DIJEFA: Dinasti International Journal of Economics, Finance & Accounting
E-ISSN: 2721-303X
P-ISSN: 2721-3021
https://dinastipub.org/DIJEFA dinasti.info@gmail.com +62 811 7404 455

DOI: https://doi.org/10.38035/dijefa.v5i6

The Effect of Corporate Governance, Profitability, and Working Capital on Carbon Emission Disclosure in Energy Sector Companies

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Abstract: The purpose of this research is to empirically prove the influence of corporate governance, profitability, and working capital on carbon emission disclosure. The population used in this study consists of energy sector companies listed on the Indonesian Stock Exchange from 2020 to 2023. The sampling was conducted using purposive sampling with predetermined criteria, resulting in 139 data points. The results of this study indicate that corporate governance affects carbon emission disclosure. Meanwhile, profitability and working capital don't affect carbon emission disclosure.

Keyword: Carbon Emission Disclosure, Corporate Governance, Profitability, Working Capital

INTRODUCTION

In recent decades, global climate change has become an increasingly important issue and carbon emissions are one of the main factors causing it. As one of the main causes of carbon emissions, the energy sector is increasingly disclosing and reducing its carbon footprint. In Indonesia, which has abundant natural resources, mining companies play a significant role in the country's economy and bear significant responsibilities towards the environment.

Companies can use carbon emission disclosure (CED) as an important tool to demonstrate the company's commitment to environmental sustainability. However, various internal components of the organization can influence the level and quality of this disclosure. A company's environmental transparency policy can be influenced by corporate governance which functions to oversee and control the business. In addition, profitability is also an important factor because with good financial performance, it can have more resources to invest in environmentally friendly practices and disclosures. In addition, the organization's ability to allocate resources to environmental initiatives can be influenced by effective working capital management.

Given significant global dynamics such as the Covid-19 pandemic and the increasing environmental awareness worldwide, 2020-2023 is an interesting time period to study. Mining

companies in Indonesia have faced two challenges during this period, namely maintaining profitability amid economic uncertainty and responding to increasing demands for sustainable business practices. Based on the description that has been presented, it is the background for the author to conduct a study entitled "The Effect of Corporate Governance, Profitability, and Working Capital on Carbon Emission Disclosure in Mining Companies Listed on the Indonesia Stock Exchange".

THEORETICAL BASIS AND LITERATURE REVIEW

Legitimacy Theory

Perception or assumption regarding actions taken by a company so that they are in accordance with applicable norms and can be developed socially can be called legitimacy (Patmini Rulyati Mustar, Dianwicaksih Arieftiara, 2020). Legitimacy theory is very important for studying organizational conduct in companies because the pressures and limitations caused by social values and customs encourage companies to take organizational actions that are in accordance with the environment. In general, this theory encourages companies to carry out organizational activities and activities that are accepted by society. When there is a difference in values between the company and society, the company is considered to have failed to meet community expectations. As a result, management is considered responsible for narrowing the "legitimacy gaps", one of which is the disclosure of carbon emissions (Putri et al., 2023).

Stakeholder Theory

According to (Firmansyah, 2021), every group or individual who is influenced or influences the business operations of a company can be called a stakeholder. Stakeholder theory according to (Herawaty & Sc, 2022), companies must not only act in the interests of individuals, they must also generate benefits for their stakeholders consisting of shareholders, creditors, consumers, suppliers, government, society, analysts, and other parties. Organizations must communicate with their stakeholders using means that meet the expectations and needs of stakeholders, especially those who have control over the availability of resources needed for the company's operations, such as the company's product market, work energy, and others. Stakeholder theory where companies should not act only in their own interests, which means that companies must be able to help all related parties. Carrying out socially responsible activities, such as controlling carbon emissions, is one way for companies to maintain good relations with their stakeholders (Cecilia Rooschella, 2023).

Carbon Emission Disclosure

Carbon emission disclosure is a commitment to be responsible for the impact caused by the environment from an economic, social, and environmental perspective. In addition, this disclosure is considered a way to ensure that the company's performance has implemented the principles of transparency and accountability. The high level of carbon emissions resulting from a company's business activities can indicate the extent of the impact on the surrounding environment. Good performance if the carbon emissions generated from the company's activities are low and show a decrease every year. Reducing carbon emissions is one way companies can improve their environmental management systems (Dewi Fortuna Nur Rohmah & Nazmel Nazir, 2022).

Corporate Governance

Corporate governance is a set of systems and mechanisms that regulate and supervise companies to meet stakeholder expectations. Companies must also comply with regulations and laws, comply with international business ethics standards, and respect the corporate values adopted by all companies. In corporate governance practices, there are 5 principles to

encourage responsible decision-making, prevent conflicts of interest, ensure optimal performance, and increase accountability. These principles are transparency, accountability, responsibility, independence, and fairness (equality) (PT Reasuransi Indonesia Utama, 2015).

Profitability

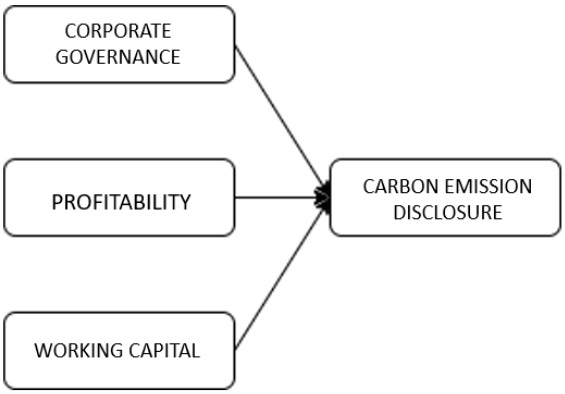
Profitability is very important to measure the amount of profit from a company which is generated from the capital owned by the company. Profitability is also important to determine whether a company has run its business effectively or not (Fahmi, 2018). Profitability ratios have several types such as gross profit margin, return on assets, operating profit margin, net profit margin, return on equity, and return on investment.

Working Capital

Working capital is one of the important indicators for a company to assess the company's ability to generate profit. With working capital, a company's daily activities can run properly which is very useful for the sustainability of the company. Working capital is an asset needed by the company consisting of cash, receivables, and inventory and is included in current assets. These components are very important for the daily operations of a company. There are several working capital measurement ratios, namely current ratio, quick ratio, turnover of receivables, inventory turnover, and turnover of net working capital.

Hypothesis Development and Statement

This study examines factors that can influence carbon emission disclosure in mining companies listed on the Indonesia Stock Exchange. These factors consist of three independent variables, namely corporate governance, profitability, and working capital.



The Influence of Corporate Governance on Carbon Emission Disclosure

Good corporate governance tends to be transparent and has a responsibility in disclosing information including carbon emission disclosure. Strong management mechanisms can also encourage a company to be more proactive in managing and reporting the company's environmental impact. Companies also show concern for the environment by meeting stakeholder needs.

Research (Firmansyah, 2021) states that corporate governance has an effect on carbon emission disclosure. Research (Herawaty & Sc, 2022) states that corporate governance has no effect on carbon emission disclosure. Research (Purnayudha et al., 2022) states that independent commissioners and directors have a negative and significant effect on carbon emission disclosure.

H1: Corporate governance has an effect on Carbon Emission Disclosure

The Influence of Profitability on Carbon Emission Disclosure

Companies with high profitability will have more resources to invest in environmentally friendly practices and carbon emission reporting systems. Companies may also be more likely to disclose carbon emission information to improve the company's reputation and legitimacy. Research (Patmini Rulyati Mustar, Dianwicaksih Arieftiara, 2020) states that profitability does not have a significant effect on carbon emission disclosure. Research (Cecilia Rooschella, 2023) states that company profitability has a positive effect on carbon emission disclosure so that H3 in the study is accepted. Research (Putri et al., 2023) states that profitability has a significant effect on carbon emission disclosure.
H2: Profitability has an effect on Carbon Emission Disclosure

The Effect of Working Capital on Carbon Emission Disclosure

Companies with strong working capital are more flexible in managing company resources for environmental initiatives and reporting. Investment in more efficient technology and processes can have an impact on the level and quality of carbon emission disclosure.
H3: Working Capital has an effect on Carbon Emission Disclosure

Previous Research

Previous research can be used as a reference for researchers when conducting this research. The following is a summary of previous research that has similarities with the variables used by current researchers related to carbon emission disclosure.

Table 1. Previous research

No	Researcher	Titles	Variables	Results
1	Andini Eleshya Putri dan Warnida (2023)	Analysis of the Influence of Company Size, Profitability, Leverage, Institutional Ownership, and Managerial Ownership on Carbon Emission Disclosure	Carbon Emission Disclosure (Y), Company Size (X1), Profitability (X2), Leverage (X3), Institutional Ownership (X4), Managerial Ownership (X5)	Company size, profitability, and leverage have a significant effect on carbon emission disclosure. While institutional ownership and managerial ownership do not have a significant effect on carbon emission disclosure.
2	Dewi Fortuna Nur Rohmah dan Nazmel Nazir (2022)	The Influence of Financial Performance, Environmental Performance, Environmental Management System, Managerial Ownership, and Public Accounting Firm Reputation on Carbon Emission Disclosure	Carbon Emission Disclosure (Y), Financial Performance (X1), Environmental Performance (X2), Environmental Management System (X3), Managerial Ownership (X4), Public Accounting Firm Reputation (X5)	Environmental performance, environmental management system and KAP reputation have a positive effect on carbon emission disclosure while financial performance and managerial ownership do not affect carbon emission disclosure.
3	Ike Amelia Nurjanah dan Dr. Vinola Herawaty, Ak, CA, M.Sc (2022)	The Influence of Corporate Governance and Media Exposure on Carbon Emission Disclosure with Environmental Performance as a Moderating Variable	Carbon Emission Disclosure (Y), Corporate Governance (X1), Media Exposure (X2), Environmental Performance (Z)	Corporate Governance variable does not affect Carbon Emission Disclosure variable, Media Exposure has a positive effect on Carbon Emission Disclosure, Environmental Capacity does not strengthen Corporate Governance Variable to Carbon Emission Disclosure moderated, Environmental Performance strengthens Media

				Exposure Variable has a positive effect on Carbon Emission Disclosure.
4	Patmini Rulyati Mustar, Dianwicaksih Arieftiara, dan Rahmasari Fahria (2020)	The Influence of Profitability, Board of Commissioners Effectiveness, and Institutional Ownership on Carbon Emission Disclosure	Emission Disclosure (Y), Profitability (X1), Board of Commissioners Effectiveness (X2), Institutional Ownership (X3)	Profitability and institutional ownership do not have a significant effect on carbon emission disclosure. While the effectiveness of the board of commissioners has a significant effect on carbon emission disclosure, where companies with high board of commissioner effectiveness values tend to make broader disclosures.

METHOD

Type of Research

Research design is a plan for collecting, measuring, and analyzing data based on research data. This study uses a quantitative method by obtaining data from consolidated financial reports and sustainability reports that have been published through the Indonesia Stock Exchange (IDX) website or on the official website of each company.

Population and Sample

Population

Population is a generalizable research area consisting of objects and subjects that have certain qualities and qualities selected by researchers to be studied before drawing conclusions (Fransisca, 2020). In this study, the population taken was energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 period.

Sample

The sample is part of the number and characteristics taken from the research population. In this study, the method used, namely purposive sampling, is used to collect representative samples according to predetermined criteria. Sample criteria to be used:

Table 2. Sample Criteria

No	Description	Total Sample	Total Data
1.	List of energy sector companies listed on the indonesia stock exchange 2020-2023	87	348
2.	Energy sector companies that did not provide consolidated financial statements and sustainability reports in 2020-2023	(31)	224
3.	energy sector companies that did not provide consolidated financial statements and sustainability reports in 2020	(38)	186
4.	energy sector companies that did not provide consolidated financial statements and sustainability reports in 2021	(19)	167
5.	energy sector companies that did not provide consolidated financial statements and sustainability reports in 2022	(12)	156
6.	energy sector companies that did not provide consolidated financial statements and sustainability reports in 2023	(11)	144

7.	Companies that do not disclose carbon emissions must include at least one item of carbon emission disclosure in 2020-2023.	(5)	139
	Total Research Sample	139	

Research Variables

Research variables are the nature, characteristics, or values of a person, object, or activity determined by researchers to be studied and conclusions drawn (Fransisca, 2020). There are 2 (two) variables in this study, namely the independent variable (free) and the dependent variable (bound).

Independent Variables

Variables that help or influence other variables can be called independent variables. The independent variables in this study are Corporate governance (X1), Profitability (X2), and Working Capital (X3).

Dependent Variables

Variables that are explained or influenced by the independent variables are called dependent variables. The dependent variable in this study is Carbon Emission Disclosure.

Data Collection Techniques

This study uses secondary data collection techniques by viewing, studying, and quoting from the consolidated financial statements and sustainability reports of each energy sector company listed on the Indonesia Stock Exchange (IDX).

Data Analysis Techniques

Descriptive Statistical Analysis

The average value (mean), standard deviation, variance, maximum, minimum, total, range, kurtosis, and skewness (distribution skewness) are used in descriptive statistics to provide an overview or description of data (Fransisca, 2020).

Classical Assumption Test

One of the assumptions underlying the validity of regression analysis is the classical assumption test, if linear regression meets several classical assumptions, it can be interpreted that the regression is good.

Normality Test

The normality test is used to determine whether the standardized residual values in the regression model are normally distributed (Pustaka, n.d.). As is known, the t-test and F-test assume that the normal distribution follows the residual values. If this assumption is violated, the statistical test for small samples is invalid. Graphical analysis and statistical tests are two methods to determine whether the residuals are normally distributed, have a normal distribution or are close to normal is a sign of a good regression model.

This test uses One Sample Kolmogorov-Smirnov with a significance level of 0.05. The basis for sampling, namely

a. Asymp. Sig. (2-tailed) value is less than 0.05, it can be interpreted that the data is not normally distributed.
b. Asymp. Sig. (2-tailed) value is greater than 0.05, it can be interpreted that the data is normally distributed.

Multicollinearity Test

The purpose of the multicollinearity test is to determine whether the regression model shows a high or perfect correlation between the independent variables. If it is found that there is a high correlation between the independent variables, then symptoms of multicollinearity can be found in the study (Pustaka, n.d.).

Autocorrelation Test

The autocorrelation test is the residual correlation between two observations in the regression model. The Durbin-Watson test is used to determine whether there is serial correlation in the regression model or whether there is autocorrelation among the observed variables in the model (Pustaka, n.d.).

Multiple Linear Regression Model Analysis

In this study, multiple regression equations are used to measure the effect of independent variables consisting of two or more variables on the dependent variable. The formulation of the regression problem for this study is as follows.

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$
Y = Carbon Emission Disclosure
α = regression constant
β = model regression coefficient
X1 = corporate governance
X2 = profitability
X3 = working capital
e = error

RESULTS AND DISCUSSION

Data Description

Data description is a description of the data that will be used to test the hypothesis. This study aims to investigate the effect of corporate governance, profitability, and working capital on carbon emission disclosure.

Research Data

In this study, the research subjects used were Energy sector companies listed on the Indonesia Stock Exchange in the 2020-2023 period. Sampling in this study used the purposive sampling method. The data in this study used secondary data in the form of consolidated financial statements and company sustainability reports in 2020, 2021, 2022, and 2023 which were downloaded via the company's website or idx.co.id.

Descriptive Statistics

Table 3. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Komite Audit	139	3	6	3.30	.656
Dewan Komisaris Independen	139	.17	1.33	.4123	.13062
Profitabilitas	139	-.57	.74	.2884	.17267
Modal Kerja	139	.27	16.51	2.2694	2.46189
Carbon Emission Disclosure	139	.06	.56	.2029	.13181
Valid N (listwise)	139				

Source: Processed Secondary Data

a. Audit Committee

Based on the table above, in the first row, it can be seen that during the observation period, the audit committee variable shows a minimum value of 3, which means that the company has an audit committee of at least 3 people. The maximum value is 6, which indicates the largest number of audit committees in a company. The standard deviation is 0.656.

b. Independent Board of Commissioners

Based on the table above, in the second row, it can be seen that during the observation period, the independent board of commissioners variable shows a minimum value of 0.17 and a maximum value of 1.33. The average value for the independent board of commissioners is 0.4123 with a standard deviation of 0.13062.

c. Profitability

Based on the table above, in the third row, it can be seen that during the observation period, the profitability variable is measured by gross profit divided by total revenue, resulting in a minimum value of -0.57 and a maximum value of 0.74. The average value for the profitability variable is 0.2884 with a standard deviation of 0.17267.

d. Working Capital

Based on the table above in the fourth row, it can be seen that during the observation period, the working capital variable is measured by current assets divided by current liabilities, resulting in a minimum value of 0.27 and a maximum value of 16.51. The average value for the working capital variable is 2.2694 with a standard deviation of 2.46189.

e. Carbon Emission Disclosure

Based on the table above in the fifth row, it can be seen that during the observation period, the carbon emission disclosure variable shows a minimum value of 0.06 and a maximum value of 0.56. The average value for the carbon emission disclosure variable is 0.2029 with a standard deviation of 0.13181.

Classical Assumption Test

Normality Test

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		94
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.11156457
Most Extreme Differences	Absolute	.084
	Positive	.080
	Negative	-.084
Test Statistic		.084
Asymp. Sig. (2-tailed)		.105[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Processed Secondary Data

Based on the table above, the results of the normality test show a Kolmogorov-Smirnov value of 0.105 and an Asymp. Sig value of 0.105 > 0.05. From these results, it can be seen that the significant value with the one-sample Kolmogorov Smirnov test for all variables is greater than 0.05 using the outlier method, which results in the data being normally distributed.

Multicollinearity Test

Table 5. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.089	.104		.859	.393		
	Komite Audit	.054	.022	.248	2.420	.018	.930	1.076
	Dewan Komisaris Independen	-.192	.143	-.141	-1.346	.182	.886	1.129
	Profitabilitas	.205	.090	.240	2.286	.025	.884	1.131
	Modal Kerja	-.019	.009	-.238	-2.220	.029	.850	1.176

a. Dependent Variable: Carbon Emission Disclosure

Source: Processed Secondary Data

Based on the test results in the table above, it can be seen that the corporate governance variable using calculations from the audit committee and independent board of commissioners has a tolerance value of 0.930 and 0.886 and a VIF value of 1.076 and 1.129. For the profitability variable, it has a tolerance value of 0.884 and a VIF value of 1.131 and the working capital variable has a tolerance value of 0.850 and a VIF value of 1.176. From the results above, it can be concluded that all VIF values in all VIFs in this research variable are smaller than 10 (<10) which indicates that there is no multicollinearity problem in the regression model.

Autocorrelation Test

Table 6. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.363[a]	.132	.093	.11404	1.692

a. Predictors: (Constant), Modal Kerja, Komite Audit, Dewan Komisaris Independen, Profitabilitas

b. Dependent Variable: Carbon Emission Disclosure

Source: Processed Secondary Data

Based on the test results above, the Durbin-Watson value is 1.692 with a table value using a significant 5% of 94 samples (after outliers) and the number of independent variables is 3 (K = 3, K value - 1 = 2), then the Durbin Watson table will get the following value.

We can conclude that the value that corresponds to the autocorrelation test is DU <D <4 - DU or 1.7078 <D <2.2922 or 1.199 <2.2922. We can conclude that there is no autocorrelation in this test.

Hypothesis Testing Results

Multiple Regression Analysis

Table 7. Multiple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.089	.104		.859	.393		
	Komite Audit	.054	.022	.248	2.420	.018	.930	1.076
	Dewan Komisaris Independen	-.192	.143	-.141	-1.346	.182	.886	1.129
	Profitabilitas	.205	.090	.240	2.286	.025	.884	1.131
	Modal Kerja	-.019	.009	-.238	-2.220	.029	.850	1.176

a. Dependent Variable: Carbon Emission Disclosure

With the beta value in the table above, it can be substituted into the equation to become:

$$Y = 0.089 (a) + 0.054 (-0.192) (X1) + 0.205 (X2) + 0.019 (X3) + e$$

From the results of the equation, the following results can be seen.

a. The regression coefficient value of the Corporate Governance variable against Carbon Emission Disclosure is 0.054 and -0.192, which indicates that a profitability variable of one unit will increase (+) carbon emission disclosure by 0.054 and will decrease by 0.192.
b. The regression coefficient value of the Profitability variable against Carbon Emission Disclosure is 0.205, which indicates that a profitability variable of one unit will increase (+) carbon emission disclosure by 0.205.
c. The regression coefficient value of the Working Capital variable against Carbon Emission Disclosure is 0.019, which indicates that a working capital variable of one unit will increase by 0.019.

Determination Coefficient Test (Adjusted R^2)

Table 8. Determination Coefficient

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.363[a]	.132	.093	.11404	1.692

a. Predictors: (Constant), Modal Kerja, Komite Audit, Dewan Komisaris Independen, Profitabilitas

b. Dependent Variable: Carbon Emission Disclosure

Source: Processed Secondary Data

Based on the results of the table test above, it can be obtained as much as 0.093. We can conclude that corporate governance, profitability, and working capital have an influence of 93% on carbon emission disclosure and the remaining 7% is influenced by other variables outside the study.

F Test or Goodness of Fit Test

Table 9. F Tes

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.176	4	.044	3.379	.013[b]
	Residual	1.158	89	.013		
	Total	1.333	93			

a. Dependent Variable: Carbon Emission Disclosure

b. Predictors: (Constant), Modal Kerja, Komite Audit, Dewan Komisaris Independen, Profitabilitas

Source: Processed Secondary Data

Based on the results of the table test above, it can be seen that the F count is 3.379 and the sig. value is 0.013. This shows that sig F <0.05, which means that the corporate governance variables (X1), profitability (X2), and working capital (X3) together have an effect on carbon emission disclosure.

Partial Test (Statistical Test t)

Table 10. Partial Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.089	.104		.859	.393		
	Komite Audit	.054	.022	.248	2.420	.018	.930	1.076
	Dewan Komisaris Independen	-.192	.143	-.141	-1.346	.182	.886	1.129
	Profitabilitas	.205	.090	.240	2.286	.025	.884	1.131
	Modal Kerja	-.019	.009	-.238	-2.220	.029	.850	1.176

a. Dependent Variable: Carbon Emission Disclosure

Source: Processed Secondary Data

Based on the results of the table test above, it can be seen that the corporate governance variable for the audit committee has an effect on carbon emission disclosure with a significant value of 0.018 smaller than 0.05, while the independent board of commissioners has no effect on carbon emission disclosure with a significant value of 0.182 greater than 0.05. The profitability variable has an effect on carbon emission disclosure with a significant value of 0.025 smaller than 0.05. The working capital variable has an effect on carbon emission disclosure with a significant value of 0.029 smaller than 0.05.

Discussion

The Effect of Corporate Governance on Carbon Emission Disclosure

Based on the analysis that has been carried out, corporate governance has an effect on carbon emission disclosure which can be concluded that hypothesis 1 is accepted. This study is also in line with (Firmansyah, 2021) which also states that corporate governance has an effect on carbon emission disclosure.

Companies can meet stakeholder demands regarding transparency of carbon emission disclosure information by implementing good governance. This demand is in line with the increasing environmental protection worldwide due to carbon emissions produced by companies, this study shows that companies in the energy sector in Indonesia have understood the impact of carbon emissions on the environment and governance encourages companies to develop carbon emission control strategies and support long-term sustainability.

Company management plays an important role in increasing the transparency of carbon emission disclosure. In this case, companies must continue to improve their governance practices so that companies can act more quickly on environmental issues. This study shows that companies can be more open in disclosing information about carbon emissions. This is in line with the company's expectations to provide stakeholders with clear and accurate information about how the company's actions affect the environment. Therefore, carbon emission disclosure is one indicator to assess the performance and commitment of a company to environmental sustainability.

The Effect of Profitability on Carbon Emission Disclosure

Based on the analysis that has been carried out, profitability has no effect on carbon emission disclosure which can be concluded that hypothesis 2 is rejected. This study is also in line with research (Komputer et al., 2021) which also states that profitability has no effect on carbon emission disclosure. Companies with high profitability do not always make environmental disclosures because there are differences of opinion between management that can be considered as a decrease in profit or vice versa.

Companies that generate large profits usually have more resources for disclosure, but not all companies are committed to doing so. There are differences of opinion among management about the importance of disclosure. Some members of management may see carbon emission

disclosure as a step that can reduce short-term profits, while others may argue that environmental disclosure can improve the company's reputation and attract investors who care about sustainability.

In addition, the company's decision to disclose carbon emissions is also influenced by external factors such as pressure from stakeholders, government regulations, and market trends. In some situations, businesses may be more interested in achieving short-term profitability targets than considering long-term environmental impacts. This shows that profitability is not the only factor that influences disclosure decisions, there are many other factors that can be considered.

Therefore, it is important for companies to review their communication approach regarding environmental issues. Disclosure of carbon emissions can improve reputation and relationships with stakeholders, although the main focus remains profitability. Companies must balance their profit achievements with social responsibility towards the environment. Further research is needed to study other factors that may influence the relationship between profitability and carbon emission disclosure.

The Effect of Working Capital on Carbon Emission Disclosure

Based on the analysis that has been done, working capital has no effect on carbon emission disclosure which can be concluded that hypothesis 3 is rejected. This study is also in line with research (Dewi Fortuna Nur Rohmah & Nazmel Nazir, 2022) which also states that financial performance (one of which is working capital) has no effect on carbon emission disclosure. In terms of legitimacy theory, companies that do not generate profits can take advantage of carbon emission disclosure to gain legitimacy.

One of the reasons working capital has no effect is because companies prioritize short-term profits rather than having to fulfill environmental responsibilities. Companies with high working capital are more likely to increase operational efficiency and profitability with company resources rather than investing in carbon emission disclosure which is considered to incur additional costs. Companies also ignore the fact that carbon emission disclosure does not generate direct added value for stakeholders.

In addition, it should be noted that carbon emission disclosure in Indonesia is not yet a mandatory requirement in the capital market but is still voluntary. Therefore, companies have the freedom to choose to what extent they want to disclose information about carbon emissions. In this case, the company may prefer to prioritize financial reports and profitability performance over its environment.

CONCLUSION

The purpose of this study is to show that various factors such as corporate governance, profitability, and working capital affect carbon emission disclosure. This disclosure analysis comes from the consolidated financial statements and sustainability reports of companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. This study used 139 samples with a purposive sampling method. Based on the results of hypothesis testing conducted with SPSS ver 25, it can be concluded that corporate governance has an effect on carbon emission disclosure, profitability does not affect carbon emission disclosure, working capital does not affect carbon emission disclosure. Based on the results and analysis of the study, there are several suggestions for practitioners, researchers, and further research, such as it is recommended that further research use the latest variables or add other variables, can use companies whose sustainability reports include a lot of carbon emission disclosure information, can increase the number of years of research because it is expected that more years of research will improve research results.

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