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Corporate Governance Review, Carbon Emission Disclosure and Corporate Value: A Study on Energy Sector Companies Listed on the Indonesia Stock Exchange

Yolifiandri[1*], Islamiah Kamil[2], Sri Anjarwati[3], Ida Royani Damayanti[4], RD Parashakti[5]
[1]Universitas Dian Nusantara, Indonesia
[2]Universitas Dian Nusantara, Indonesia
[3]Universitas Dian Nusantara, Indonesia
[4]Universitas Dian Nusantara, Indonesia
[5]Universitas Dian Nusantara, Indonesia

[*]Corresponding author: yolifiandri@undia.ac.id

Abstract: Protecting the natural environment is a very important responsibility for all people and organizations. The natural environment includes all the natural elements that make up the Earth's living system, including air, water, soil, and all living things that live in it. It has an important role, because it provides the necessary resources for humans and other living things. If we do not pay attention to the environment, then Nature will be damaged and the environment around us will become polluted, of course it can be detrimental to human life and also have the impact of damage in the future. One of the major contributors to environmental damage is from industry. Therefore, the author tries to provide proposals that are expected to be solutions to prevent environmental damage to the business world and also as a form of participation in environmental concern and is expected to increase the value of the Company. The author will explain the problems related to how to increase the value of the Company which has been with the image of the Company can only take advantage of nature without taking into account the damage caused. The author not only discusses how to increase the value of the Company, but also discusses how to have good corporate governance by paying attention to the surrounding environment, namely by discussing carbon emission disclosure. The author uses the social documentation analysis method which is expected to find theories and examine factors that can raise the Company while still paying attention to the environment by conducting research on companies from industries listed on the Indonesia Stock Exchange. This research is useful as a result of the implementation of good governance and the disclosure of carbon emissions as a further mitigation of natural damage.

Keywords: Governance, Carbon Emission Disclosure, Company Value, Environmental Pollution.

INTRODUCTION

Energy mining companies are one of the sectors that have the greatest influence on energy production worldwide. In an era of increasing concern for the environment and sustainability, these companies face the challenge of improving their operational efficiency while maintaining the environment. Carbon emissions disclosure and good corporate governance in these circumstances are critical to increasing company value and maintaining consumer and investor confidence. Carbon emission disclosure is increasingly important along with increasing awareness of environmental issues. Companies that actively disclose carbon emission data information show that they have social and environmental responsibility. As was the case in 2018, in North Sumatra, natural gas mining has caused significant environmental damage. Wildlife habitats have been destroyed by mining, which has turned ecosystems into bare land. In addition, natural gas mining produces exhaust gas emissions that are harmful to public health and air quality. Impact of Environmental Damage The energy mining companies caused can experience environmental damage that can disrupt the balance of ecosystems, air quality, and public health. Environmental damage can also negatively impact a company's reputation and financial performance.

One important aspect of a business strategy that focuses on improving and the company's reputation is the company's value. In the modern world, businesses that are able to take care of the environment and disclose transparent information about their carbon emissions tend to have a better reputation in the eyes of investors and consumers. Therefore, carbon emission disclosure and good corporate governance are essential to increase the value of the Company. (Safutri. Mzakhrudfa 2023).

The implementation of good governance can contribute to increasing the Company's value. By having good governance, the Company can run well. Governance in this case is that the audit committee, independent commissioners, and institutional ownership can not only monitor the business and reduce agency problems but can also pressure the Company to pay attention to environmental concerns that can have an impact on the company, improve financial performance and maintain investor confidence

Climate change is one of the biggest threats to the environment today due to the increasing concentration of greenhouse gases in the atmosphere, resulting in global warming. Companies that are committed to reducing carbon emissions and disclosing information transparently can increase investor and consumer confidence. High carbon emissions can negatively impact a company's reputation and financial performance, so companies that are committed to reducing emissions and clearly disclosing are likely to have a better reputation in the eyes of the public. The following is a list Table 1 the top 10 countries with the largest carbon emissions in the world, sourced from the Enerdata website, measured in metric tons of Kaborn Dioxide as follows;

Table 1. In metric tons of Carbon dioxide

Rank	Country	In metric tons of Carbon dioxide
1.	Chinese	10,504
2.	United States:	4,735
3.	India**:**	2,481
4.	Russian	1,798
5.	Japanese	1,001
6.	Indonesia**:**	739
7.	German	636
8.	Iran	634
9.	South Korea	597
10.	Saudi Arabia	584

LITERATURE REVIEW

Agency theory

is a contract that, according to agency theory, is created when an investor or shareholder hands over the management of a company to a manager who is considered to have better knowledge of how to manage the company (Jensen & Meckling, 1976). There is good reason to believe that the agent will not act solely in the interests of the principal in a situation where both parties seek to make a profit. Principals can reduce conflicts of interest by providing the right incentives to agents and paying fees for tracking agent errors. To reduce asymmetry, both parties need a good governance concept. With good governance, investor confidence will increase and have an impact on increasing the value of the Company.

Company Values

Companies are measured by total sales, assets, and market capitalization. Since the stock price remains stable, investors will be interested in buying the company's shares in the long term. Large companies have many opportunities and potential to grow their funds, but the larger the size of a company, the more activity is carried out. The size of the Company can be formulated as follows.

Company Size = Ln (Total Assets).

Corporate Governance.

The Good Corporate Governance mechanism used is as follows;

1) Institutional Ownership

Institutional ownership is measured by a ratio scale through the number of shares held by institutional investors compared to the total shares of the company. There is also a formula used to measure institutional ownership variables:

$$\text{INST} = \frac{\text{Number of shares ownership by Institutional}}{\text{All the share capital of company}}$$

2) Audit Committee

According to kurniasih sari (2013) the Audit Committee is measured using the Dummy variable, namely 1 if there is an audit committee and 0 if there is no audit committee, and the audit committee consists of at least 3 people.

3) Independent Commissioner

The independent Board of Commissioners in Law Number 40 of 2007 concerning Limited Liability Companies is a party appointed based on the resolution of the GMS from parties who are not affiliated with the main shareholders, members of the board of directors and/or other members of the commissioners. There is also a formula used to measure independent commissioner variables;

$$\text{Komind} = \frac{\text{Komisaris Independen}}{\text{Total dewan Komisaris}}$$

Carbon Emission Disclosure

Carbon emission disclosure is an illustration of environmental disclosure which includes the power of carbon emissions, the use of energy resources, targets and targets to reduce carbon emissions, as well as the potential and risks associated with the impact of climate change (Bae Choi et al., 2013).

$$\text{CED} = \frac{\sum di}{M}$$

Ket: CED= Carbon Emissions Disclosure ∑di=Total score disclosed by company M = Maximum amount that a company can disclose (18 items)

Theoretical Concepts

This theoretical concept examines that this study analyzes the influence of Good Corporate Governance and Carbon Emission disclosure on Company Value as shown in Figure 2 below as follows;

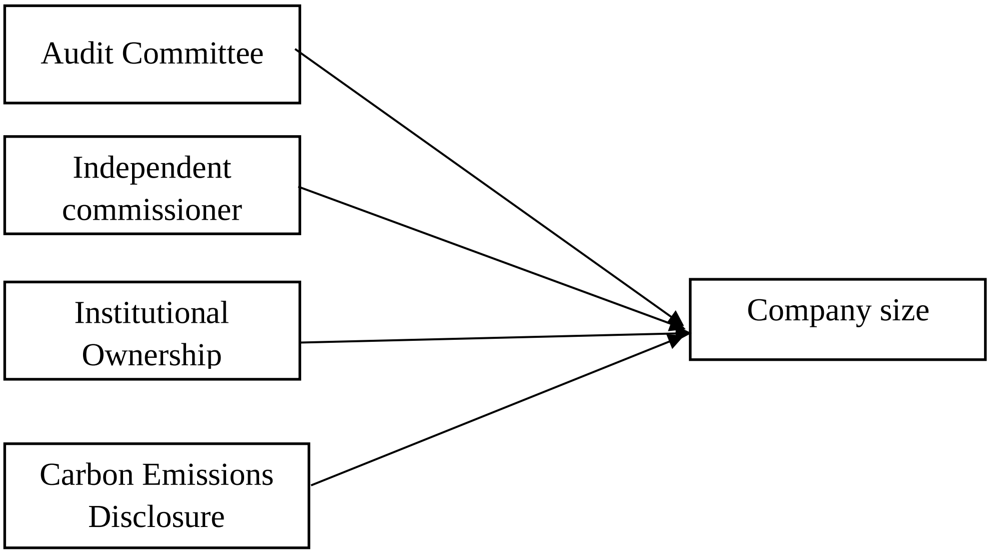

Figure 2

METHODOLOGY

This study attempts to explore the theoretical model of the proposal on how the effect of implementing Good Corporate Governance with Audit Committee Mechanisms, independent commissioners and Institutional Ownership and Carbon emission disclosure can increase the value of companies, and this model becomes the starting point for further discussion to develop a convincing model that can be further tested on empirical research followed by the discussion of theoretical review.

DISCUSSION

Institutional Ownership

Institutional ownership is considered to have the ability to influence the value of a company. According to Fitri Amaliah (2019), more institutional ownership in a company means more motivation to optimize company value. Institutional leadership has the ability to supervise and control management to improve management performance. However, unlike the results of research (Kusumaningtyas & Andayani, 2015) where institutional ownership has no influence on the value of the company. If institutional ownership is not involved in the management decision-making process, then institutional ownership will not function.

Audit Committee

The audit committee's primary task is to ensure that the company's financial statements are made accurately and transparently. According to research (Masliyani & Murtanto, 2022), the audit committee is expected to make a significant contribution to the implementation of corporate governance and can maximize supervision, and according to agency theory, the existence of an audit committee is expected to solve agency problems. In contrast to research conducted by (Finni Afnilia 2023) that the audit committee has no effect on the company's value. These results are in line with research conducted by Azizah & Purwanto (2022), the audit committee has no effect on the company's value. The audit committee has no influence in indicating that it is effective or qualitative in carrying out its functions, such as the functions of supervision, evaluation, and recommending the company's internal control system. As a result, the audit committee is unable to prevent agency conflicts such as the asymmetry of financial statement information that has the potential to present unreasonable financial statements.

Independent Commissioner

Commissioners have a role in the company. The supervisory function runs so that if a practice is found that raises interests, the independent commissioner can pressure to implement good corporate governance. This is in line with (Saifi & Hidayat, 2017) where independent commissioners can improve the monitoring function to management to act in accordance with good corporate governance. In contrast to the results obtained (Aryanto & Setyorini, 2019), where the commissioner has no effect on the company's value, this can be caused by several things such as the lack of activity of independent commissioners or because the company is not transparent in making financial statements so that independent commissioners are not optimal in carrying out their duties.

Disclosure of carbon emissions.

Carbon emissions are increasingly a concern for stakeholders who are concerned about the effects of global warming. Stakeholders demand transparent information, and companies tend to disclose their real responsibilities for meeting their commitments. According to the theory of legitimacy, every company will seek to gain legitimacy or public recognition for its existence. Therefore, if companies want to increase their value, they must manage their environmental and social performance well (Hardiyansah et al., 2021). From the Government of the Republic of Indonesia giving awards to companies that care about the environment, the Ministry of Environment and Forestry gives the PROPER Award (Company Performance Rating Assessment Program in Environmental Management) to companies that have shown an extraordinary commitment to the environment by meeting the set standards. In addition, there are many benefits obtained if transparently disclosing carbon emissions, such as getting a good and positive reputation and a good opinion about environmental care that can have an impact on increasing the company's value. Different results obtained by finni afnilia 2023), carbon emission disclosure has no effect, meaning that it cannot increase the company's value, in line with research conducted by Asyifa & Burhany (2022). For Indonesia, carbon emission disclosure is disclosure in Indonesia, so it is difficult to find information about carbon emissions in the company's sustainability report and annual report.

CONCLUSION

Econometric concepts will be used to empirically test these theoretical model ideas. This will be achieved by using the type of secondary data collected from each audited financial statement listed on the Indonesia Stock Exchange during the year in question.

This research will help the government convince business people to disclose carbon emissions if they want to increase the value of their companies and invite business people to participate in maintaining environmental balance. This research can also be used by investors as a reference and consideration when they make investment decisions in companies that care about the environment. And no less important is to make good financial statements, company management can consider making and implementing good governance regulations so that the Company's reputation in the eyes of investors becomes good.

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