



SIMPOSIUM ILMIAH AKUNTANSI 6

THE EFFECT OF ENVIRONMENTAL COSTS ON COMPANY REPUTATION AT FOOD AND BEVERAGE COMPANIES REGISTERED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

This research was conducted to examine and analyze the effect of environmental costs on company reputation in food and beverage companies listed on the Indonesia Stock Exchange. The population in this study was all food and beverage companies listed on the Indonesia Stock Exchange, while the samples that met the observation sampling criteria were observed for five years, and ten food and beverage companies were listed on the Indonesia Stock Exchange. This research approach uses associative research. Data collection techniques in this study used documentation techniques. The analysis technique used is multiple linear regression analysis, hypothesis testing, and the coefficient of determination. The results showed that environmental costs partially affected the company's reputation in the food and beverage companies

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INTRODUCTION

Corporate reputation is a representation of a company's past actions and results, reflecting its ability to deliver value to stakeholders (Roper & Fill, 2012). The scope of corporate reputation is broad and can potentially become a competitive advantage. Corporate reputation is achieved by integrating several considerations (*blending considerations*), including finance, management, advertising, and public relations.

Competitors cannot replicate the unique factors and complex processes that generate reputation, so reputation is said to have economic value for the company. Maintaining a relative advantage requires a commitment from company management to the company's reputation.

A company's reputation is also determined by its attention to economic, social, and environmental reporting. This means that if a company fails to address environmental and social issues, its reputation will decline, leading to investors' reluctance to invest. This reluctance can lead to the company losing a source of funding for its operations and survival (Alpi, 2021).

Corporate reputation is a business term currently attracting attention from academics and practitioners. A strong reputation can strengthen a company's position against its competitors. Corporate reputation is paramount in the business world, which is why it needs to be built over many years, not only in the eyes of customers but also of stakeholders.

Factors that influence a company's reputation are environmental costs (Tunggal & Fachrurrozie, 2014). They state that environmental costs are costs incurred due to poor environmental quality or the possibility of poor environmental quality. From the opinion above, it can be concluded that what is meant by environmental costs is the budget or burden that must be incurred by the company due to the company's poor management system towards the environment around the company (Hansen & Mowen, 2021).

When implementing environmental management to mitigate the impacts, companies will inevitably allocate an environmental budget. Unfortunately, many companies assume this environmental budget will simply be an additional expense. On the other hand, companies assume the environmental budget will simply be a deduction from their profits. Meanwhile, allocating a budget for environmental management ensures the company's consistent environmental awareness, thereby building public confidence in the company's social responsibility (Tunggal & Fachrurrozie, 2014). These environmental costs can be considered a long-term investment for the company. This is because the funds spent now can improve the company's reputation and image, thereby increasing stakeholder confidence.

in the company

Environmental costs are costs incurred internally and externally by a company, including all costs associated with environmental damage or protection. According to Hansen & Mowen (2000), environmental costs are all costs associated with the creation, detection, remediation, and prevention of environmental degradation. Thus, ecological costs provide a framework for environmental responsibility and a company's financial performance.

This research was conducted at a manufacturing company in the food and beverage sector, listed on the Indonesia Stock Exchange. Reasons for choosing a food and beverage company as a research object because the growth of the food and beverage industry has experienced a significant increase, indicating that this food and beverage industry not only has good prospects, but this is also an indication that competition between food and beverage products is very tight. This makes food and beverage product producers required to be able to develop and create new innovations that can maintain existing markets and win the competition, so that the potential for environmental costs is very large from the food and beverage industry.

This can attract investors to invest in sectors that are included in the manufacturing group, which can increase share prices and generate returns.

increasing or profitable

Based on existing data, the corporate reputation of several food and beverage companies listed on the Indonesia Stock Exchange has declined. Corporate reputation is the investor's perception of a company, which is often linked to its stock price (Hermuningsih, 2013). The higher a company's performance, the higher its stock price. A company's reputation has an impact on investor interest in investing. A high company reputation is the desire of company owners, because of. A high value indicates high shareholder prosperity. Shareholder and company wealth is represented by the market price of shares, which reflects investment, financing, and asset management decisions (Hermuningsih, 2013).

Based on existing data, environmental costs have increased. This is due to the increased allocation of environmental management costs. The allocation of environmental management costs demonstrates the company's consistency in protecting the environment in order to build public trust in corporate social responsibility (Tunggal & Fachrurrozie, 2014). These environmental costs can be considered a long-term investment for the company, as funds spent now can bring a good reputation to the company. This is in accordance with the view (Camilia, 2016) that if a community development plan (which will incur environmental costs) is issued, it will improve the company's reputation, which influences competitive advantage and can be used as a strategy to increase sales or profits. The results of previous research conducted by Buana & Nuzula (2017), Dinniyah & Nuzula (2021)

stated that environmental costs affect company reputation, while previous research conducted by Angraeni, Situmorang, & Fadilah (2020) (Sapulette & Limba, 2021) stated that environmental costs do not affect company reputation.

A company's high level of environmental performance is not perceived as a high value by investors. When a company wants to present environmental information as additional company information which is a signal to attract investors as proof that the company has a high level of environmental performance and proof that the company is responsible. Regarding the environment, companies must also be aware that this will require and give rise to high environmental costs, with high environmental costs attracting investors to invest because the company cares about the existing environment.

LITERATUR REVIEW

Company reputation

Corporate reputation is a representation of a company's past actions and results that illustrate the company's ability to deliver value to stakeholders (Fombrun in Roper and Fill, 2012:7). According to Urip (2014:11), corporate reputation reflects the perceptions (good/bad) of various stakeholders who voluntarily interact with the company within its sphere of influence. Stakeholders build perceptions based on their assessments of the business's culture, actions, and performance while working within or collaborating with the company, or through available information.

Cost Environmental

According to Sholihin (2005), environmental costs are costs incurred due to the presence or potential for poor environmental quality. According to Susenohaji (2003), environmental costs are costs incurred by a company for causing environmental damage and implementing environmental protection measures. (Hansen & Mowen, 2021) state that environmental costs are costs incurred due to poor environmental quality or the possibility of poor environmental quality. From the three opinions above, it can be concluded that environmental costs are the budget or burden incurred by a company due to poor management systems affecting the surrounding environment.

Conceptual Framework

Environmental costs are costs incurred internally and externally by a company, and are all costs associated with environmental damage or protection. According to Hansen and Mowen (2000), environmental costs are all costs associated with the creation, detection, remediation, and prevention of environmental degradation. Thus, ecological costs provide a framework for environmental responsibility and a company's financial performance.

A company's high level of environmental performance is not perceived as a high value by investors. When a company wants to present environmental information as additional company information which is a signal to attract investors as proof that the company has a high level of environmental performance and proof that the company is responsible. Regarding the environment, companies must also be aware that this will require and give rise to high environmental costs, with high environmental costs attracting investors to invest because the company cares about the existing environment.

The results of previous research conducted by Buana & Nuzula (2017), Dinniyah & Nuzula (2021) (Jo, Kim, & Park, 2016) (Nuzula, 2019) (Khanifah, Udin, Hadi, & Alfiana (2020) stated that environmental costs affect company reputation.

RESEARCH METHODS

The research approach describes the type or form of research underlying the research. The research approach used in this study is associative. According to Juliandi, Irfan, & Manurung (2015), "an associative approach is an approach taken to determine the relationship or influence between two or more variables." The population in this study is all food and beverage companies listed on the Indonesia Stock Exchange. Based on *purposive sampling*. Therefore, the sample in this study consisted of 10 companies. The data analysis technique used in this study was quantitative data analysis (Juliandi et al., 2015).

DISCUSSION

Descriptive statistical analysis provides information about the data, including the sample size, minimum, maximum, and mean values of the research variables. Researchers use descriptive statistics for variables measured using a ratio scale

Tabel 1. Descriptive Statistics

Descriptive Statistics					
	N	Maksimum	Minimum	Mean	Standard Deviation
Environmental Costs	50	355.60	108236.15	1655.2062	3515.82416
Company Reputation	50	3399.00	670760.00	167247.5200	172471.91955
Valid N (listwise)	50				

Based on Table 1, several things can be described as follows: The company reputation variable has a minimum value of 3.399 owned by the company (SKLT) in 2018 and a maximum value of 670.760 owned by (MYOR) in 2021, with a mean of 167,724.52. The environmental cost variable has a minimum value of 355.60 owned by the company (CEKA) in 2017 and a maximum value of 108,236.15 owned by SKBM in 2020, with a mean of 167,724.52.

Based on the research obtained regarding the influence of environmental costs on company reputation in food and beverage companies listed on the Indonesia Stock Exchange, the results of partial hypothesis testing show that the calculated *t* value for the environmental cost variable is 6.065, and the *t* table with $\alpha = 5\%$ is known to be 2.009, thus count is greater than *t* table and the probability significance value is $0.000 < 0.05$, meaning that from these results it can be concluded that H_0 is rejected (H_a is accepted) indicating that environmental costs have a significant influence on company reputation in food and beverage companies listed on the Indonesia Stock Exchange.

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A company's high level of environmental performance is not perceived as a high value by investors. When a company wants to present environmental information as additional company information which is a signal to attract investors as proof that the company has a high level of environmental performance and proof that the company is responsible. Regarding the environment, companies must also be aware that this will require and give rise to high environmental costs, with high environmental costs attracting investors to invest because the company cares about the existing environment.

Disclosure of environmental costs incurred by the company as an investment in environmental sustainability. Environmental costs are one way to demonstrate the company's compliance with environmental regulations. This will increase investor interest and improve the company's reputation. (Saragih, 2022)

The results of this study are in line with research conducted by (Buana & Nuzula, 2017), (Dinniyah & Nuzula, 2021), (Jo et al., 2016), (Nuzula, 2019), (Khanifah et al., 2020) states that environmental costs affect a company's reputation. Implementing environmental costs is a management strategy to prevent environmental pollution.

The goal is to ensure that environmental impacts are "zero impact." By managing environmental performance, companies are expected to maintain environmental balance in every business process, including activities, products, and services, leading to superior performance. This also serves as an effort to address and develop corporate social responsibility issues towards the interests of society. Social responsibility activities are one way to reduce or even avoid social conflict.

The results of this study are not in line with research conducted by Angraeni et al. (2020) (Sapulette & Limba, 2021), which stated that environmental costs do not affect company reputation.

CONCLUSIONS

Based on the data obtained and the data analysis that has been carried out, and the discussion that has been carried out in the previous chapter, conclusions can be drawn regarding the influence of Environmental Costs of Corporate Reputation in Food and Beverage Companies Listed on the Indonesia Stock Exchange as follows: Environmental costs affect the company's reputation in food and beverage companies

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