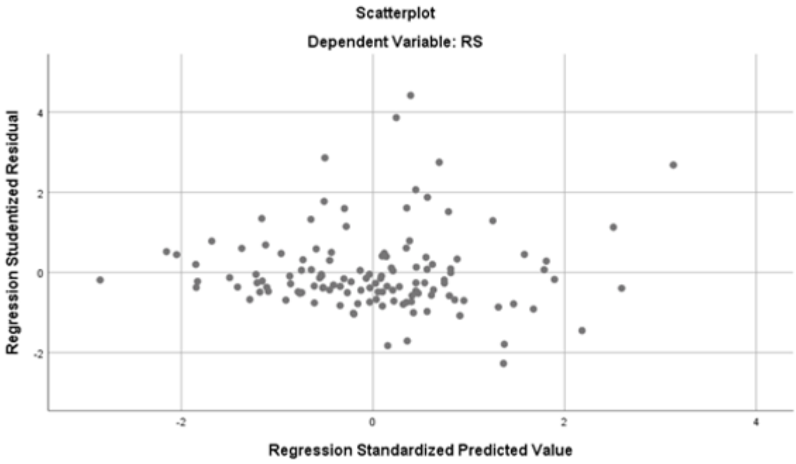

Fig. 1 Heteroskedasticity Test

From the scatterplot graph above it can be seen that the points are spread randomly and are above or below the number 0 on the Y axis and the distribution of the data points is not patterned. Based on this, it can be concluded that there is no heteroscedasticity in the regression model.

Hypothesis Test

Table 6. Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1,713	1,121		1,528	,129
	PAL	,008	,003	,294	2,672	,009
	FS	-,001	,000	-,187	-1,674	,097
	GROWTH	,705	,271	,228	2,600	,010
	R^2 : 0,105					
	F. Statistik : 4,779					
	Sig. F : 0,003					

Source: Processed data, 2023

Based on table 6, the regression equation model can be obtained as follows:

$$Y = 1.713 + 0.008\ X1 + (-0.001)\ X2 + 0.705\ X3 + 1.212\ . \quad (1)$$

α = 1.713, this means that if the Environmental Accounting Disclosure, Firm Size, and Growth Opportunity variables are considered zero, then the Stock Return variable is 1.713.

b_1 = 0.008, this means that if the Environmental Accounting Disclosure variable increases by one unit, the stock return variable will increase by 0.008 units, provided that other variables are considered constant.

b_2 = -0.001, this means that if the Firm Size variable increases by one unit, the stock return variable will decrease by 0.001 units, provided that other variables are considered constant.

b_3 = 0.705, this means that if the Growth Opportunity variable increases by one unit, the stock return variable will increase by 0.705 units, provided that other variables are held constant.

Effect of Environmental Accounting Disclosures on Stock Returns

Based on the results of this study indicate that the Environmental Accounting Disclosure variable has a regression coefficient value of 0.008 with a significant value of 0.009 <0.05. This shows that the Environmental Accounting Disclosure variable has an effect on Stock Returns. That is, the more disclosures made by the company, the greater the investor's trust in the company regarding concern for the surrounding environment. This can strengthen the company's image in the eyes of stakeholders which is a material consideration in choosing a place to invest. The results of this study are in line with research conducted by Sevitiana et. al (2021), Dharmayanti (2018), Arnel and Setyani (2018), Putra and Utama (2015) which show that Environmental Accounting Disclosures affect Stock Returns.

The Effect of Firm Size on Stock Returns

Based on the results of this study indicate that the Firm Size variable has a regression coefficient value of -0.001 with a significant value of 0.097 > 0.05. This shows that the Firm Size variable has no effect on Stock Return. This means that investors pay less attention to firm size in choosing the stocks to buy. Investors do not only look at the size of the company, large companies do not always have total assets that increase every year and the amount of capital they have. If the assets owned are not used properly by the company for the company's operational activities, then the company will not get a big profit. Not much profit will make the stock price decrease. The results of this study contradict research conducted by Pradiana and Yadnya (2019), Dwi and Sudiartha (2019), Karamoy and Tangkuman (2019) which state that Firm Size has an effect on Stock Returns.

The Effect of Growth Opportunity on Stock Returns

Based on the t-test in this study, it shows that the Growth Opportunity variable has a regression coefficient value of 0.705 with a significant value of 0.010 <0.05. This shows that the Growth Opportunity variable has an effect on Stock Returns. That is, a high growth rate of company assets indicates that the company can develop and has the ability to generate company profits. Of course, this attracts investors' interest in investing in the company, a high growth opportunity will increase stock prices and affect stock returns. The results of this study are in line with research conducted by Annisa and Alyani (2021), Tumonggor et. al (2017), Fidhayatin and Dewi (2012) which state that Growth Opportunity affects Stock Returns.

The Effect of Environmental Accounting Disclosure, First Size, and Growth Opportunity on Stock Returns

Based on the results of this study indicate that the variables Disclosure of Environmental Accounting, Firm Size, and Growth Opportunity simultaneously affect Stock Returns with a significant value of 0.003 <0.05. The results of the study partially show that the Environmental Accounting Disclosure and Growth Opportunity variables affect Stock Returns because investors also pay attention to the company's responsibility to the surrounding environment and the company's annual growth in investing. However, the Firm Size variable partially has no effect on Stock Return, this is because a large firm size does not guarantee the profits that are in line with investor expectations. The R Square value (R2) is 0.105 or 10.5%, this value indicates that the stock return variable can be explained by 10.5% by the Environmental Accounting Disclosure, Firm Size, and Growth Opportunity variables. While the remaining 89.5% is explained by other factors that are not included in this research model.

6. Conclusions and Suggestions

Based on the results of the discussion in this research, it can be concluded as follows:

1. Disclosure of Environmental Accounting has a significant effect on Stock Returns. This is because the more disclosures made by the company, the greater the investor's trust in the company regarding concern for the surrounding environment.
2. Firm Size has no effect on Stock Return. This is because investors do not only look at the size of the company, large companies do not always have total assets that increase every year and the amount of capital they have. If the assets owned are not used properly by the company for the company's operational activities, then the company will not get a big profit.
3. Growth Opportunity has a significant effect on Stock Return. This is because the company's high asset growth rate indicates that the company can develop and has the ability to generate company profits.
4. Disclosure of Environmental Accounting, Firm Size, and Growth Opportunity simultaneously affect Stock Returns. This means that the three variables together can affect the low or high stock returns of mining companies in 2019-2021.

From the results of the research that has been done and based on the conclusions above, the suggestions that can be submitted are as follows:

1. For the Company
   It is hoped that it can provide an overview of the company's performance and reveal more environmental accounting disclosures in the company's annual report to be evaluated and to be able to pay attention to financial aspects in order to attract investors' interest in investing.
2. For Investors
   It is expected that if you want to invest funds to be more selective by observing and understanding the company's financial performance which can be seen in the annual report information. In addition, the results of this study can also be used as reference material and consideration in making investment decisions.

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