

THE EFFECT OF CORPORATE ENVIRONMENTAL PERFORMANCE ON CORPORATE FINANCIAL PERFORMANCE IN ASEAN-5 ENERGY COMPANIES 2021-2024

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Abstrak

Penelitian ini dilaksanakan dalam menganalisis pengaruh kinerja lingkungan perusahaan terhadap kinerja keuangan perusahaan pada entitas bisnis sektor yang bergerak pada bidang energi dan masuk dalam daftar bursa efek negara ASEAN-5 (Bursa Efek Indonesia, Bursa Malaysia, SGX Singapore, PSE Philippines, SET Thailand) selama tahun 2021 hingga 2024. Penelitian ini memanfaatkan metode pendekatan yakni kuantitatif, di mana teknik pengumpulan data yang digunakan ialah memakai data sekunder yang didapatkan dari situs web resmi perusahaan dan bursa efek ASEAN-5 dengan metode *purposive sampling*. Data-data dalam penelitian memanfaatkan perangkat lunak berupa program SPSS versi 25. Penelitian ini memberikan hasil yang membuktikan bahwasannya kinerja lingkungan perusahaan memberikan pengaruh secara nyata ke arah yang positif terhadap kinerja keuangan perusahaan.

Kata Kunci: Kinerja Lingkungan Perusahaan, Kinerja Keuangan Perusahaan, Perusahaan Energi, ASEAN-5.

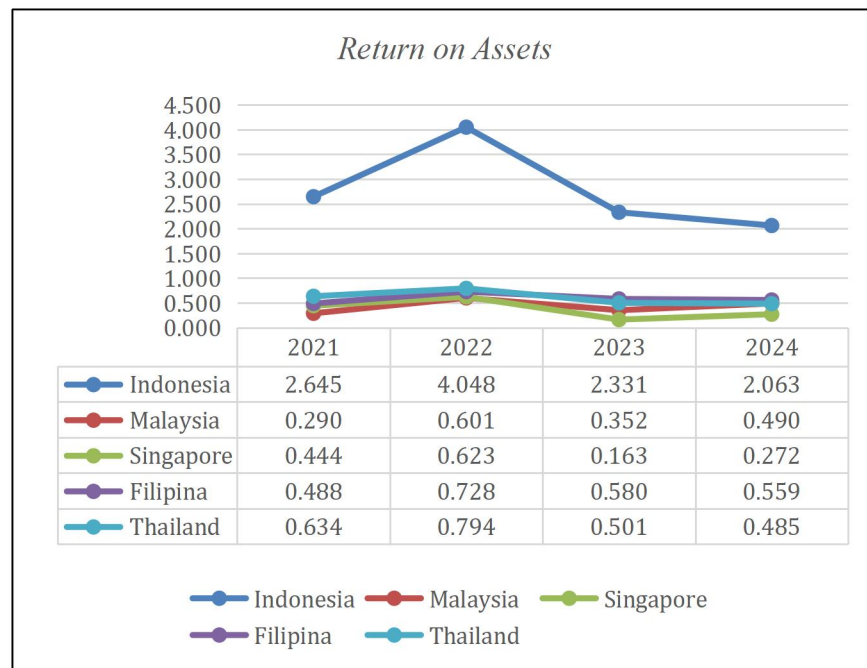
Abstract

This study examines the impact of Corporate Environmental Performance on Corporate Financial Performance within the energy sector, focusing on business entities listed on the stock exchanges of the ASEAN-5 economies (Indonesia Stock Exchange, Bursa Malaysia, SGX Singapore, PSE Philippines, and SET Thailand) from 2021 to 2024. Employing a quantitative approach, the study utilizes secondary data obtained from official company websites and ASEAN-5 stock exchanges, selected via purposive sampling. The collected data were processed using SPSS software (version 25). The findings indicate that Corporate Environmental Performance has a significant, positive influence on Corporate Financial Performance.

Keywords: *Corporate Environmental Performance, Corporate Financial Performance, Energy Companies, ASEAN-5.*

A. INTRODUCTION

Corporate Financial Performance is a key indicator of a business entity's success in managing financial assets (Fitriyanti, 2024). This performance can be assessed using profitability ratios, specifically Return on Assets, Return on Equity, Gross Profit Margin, Operating Profit Margin, and Net Profit Margin (Lase *et al.*, 2022). Return on Assets was selected as a proxy for Corporate Financial Performance due to its comparability across industries and countries, making it a suitable instrument for analyzing the Corporate Financial Performance outside the financial sector within the ASEAN-5 region, which possesses diverse industrial structures. The following is the return on assets for the ASEAN-5 region from 2021 to 2024:



Graph 1. Return on assets ASEAN-5 from 2021 to 2024

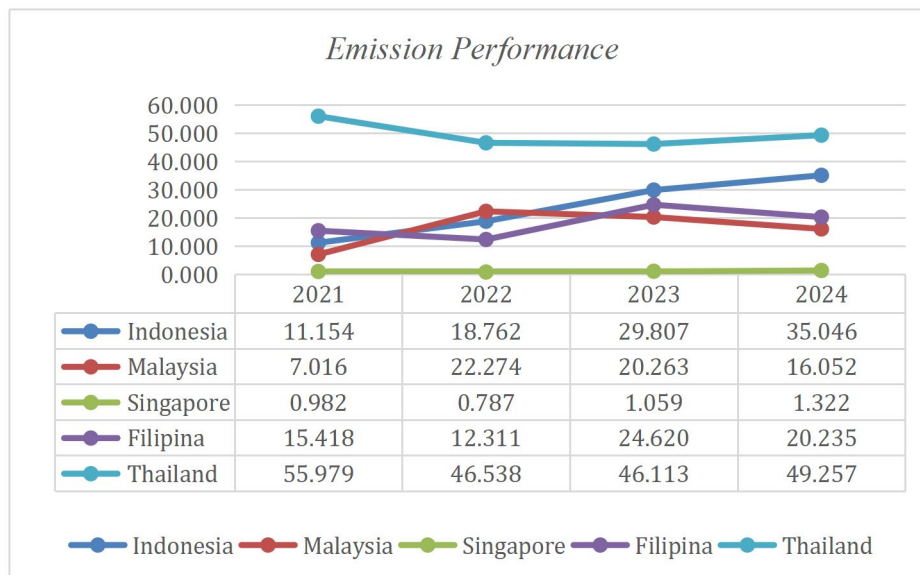
Source: Processed data (2026)

The graph above illustrates the Return on Assets in the ASEAN-5 region, specifically within the energy sector, showing varying fluctuations in performance. The energy sector, in particular, exhibits high sensitivity to shifting macroeconomic conditions, given the direct links between energy demand, commodity prices, and the policies in place across different countries.

Economic slowdowns and declining energy demand affect the revenue and asset-use efficiency of energy companies, ultimately reflected in a drop in Return on Assets (ROA).

Environmental considerations have become increasingly relevant due to mounting pressure from stakeholders and government regulators, alongside growing investor awareness regarding sustainable business practices. Companies that fail to effectively manage their environmental impact risk reputational damage, high environmental costs, and a loss of investor confidence factors that ultimately impact financial performance (Luo *et al.*, 2024).

A company's operational activities generate various negative externalities such as carbon emissions and industrial waste that necessitate sustainable environmental management. Rising industrial activity and global economic growth further exacerbate the intensity of these issues. Increased activity is indicated by the emission performance graph below:



Graph 2. Emission Performance ASEAN-5 from 2021 to 2024

Source: Processed data (2026)

However, corporate responses to this matter remain varied and inconsistent, indicating that the effectiveness of sustainability practices has not yet reached its full potential. The shift in the performance measurement paradigm moving from a sole focus on Corporate Financial

Performance (CFP) toward a more comprehensive approach incorporating Corporate Environmental Performance (CEP) reflects a growing emphasis on sustainability. These issues underscore the importance of conducting this research, which seeks to explore the extent to which Corporate Environmental Performance affects Corporate Financial Performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

Stakeholder theory emphasizes that business success cannot be determined solely by its efforts to maximize shareholder profit but also depends on meeting the interests of all stakeholders. Corporate stakeholders are categorized into two interest groups external and internal where external parties consist of suppliers, consumers, the community, and the government, while internal parties comprise employees, managers, and shareholders (Freeman, 1984).

Legitimacy Theory

Legitimacy theory is defined as a crucial condition for a company to conduct its activities within the boundaries of social norms and values prevailing in society, thereby gaining public recognition. A company's tangible efforts to meet these expectations are reflected in its Corporate Financial Performance. Furthermore, companies that successfully optimize their Corporate Environmental Performance thereby achieving high levels of public perceived environmental performance tend to gain social support, enhance their reputation, and strengthen investor confidence and consumer loyalty (Suchman, 1995).

Corporate Environmental Performance

Corporate Environmental Performance is a measure reflecting a business entity's capability to manage, reduce, and control the environmental externalities arising from its operational processes. Corporate Environmental Performance can be assessed based on the level of ecological degradation resulting from a company's production activities, the greater the negative impact, the lower the Corporate Environmental Performance quality (Lankoski, 2000).

Corporate Financial Performance

Corporate Financial Performance represents a business entity's ability to manage and maximize assets serving as primary financial resources to generate profit and maintain operational stability over a specific period. Measuring corporate financial performance provides insight into whether the company's assets have been managed efficiently, thereby enabling the generation of substantial profits (Norsita & Yuliana, 2024).

Conceptual Framework

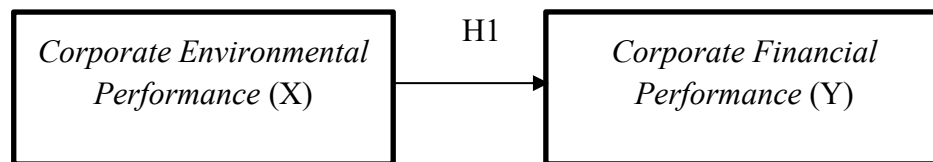


Figure 1. Conceptual Framework

Source: (Alyahya & Agag, 2025; Anggraini et al., 2024; Aryanti et al., 2023; Ferdy et al., 2026; Nursaid et al., 2023)

In reference to the conceptual framework depicted in Figure 1, the hypothesis of this study is developed as follows:

H1 : Corporate Environmental Performance has a positive effect on Corporate Financial Performance

B. METHOD

This study employed a quantitative approach in its execution. It tests hypotheses to understand how a Corporate Environmental Performance can influence improvements in its Corporate Financial Performance. The study examines 49 business entities operating in the energy sector that were listed on stock across within the ASEAN-5 countries during the form 2021 to 2024 period.

The researcher utilizes a purposive sampling technique for this study. This method entails selecting the sample intentionally based on specific criteria. The sample criteria for this study consist of energy business entities in the ASEAN-5 region during the from 2021 to 2024 period

that publish sustainability reports and disclose emissions, are listed on the main market of their respective countries, and have not incurred losses throughout the specified period.

The data employed in this research are secondary in nature, retrieved from the official websites of the ASEAN-5 stock exchanges, consisting of IDX, Bursa Malaysia, SGX, PSE, and SET. The data encompasses details regarding the financial and environmental performance of the companies from 2021 to 2024. The primary analysis method utilizes SPSS software version 25. The procedure involved data validation, overall model testing, assessment of model fit, and hypothesis testing.

C. RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

Descriptive statistics are statistical methods used to interpret, summarize, and present the key characteristics of a dataset, making it easier to understand. This form of analysis is used to present or describe collected data exactly as it is, without the aim of drawing generalized conclusions. The following are the descriptive statistical analysis results from this study:

Table 1. Deskriptive Statistics Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CEP	196	.001	31.939	2.21937	4.897095
CFP	196	.001	.616	.09715	.113512
Valid N (listwise)	196				

Source: Processed data (2026)

The mean value for the Corporate Environmental Performance (independent variable) is 2,21937, with a standard deviation of 4,897095. With regard to the dependent variable of Corporate Environmental Performance, the lowest recorded value amounted to 0,001, while the highest value reaches 31,939. These figures indicate that, in general, companies possess a low level of environmental awareness. However, the high maximum value demonstrates that there

are companies with significant environmental performance relative to their total revenue, this has the potential to attract Environmental Social Governance oriented investors and offers opportunities for long-term financial sustainability.

The mean value for the Corporate Financial Performance (dependent variable) variable is 0,09715, with a standard deviation of 0,113512. The lowest value for variable Y is 0,001, and the the highest value is 0,616. This indicates that the majority of companies do not yet exhibit strong financial performance, although there are companies with both high and very low levels of Corporate Financial Performance.

Classical Assumption Test Results

Normality Test

Table 2. Normality Test		
One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		122
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.02874500
Most Extreme Differences	Absolute	.085
	Positive	.085
	Negative	-.047
Test Statistic		.085
Asymp. Sig. (2-tailed)		.111 ^c
Source: Processed data (2026)		

The results of the normality assessment are presented in table 2, conducted in this study using the Kolmogorov-Smirnov test, which yielding an Asymp. Sig. score of 0,111, a score exceeding the established significance level of 0,05. These results indicate that the research data are normally distributed and satisfy one of the criteria for the use of parametric statistics.

Multicollinearity Test

Table 3. Multicollinearity Test

Coefficients ^a			
Model	Collinearity Statistics		
		Tolerance	VIF
1	(Constant)		
	CEP	.883	1.132

a. Dependent Variable: Y

Source: Processed data (2026)

Table 3 present the results multicollinearity test, revealing that the tolerance value for the Corporate Environmental Performance variable has a tolerance score above 0.10 and the test indicates no VIF score exceeding 10. Specifically, the CEP yielded a tolerance score of 0,883 and the VIF score of 1,032. It can therefore be concluded that no multicollinearity problem exists within the regression model, thereby confirming its adequacy for analysis.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.028	.007		3.838	.000
	CEP	-.002	.010	-.023	-.203	.840

Source: Processed data (2026)

Based on the Glejser test results shown in Table 3, the probability value (Sig) obtained for the independent variable Corporate Environmental Performance is 0,840. This indicates that the significance value obtained from the Glejser test used to assess heteroscedasticity does not reveal the presence of heteroscedasticity, as the value exceeds the 0.05 (or 5%) threshold.

Autocorrelation Test

Table 5. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.354 ^a	.125	.105	.029074	1.817

a. Predictors: (Constant) CEP

Source: Processed data (2026)

Table 4 yields a Durbin-Watson (DW) value of 1,817. This value (d) is then compared against the upper limit (du) and the value of $4 - du$. The results indicate that the study satisfies the condition $du < d < 4 - du$ (specifically, $1,7868 < 1,817 < 2,2132$). This signifies the absence of either positive or negative autocorrelation, leading to the acceptance of the decision.

Hypothesis Testing t-test

**Table 6. t-test
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.042	.004		9.640	.000
CEP	.048	.015	.313	3.092	.003

a. Dependent Variable: CFP

Source: Processed data (2026)

As presented in Table 8 indicates that the Corporate Environmental Performance or independent variable has a significance level of 0,003. This significance value of 0,003 is less than 0.05, furthermore the calculated t-value 3,092 exceeds the t-table value is 1,972, leading to the rejection of H_0 and the acceptance of H_a . Accordingly, the evidence suggests that Corporate Environmental Performance has a positive and significant impact on Corporate Financial Performance, and thus **H1 is accepted**.

Coefficient of Determination Test

Table 7. t-test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.354 ^a	.125	.105	.029074

a. Predictors: (Constant), CEP, GCG

Source: Processed data (2026)

Based on the analysis, the Adjusted R-squared representing the coefficient of determination equals 0.105 or 10,5% indicating that the independent variable (X) accounts for 10,5% of the influence on Corporate Financial Performance (Y). This suggests that the variables

employed do not yet fully explain the variations observed in the Corporate Financial Performance.

D. CONCLUSIONS

Findings regarding the issues under study reveal that a Corporate Environmental Performance measured emission performance has a statistically significant, positive effect on financial performance outcomes. This implies that high Corporate Environmental Performance enhances Corporate Financial Performance. Companies that prioritize environmental performance gain greater trust from the public and regulators, thereby becoming more motivated to manage their operations efficiently and responsibly, which ultimately contributes tangibly to improved Corporate Financial Performance. These findings of this study reinforce empirical evidence from previous studies (Abdullah *et al.*, 2025; Almaqtari *et al.*, 2024; Alyahya & Agag, 2025; Dohrmann *et al.*, 2024; Renaldo *et al.*, 2022) which found that Corporate Environmental Performance affects Corporate Financial Performance.

E. SUGGESTIONS

Future researchers are expected to expand upon these findings by conducting studies with a different scope within this sector. Additionally, future research should incorporate additional factors that could shape Corporate Financial Performance, such as firm size, environmental costs, sustainability reporting, institutional ownership, and green innovation (Anggraini *et al.*, 2024; Ferdy *et al.*, 2026; Handoyo & Anas, 2024; Tripopsakul, 2025).

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