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THE EFFECT OF GREEN FINANCE AND ENVIRONMENTAL PERFORMANCE ON FINANCIAL PERFORMANCE IN MANUFACTURING COMPANIES IN THE FOOD & BEVERAGE SUB-SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE IN THE 2019-2023 PERIOD

PENGARUH *GREEN FINANCE* DAN KINERJA LINGKUNGAN TERHADAP KINERJA KEUANGAN PADA PERUSAHAAN MANUFAKTUR SUBSEKTOR FOOD & BEVERAGE YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2019-2023

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ABSTRACT

The purpose of this study is to examine the effect of Green Finance measured using the Green Coin Rating and Environmental Performance measured based on the PROPER assessment on Financial Performance measured using Return on Assets (ROA) in Food & Beverage Subsector Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) in the period 2019 to 2023. This study uses a quantitative method. The method used for data collection is the Purposive Sampling method. The population in this study were all Food & Beverage Subsector Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) in the period 2019-2023, totaling 47 companies. The number of samples used was 10 companies and the number used was 50 data. This study uses secondary data sources from financial reports. The type of data used is pooled data, namely time series and cross sectional. The results of the study show that 1) Green Finance has a positive effect on financial performance. 2) Environmental Performance has a positive effect on financial performance 3) Green Finance and Environmental Performance simultaneously affect Financial Performance.

Keywords: *Green Finance, Environmental Performance, financial performance.*

ABSTRAK

Tujuan dari penelitian ini adalah untuk menguji pengaruh *Green Finance* yang diukur menggunakan *Green Coin Rating* dan Kinerja Lingkungan yang diukur berdasarkan penilaian PROPER terhadap Kinerja Keuangan yang diukur menggunakan *Return on Assets* (ROA) pada Perusahaan Manufaktur Subsektor *Food & Beverage* yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2019 sampai dengan tahun 2023. Penelitian ini menggunakan metode kuantitatif. Metode yang digunakan pengambilan data ini yaitu metode *Purposive Sampling*. Populasi dalam penelitian ini adalah seluruh Perusahaan Manufaktur subsektor *Food & Beverage* yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2019-2023 yang berjumlah 47 perusahaan. Jumlah sampel yang digunakan yaitu sebanyak 10 perusahaan dan jumlah yang digunakan sebanyak 50 data. Penelitian ini menggunakan sumber data sekunder yang berasal dari laporan keuangan. Jenis data yang digunakan yaitu data gabungan (*pooled data*) yaitu *time series* dan *cross sectional*. Hasil penelitian menunjukkan bahwa 1) *Green Finance* berpengaruh positif terhadap kinerja keuangan. 2) Kinerja Lingkungan berpengaruh positif terhadap kinerja keuangan 3) *Green Finance* dan Kinerja Lingkungan secara simultan berpengaruh terhadap Kinerja Keuangan.

Kata Kunci: *Green Finance*, Kinerja Lingkungan, Kinerja Keuangan.

INTRODUCTION

Natural issues have truly gotten to be exceptionally imperative over the past two decades, both broadly and universally. In conjunction with expanding open mindfulness of the significance of natural supportability, the industry is required to be able to carry out ecologically neighborly hones (Qatrunnada, 2023). The issue of natural harm is progressively felt by the community at the side the improvement of the mechanical division (Suhendra, Fisal, et al., 2022). An undeniable environmental problem in which industrial behavior often ignores the

impact on the environment, such as water, soil, air pollution and social inequality (Chairia et al., 2022). Climate change is one of the most urgent and long-term issues covering the whole world, it involves many factors that can threaten the existence of human life such as the environment, institutions, technology, society, economy, and policies, which makes the problem more complicated, CO2 emissions are one of the main factors that contribute to environmental degradation, among other factors caused by climate change (Quynh et al., 2022).

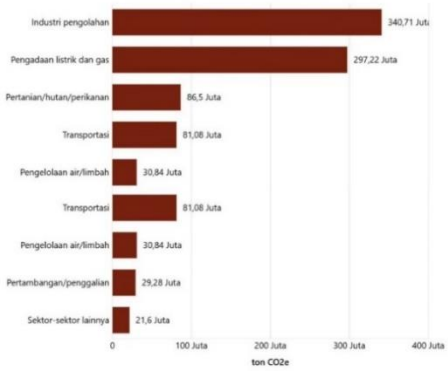

Figure 1. Volume of Indonesian Industrial Greenhouse Gas Emissions by Sector (2022)
Source: Databooks (2022)

Based on figure 1, it appears that, agreeing to information from the Central Measurements Office (BPS), throughout 2022 Indonesian industry produced 887.23 million tons of greenhouse gas emissions equivalent to carbon dioxide (CO2e). If broken down by sector, Indonesia's industrial emissions in 2022 The category that contributes the most compared to other sectors 1st contributes to Greenhouse Gas Emissions is the Manufacturing Industry, the Manufacturing Sector produces emissions of 340.71 million tons of CO2e, equivalent to 38% of total national industrial emissions (Adi Ahdiat, 2024).

One of the Manufacturing Company subsectors that continues to experience growth in contributing to Greenhouse Gas Emissions that have an impact on the environment every year is the Food & Beverage subsector. In expansion to contributing to nursery gas outflows, companies in this sub-sector play an critical part in Indonesia's economy, with a expansive commitment to the Net Residential Item (GDP) (Nur'aini et al., 2024).

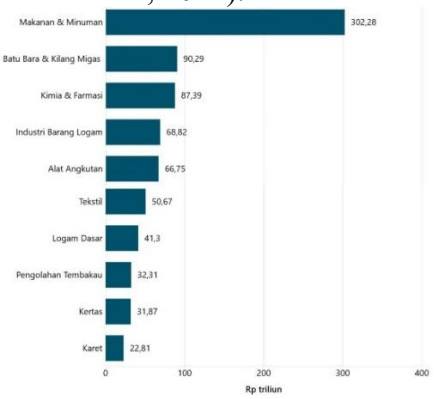

Figure 2. Industrial Sector GDP by Subsector (2022)
Source: Databooks (2022)

The food and beverage sub-sector (Food & Beverage) is the largest contributor to the Gross Domestic Product (GDP) in the industrial sector, reaching Rp302.28 trillion (34.44%). This shows that the food and beverage industry is the backbone of the industrial sector and has a strategic role in the economy.

As Indonesia's population grows, the demand for food and beverages also increases. The slant of Indonesian individuals who like different sorts of nourishment has driven to the development of numerous modern companies within the nourishment and refreshment industry, since they accept that the nourishment and refreshment industry has beneficial prospects both presently and within the future.

Money related execution could be a trade objective, especially an diagram of a company's capacity to extend benefits by producing benefits. Monetary execution is measured through

information determined from the company's monetary articulations. Budgetary explanations that are made to depict past money related conditions and are utilized for future monetary estimates (Ros Juliana Lubis et al., 2023). If the Financial Performance shows good prospects, the company has a positive value and is more in demand by investors which in the future will affect the selling value of the company's shares (Yuniska, 2021). Information about the financial performance related to investors can be used to see if they will maintain their investment in the company or look for other alternatives. Parties who have an interest in a company are obliged to know how the financial condition and development of the company are (Dianty & Nurrahim, 2022).

Return on asset (ROA) is used to evaluate the Financial Performance of a Company in this study. Return On Assets (ROA) can be interpreted as a ratio that can measure a company's net income with total assets owned. A high Return On Asset value indicates that the company is better enough at managing total assets to be used as a profit. The higher the return on resources, the higher the sum of net benefit created from each rupiah of reserves implanted in add up to resources. On the other hand, the lower the return on resources implies the lower the sum of net benefit produced from each rupiah of stores inserted in add up to resources (Ramdani, 2023).

The following is the development of Financial Performance, namely Return on Assets (ROA) for the 2018-2023 period in Manufacturing Companies in the Food & Beverage subsector which can be seen within the table underneath:

Table 1. Development of ROA Financial Performance in Manufacturing Companies in the Food & Beverage subsector for the period 2018-2023

ROA						
Year	2018	2019	2020	2021	2022	2023
Average	0,08	0,114	0,076	0,073	0,069	0,062
Development		0,034	-0,038	-0,003	-0,004	-0,007

Source: www.idx.co.id (data reprocessed 2024)

Based on the figure over, it appears the improvement of Money related Execution, specifically Return on Resources (ROA) for the 2018-2023 period in Fabricating Companies within the Nourishment & Refreshment subsector. The Return on Assets (ROA) value in Manufacturing Companies in the Food & Beverage subsector in 2019 increased by 0.034 while in 2020-2023 it continued to decrease every year. It was -0.038, -0.003, -0.004, and -0.007, respectively. Meanwhile, the Food & Beverage subsector Manufacturing Company is one of the strategic sectors and has an important role in supporting the economy, because the products produced are directly related to the basic needs of the community. In this study, the period chosen started from 2019 because after experiencing an increase in that year, running from 2020 to 2023 Manufacturing companies in the Food & Beverage subsector continue to decline every year.

There are several factors that cause a company's financial performance to increase or decrease, one of which is Green Finance. A company cannot only pursue profits, but the company must also be aware of the importance of the environment around the company. How the company pays consideration and makes great connections for the environment and the encompassing community, in arrange to have a great picture affect for the supportability of the Company (Suhendra, Fisal, et al., 2022). By appearing whether the company cares approximately the natural affect of the company's operations, it may be a frame

of corporate obligation to speculators who not as it were center on budgetary esteem but moreover center on natural esteem (Dianty & Nurrahim, 2022).

Green Finance is an eco-friendly financial concept that promotes sustainable investment and development in terms of the environment through the manufacture and distribution of financial products and services. The concept of green finance means capital expenditure on projects or developments that are more environmentally friendly (Dwi Maghfirah et al., 2024). Green finance provides an impetus for companies to invest in environmentally friendly technologies and reduce their carbon footprint. This not only helps to meet environmental regulations but also improves operational efficiency. Thus, the implementation of green finance can support an increase in net profit which contributes to a higher ROA (Dayong et al., 2019).

Based on research Li & Lin, (2024) there is a strong and positive correlation between Green Finance and the Company's financial performance. Meanwhile, according to Hasanah et al., (2022) Green financing has no effect on one of the financial performance ratios, namely ROA, This shows that green financing has not had a positive impact on the company's profits.

In expansion to the usage of Green Fund, there are other components that can influence the Company's Money related Execution, to be specific the company's Natural Execution. Environmental Performance is the company's focus in preserving the environment and overcoming problems with the negative environmental impact that occurs due to environmental operations (Dianty & Nurrahim, 2022).

The government through the Service of Environment has built up a program as a shape of corporate natural administration in Indonesia called the Company Execution Rating Appraisal Program in Natural Administration (Appropriate). Through this action, it can degree the company's execution within the usage of natural execution, With the presence of this PROPER, it may be a inspiration for companies to move forward their natural execution (Suhendra, Faisal, et al., 2022). The superior the Right rating gotten, the superior the ROA level produced by the Company with great natural execution will too get a great response from financial specialists and partners additionally have an affect on expanding the company's income within the long term (Inova Fitri Siregar, 2019).

Based on research Suhendra, Faisal, et al., (2022) shows that environmental performance has an influence on financial performance while according to Dianty & Nurrahim, (2022) Environmental performance has no effect on financial performance.

In this think about, Green finance and Environmental Performance were chosen as Autonomous factors since they both play an imperative part within the company's commitment to corporate supportability. Green finance reflects a company's efforts to support environmentally friendly economic activities through responsible funding, while Environmental Performance reflects how a company manages its operational impact on the environment. With increasing attention to environmental issues, these two variables are expected to contribute significantly to influencing the company's financial performance, both in improving operational efficiency and attracting investors who care about sustainability. By looking at financial performance information, it will be able to determine whether investors will

make further investments in the companyt (Lathifatussulalah & Dalimunthe, 2022).

Based on the background and differences in the results of the study, the researcher was encouraged to conduct a test on the influence of Green Finance and Environmental performance on financial performance in Food & Beverage subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2023 period.

Financial Performance

According to Kasmir (2017) Financial Performance reflects the comes about of the company's money related administration which can be seen through money related explanations, counting examination of money related proportions such as benefit, liquidity, dissolvability, and exercises. The budgetary execution evaluation points to assess the degree to which the company accomplishes its money related objectives and give data to shareholders and other related parties.

Financial Profitability Ratio is the Return on asset (ROA) used to evaluate the financial performance of a company in this study. Return On Assets can be interpreted as a ratio that can measure a company's net income with total assets owned. A high Return On Asset value indicates that the company is better enough at managing total assets to be used as a profit. The higher the return on resources, the higher the sum of net benefit created from each rupiah of reserves inserted in add up to resources. Then again, the lower the return on resources implies the lower the sum of net benefit produced from each rupiah of reserves implanted in add up to resources (Ramdani, 2023). According to Kasmir (2017) To degree Financial Performance utilizing the Proportion scale measured by ROA (Return on Resources) is done with the taking after calculations:

$$\text{ROA} = \frac{\text{EBIT}}{\text{TOTAL AKTIVA}}$$

Green Finance

According to Tandelilin (2017) Green Finance is financing used to fund projects or activities that have a positive impact on the environment. Green finance includes investments in sectors that support sustainable development, such as renewable energy, carbon emission reduction, waste management, energy efficiency, and nature conservation.

Green Finance measurement using Green Coin Rating (GCR) The 6 indicators of Green Coin Rating (GCR) are Carbon Emission, Green Rewards, Green Building, Reuse/Recycle/Refurbish, Paper Work or Paperless, Green Investment. The measurement on the Green Coin Rating indicator can be analyzed through the Ratio scale. In this measurement, a value of 1 will be given for each indicator item that has been fulfilled by the company. Meanwhile, a value of 0 will be given to companies with undisclosed indicator items (Sirait, 2023). According to Tandelilin (2017) To measure the value of the Green Finance Index with these indicators , the following calculations are made:

$$\text{GFI} = \frac{Total\ GCR\ Disclosure}{\text{Total GCR Items}} \text{X}100\%$$

Environmental Performance

This environmental performance alludes to the degree of environmental harm caused by trade exercises, where in the event that the environmental harm caused is moo, the company's natural execution is nice and bad habit versa on the off chance that environmental harm is caused by its exercises Operational exercises cause the environment to have

numerous negative impacts so that the company's environmental performance is destitute (Ros Juliana Lubis et al., 2023).

The environmental performance assessment using the PROPER indicator can be done by looking at the performance level of an entity ranging from the superior to the worst given colors ranging from Gold, Green, Blue, Red and Black (Handayani, 2019).

Tabel 2. PROPER Indicators Based on the Ministry of Environment

Color Indicator	Pasing Grade	Score
Gold	Excellent	5
Green	Good	4
Blue	Obedient	3
Red	Not Obeyed	2
Black	No Effort	1

Source: proper.menlhk.go.id (data reprocessed 2024)

RESEARCH METHODS

The investigate conducted could be a quantitative investigate utilizing auxiliary information sourced from the Indonesia Stock Trade (IDX). The populace in this think about is all Manufacturing companies within the Food & Beverage subsector recorded on the IDX for the 2019-2023 period as numerous as 47 companies.

The sample used in this study was selected by purposive sampling technique with a non-probability sampling approach. The criteria for companies sampled in the study:

1. Manufacturing Companies in the Food & Beverage subsector that publish annual reports in the 2019-2023 period
2. Manufacturing Companies in the Food & Beverage subsector that published sustainability reports in the 2019-2023 period
3. Manufacturing Companies in the Food & Beverage subsector that participated in the company performance rating assessment program in environmental management (PROPER) during the 2019-2023 period

Based on the over criteria, a investigate test of 10 companies was gotten from a add up to of 47 companies recorded on the IDX for the 2019-2023 period.

The independent variables in this study are Green finance as the X1 variable and Environmental Performance as the X2 variable. While the dependent variable in this study is Financial Performance as the Y variable.

The data sources in this study are secondary data derived from financial statements, sustainability reports and annual reports of companies listed on the Indonesia Stock Exchange (IDX) obtained from the official websites of www.idx.co.id Food & Beverage subsectors for the 2019-2023 period and the official websites of each Company. In addition, secondary data is obtained through the website of the Ministry of Environment www.menlh.go.id which publishes various documents related to the Company Performance Rating Assessment Program in Environmental Management (PROPER). The data collection techniques used in this study are Library Research and Internet Research.

Information investigation was carried out utilizing clear measurable investigation strategies, classical suspicion tests, and different straight relapse examination. Descriptive statistical analysis is used to identify research problems, while classical assumption tests are used to examine the underlying assumptions in regression analysis. In addition, regression analysis was conducted to examine how Green Finance and Environmental Performance affect Financial Performance. hypothesis testing is carried out, including the T

Test, F Test, and Determination Coefficient (R^2) Test. All data analysis was carried out with the help of statistical software of the E-Views 12 program.

RESULTS AND DISCUSSION

Descriptive Statistic

Table 3. Descriptive Results

	X1	X2	Y
Mean	0.611000	2.980000	0.102100
Median	0.670000	3.000000	0.101500
Maximum	0.830000	4.000000	0.223000
Minimum	0.500000	2.000000	0.020000
Std. Dev.	0.114665	0.377424	0.059103
Observations	50	50	50

Source: eviews processed data 12, 2025

Based on the table over, from the 50 sample data utilized, it can be seen that the Green Finance variable (X1) appears an normal esteem of 0.611 with a most extreme esteem of 0.830 and a least esteem of 0.500 and a standard deviation of 0.114665. The Environmental Performance Variable (X2) has an normal esteem of 2.980 with a Greatest esteem of 4,000 and a Least esteem of 2,000 as well as a standard deviation of 0.377424. At that point the Monetary Execution variable has an normal esteem of 0.1021 with a most extreme esteem of 0.223 and a least esteem of 0.020.

Panel data regression analysis

Panel data regression analysis was utilized to create a show likeness between independent factors and bound factors. The best model selection is carried out to select a model that matches the characteristics of the observed panel data. There are three models for regression of panel data, namely the common effect model (CEM), the fixed effect model (FEM), and the random effect model (REM). Testing to see the appropriate model is carried out through the chow test, hausman test, and lagrange multiplier (LM) test.

Table 4. Panel data test results

Testing	Result	Decision
Chow Test	0,000 < 0,05	FEM
Hausman Test	0,8510 > 0,05	REM
Lagrange Multiplier Test	0,000 < 0,05	REM

Source : Processed data eviews 12, 2025

Based on these three tests, it can be simulated that the model chosen in this study is the Random effect model (REM). The estimation technique used for CEM and FEM is Ordinary Least Square (OLS), while the Random effect model (REM) uses General Least Square (GLS).

Classical Assumption Test

In the classic Assumption test, several tests were carried out using the Eviews version 12 software, namely the Normality Test, Multicollinearity Test, Heteroscedasticity Test and Autocorrelation Test. The classical assumption test in this study refers to the results of regression estimation on the pre-selected panel data using the Random Effect Model (REM).

Normality Test

The Normality Test is a step to check the assumption that the residual (error terms) of the regression model are normally distributed (Gujarati & Porter, 2009).

Table 5. Normality Test Results

Jarque-Bera	Probability
2,782174	0,248805

Source: eviews processed data 12, 2025

Based on the results of the Normality Test in Table 5, it is known that the value of the Jarque Bera test of this study is 2.782174 with a probability value of 0.248805 > 0.05, so it can be concluded that Ho is accepted and Ha is rejected. Based on the results of the Normality Test, it can be interpreted that the regression equation of the panel data with the Random Effect Model estimate has a residual that is normally distributed.

Multicollinearity Test

The Multicollinearity Test points to decide whether there's a relationship relationship between independent factors in a relapse show. The multicollinearity test can be known from the esteem of the relationship coefficient that happens between autonomous factors. The criteria for drawing conclusions in the Multicollinearity Test is that when the value of the correlation coefficient of each independent variable > 0.90, multicollinearity occurs, but if the value of the correlation coefficient of each independent variable < 0.90, then multicollinearity does not occur (Ghozali, 2018). The results of the Multicollinearity Test in this study are presented in the following table.

Table 6. Multicoloniality Test Results

	X1	X2
X1	1.000000	0.368295
X2	0.368295	1.000000

Source: eviews processed data 12, 2025

In Table 6, it can be seen that the correlation coefficient between the independent variables X1 and X2 is 0.368295 < 0.90, so it can be concluded that there is no multicollinearity symptom.

Heterokedasticity Test

The Heteroscedasticity test aims to test whether there is a variance inequality from the residual of one observation to another in the regression model (Ghozali, 2018) The next way to find out if there is heteroscedasticity or not is with the Glacier test.

Table 7. Heterokedasticity Test Results

Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	2.448462	Prob. F(2,47)	0.0974
Obs*R-squared	4.717932	Prob. Chi-Square(2)	0.0945
Scaled explained SS	3.391449	Prob. Chi-Square(2)	0.1835

Source: eviews processed data 12, 2025

Based on table 7, the value of prob.chi-square (obs*R-squared) is 0.0945 > 0.05, so it can be concluded that there is no heterokedasticity problem

Uji Autokorelasi

The Autocorrelation Test points to test whether there's a relationship between the mistake of the disturbance (residual) within the period t (time) and the error within the period t-1 (past) within the direct relapse show. In this ponder, to distinguish the event of autocorrelation within the esteem (residual error) of a relapse investigation, the Breush-Godfrey Test or the Lagrange Multiplier Test was utilized.

Table 8. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	0.206868	Prob. F(2,44)	0.8139
Obs*R-squared	0.456459	Prob. Chi-Square(2)	0.7959

Source: eviews processed data 12, 2025

Based on the table above, the value of prob.chi-square (obs*R-squared) is 0.7959 > 0.05, so it can be concluded that there is no autocorrelation.

Multiple linear regression equations

Multiple regression analysis is an analysis that aims to explain the variance of bound variables in a study that uses more than one independent variable

(Sekaran & Bougie, 2017). Formulaively, the multiple regression equation is expressed in the following equation:

Y = 0,089847 + 0,164407 X1 + (-0,029597 X2)

The basis of the equation can be explained as follows:

1. It can be explained that if the Green Finance and Environmental Performance variables are each given a value of zero or all the independent variables of Green Finance and Environmental Performance are ignored, then Financial Performance will have a value of 0.089847 units
2. If the value of Green Finance is not considered constant, but other independent variables such as Environmental Performance are considered constant, then it will be concluded that every increase in Green Finance by 1 unit will cause an increase for Financial Performance by 0.164407 units.
3. If the value of Environmental Performance is not considered constant, but other independent variables such as Green Finance are considered constant, then it will be concluded that every increase in Environmental Performance by 1 unit will cause a decrease in financial performance by 0.029597 units.

Uji Hipotesis

In hypothesis testing, several tests were carried out, including the T Test, the F Test, and the Determination Coefficient (R^2) Test.

Test T

According to Ghozali (2018) The factual test of T appears how faraway the impact of one autonomous variable separately in clarifying the variety of the subordinate variable. In this think about, the t-test was utilized to discover out whether free factors, to be specific Green Back and Natural Execution, in part influence Monetary Execution.

A t-test (T-Test) is required to in part test the impact of each independent variable utilized in this think about on the dependent variable (Ghozali, 2018). The t-test (T-Test) is carried out to test the H1 and H2 hypotheses, and the T-Test forms the following hypotheses:

Table 9. T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.089847	0.044684	2.010743	0.0501
X1	0.164407	0.047938	3.429594	0.0013
X2	-0.029597	0.012555	-2.357424	0.0226

Source: eviews processed data 12, 2025

Based on table 9, it is found that the influence of independent variables on dependent variables is partially as follows:

1. The probability value of the independent variable X1 (Green Finance) is 0.0013. When compared to α = 5% or 0.05, then 0.0013 < 0.05 H1 is accepted and H0 is rejected which means that the independent variable X1 (Green Finance) partially has a positive effect on the dependent variable Y (Financial Performance)
2. The probability value of the independent variable X2 (Environmental Performance) is 0.0226. When compared with α = 5% or 0.05, then 0.0226 < 0.05, H2 is accepted and H0 is rejected which means that the independent variable X2 (Environmental Performance) partially affects the dependent variable Y (Financial Performance).

Test F

The F test or better known as Analysis of Variant (Anova) is an analytical statistic to measure the extent

to which independent variables that are simultaneously studied have an influence on dependent variables (Ghozali, 2018).

Table 10. Test Result F

R-squared	0.232308	Mean dependent var	0.018479
Adjusted R-squared	0.199640	S.D. dependent var	0.027853
S.E. of regression	0.024918	Sum squared resid	0.029183
F-statistic	7.111227	Durbin-Watson stat	1.689172
Prob(F-statistic)	0.002004		

Source: eviews processed data 12, 2025

Based on the calculation, the results of the Prob (F-statistic) test were obtained of 0.002004 < 0.05, then H0 was rejected and Ha was accepted, meaning that the independent variables, namely X1 (Green Finance) and X2 (Environmental Performance) simultaneously (together) affected the dependent variable Y (Financial Performance)

Determination Coefficient Test (R2)

The assurance coefficient is utilized to degree a model's capacity to clarify the variety of dependent factors (Ghozali, 2018). The reason of the assurance coefficient test is to decide the degree of reliance of independent factors together on the bound variable.

Table 11. Determination Coefficient Test Results (R2)

R-squared	0.232308	Mean dependent var	0.018479
Adjusted R-squared	0.199640	S.D. dependent var	0.027853
S.E. of regression	0.024918	Sum squared resid	0.029183
F-statistic	7.111227	Durbin-Watson stat	1.689172
Prob(F-statistic)	0.002004		

Source: eviews processed data 12, 2025

Based on the results of Table 11, an adjusted R-squared value of 0.199640 or 19.96% was obtained. The value of the Determination Coefficient shows that the independent variables consisting of Green Finance (X1) and Environmental Performance (X2) are able to explain the dependent variable of Financial Performance (Y) by 19.96%. While the remaining 80.04% is explained by other variables that are not included in this research model.

DISCUSSION

The influence of Green Finance on financial performance

Based on the results of the calculation in Eviews version 12, the probability value of the independent variable X1 (Green Finance) was obtained that 0.0013 < 0.05 H1 was accepted and H0 was rejected, which means that the independent variable X1 (Green Finance) partially has a positive effect on the dependent variable Y (Financial Performance).

These results reinforce the view that the implementation of Green Finance, which includes funding for environmentally friendly projects or activities, has a positive impact on the company's financial performance. This is because companies that adopt Green Finance practices tend to benefit from increased operational efficiency, better corporate reputation, and support from investors and stakeholders who are concerned about environmental sustainability. The usage of green finance can move forward vitality productivity, diminish operational costs, and make strides the company's picture within the eyes of consumers and financial specialists. This may have an affect on progressing net profit and resource utilize effectiveness and is important for companies within the Food & Beverage sub-sector who are beneath weight to diminish natural impact and increment productivity In this way, the comes about of this ponder have suggestions that companies got to consider actualizing Green Back as portion of their supportability methodology to back the advancement of their money related execution. This is in line with several previous studies, including research according to Li & Lin (2024) which shows a strong and positive correlation between Green Finance and the Company's financial

performance and research according to (Bo yu et al., 2023) Eco-friendly financing can significantly improve the financial performance of eco-friendly companies.

The Effect of Environmental Performance on Financial Performance

Based on the results of the calculation in Eviews version 12, the probability value of the independent variable X2 (Environmental Performance) was obtained that 0.0226 < 0.05, H2 was accepted and H0 was rejected which means that the independent variable X2 (Environmental Performance) partially affects the dependent variable Y (Financial Performance)

These results result in the improvement of a company's environmental performance can make a positive contribution to financial performance. Companies with great environmental performance as a rule appear a commitment to economical asset administration, squander decrease, and compliance with natural controls. This may progress the company's picture within the eyes of shoppers, speculators, and other partners, which in turn increments competitiveness and productivity. Victory in environmental performance is measured by the accomplishments that can be achieved by the company in taking an interest in Legitimate The better the proper rating gotten, the way better the ROA level delivered by the Company with great environmental performance will moreover get a great response from speculators and partners conjointly have an affect on expanding the company's income within the long term.

Manufacturing companies in the Food & Beverage subsector that have good environmental performance, as measured through the PROPER program, tend to rank higher. This rating reflects compliance with waste management, carbon emissions, and resource management. A good PROPER rating improves the company's reputation in the eyes of customers, business partners, and investors. This is an added value in improving financial performance. Good environmental performance in the Food & Beverage subsector manufacturing companies not only fulfills the aspect of social responsibility, but also contributes directly to the improvement of financial performance. By focusing on sustainability, companies can improve their image, attract investors and consumers, and increase profitability. This emphasizes the importance of integrating sustainability strategies in the operations of manufacturing companies in the Food & Beverage subsector. As such, companies looking to improve their financial performance need to consider improving their environmental performance as an integral part of the company's sustainability strategy. This is in line with several previous studies, including research according to Suhendra, Faisal, et al., (2022) shows that environmental performance has an influence on financial performance and research according to (Khairiyani et al., 2019) environmental performance reflected by PROPER has an effect on financial performance reflected by ROA and ROE.

The Simultaneous Influence of Green Finance and Environmental Performance on Financial Performance

Based on the calculation, the results of the Prob (F-statistic) test were obtained of 0.002004 < 0.05, then H0 was rejected and H3 was accepted, meaning that the independent variables,

namely X1 (Green Finance) and X2 (Environmental Performance) simultaneously (together) affected the dependent variable Y (Financial Performance). The adjusted R-squared value is used to determine how much Green Finance and Environmental Performance affect Financial Performance. The results of the study found that the adjusted R-squared value was 0.199640 or 19.96%. The value of the Determination Coefficient shows that the independent variables consisting of
Green Finance (X1) and Environmental Performance (X2) are able to explain the dependent variable of Financial Performance (Y) by 19.96%. While the remaining 80.04% is influenced by other variables that are not included in this research model. It can be concluded that the rise and fall of financial performance as measured by Return on asset (ROA) in a company can not only be influenced by Green Finance and environmental performance but there are many other factors that can affect it both in the form of internal and external factors of the Company.

The combination of Green Finance and Environmental Performance enhances the reputation of Food & Beverage subsector manufacturing companies in the eyes of consumers and investors, thus strengthening competitiveness, Companies with good environmental performance are more likely to attract investors who care about sustainability, which can provide long-term benefits. Manufacturing companies in the Food & Beverage subsector face a major challenge in integrating sustainability without sacrificing profitability. While Green Finance and Environmental Performance have a positive impact, initial investments in green technologies and sustainability processes often require high costs. In addition, increasingly stringent environmental regulations can be a challenge for companies that have not yet adapted to sustainability practices. Thus, Food & Beverage sub-sector manufacturing companies need to integrate sustainability strategies with a focus on efficiency, innovation, and risk management to improve overall financial performance. By increasing the implementation of Green Finance and Environmental Performance, the sector can strengthen its competitiveness in both domestic and international markets.

CONCLUSION

This study aims to test and analyze the influence of Green Finance and Environmental Performance on Financial Performance in Manufacturing Companies in the Food & Beverage subsector listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. Based on the data analysis and discussion that has been carried out, the following conclusions can be drawn:

1. Green Finance has a positive effect on Financial Performance
2. Environmental Performance has a positive effect on Financial Performance
3. Green Finance and Environmental Performance simultaneously (together) affect Financial Performance.

Suggestion

Based on the results of the research that has been carried out, there are several suggestions that have been put forward as follows:

1. For the next researcher
   a. For the next research, it is hoped that it can use measurements other than the variables used in this study such as Corporate Social Responsibility (CSR), Green Technology Innovation, or Good

Corporate Governance (GCG) and so on which may also have an influence on financial performance.

b. Further research is also expected to use other research objects in order to find out what factors affect Financial Performance other than in Manufacturing companies in the Food & Beverage Subsector.
c. Further Research It is recommended to extend the research period in order to be able to analyze the relationship between variables over a longer period of time. Longitudinal research can provide a better understanding of trends and the long-term impact of Green Finance and Environmental Performance on Financial Performance.

2. For Companies
For manufacturing companies, especially the Food & Beverage Subsector, to be able to consider several variables such as Green Finance and Environmental Performance that can affect financial performance. Because Financial Performance is essential to provide in-depth and relevant information for various purposes, such as strategic decision-making, risk evaluation, future planning, and improving competitiveness, it is not only beneficial to the company, but also to other stakeholders. Investors assess financial performance in terms of the report. As a benchmark for making an investment decision, the results of this study can hopefully help company management in making better decisions.

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