

THE EFFECT OF GREEN STRATEGY AND ASSURANCE REPORT ON FINANCIAL PERFORMANCE

Evi Zahrotur Rohma¹⁾, Abd. Rohman Taufiq²⁾, Richo Diana Aviyanti³⁾

¹ Faculty of Economics and Business, Universitas PGRI Madiun

email: evi_2203101044@mhs.unipma.ac.id

² Faculty of Economics and Business, Universitas PGRI Madiun

email: abdrohman.taufiq@gmail.com

³ Faculty of Economics and Business, Universitas PGRI Madiun

email: rdiana@unipma.ac.id

Abstrak

Penelitian ini bertujuan untuk menguji pengaruh strategi hijau dan laporan jaminan terhadap kinerja keuangan perusahaan bahan baku yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021 hingga 2024. Penelitian ini dimotivasi oleh inkonsistensi dalam penelitian sebelumnya mengenai arah pengaruh kedua variabel tersebut terhadap kinerja keuangan. Penelitian ini menggunakan pendekatan kuantitatif dengan desain kausalitas. Sampel dipilih menggunakan purposive sampling dari 81 dari 96 perusahaan bahan baku, menghasilkan 324 observasi yang dikumpulkan selama empat tahun penelitian. Strategi hijau diukur menggunakan 18 indikator, laporan jaminan diukur menggunakan variabel dummy untuk penggunaan firma akuntansi Big Four, dan kinerja keuangan diukur menggunakan Tobin's Q. Analisis data dilakukan menggunakan regresi linier berganda dengan bantuan IBM SPSS Statistics 26. Hasil penelitian menunjukkan bahwa strategi hijau dan laporan jaminan berpengaruh terhadap kinerja keuangan.

Kata Kunci: *Green Strategy, Assurance Report, Kinerja Keuangan, Tobin's Q, Basic Materials*

Abstract

This study aims to examine the effect of green strategy and assurance report on financial performance of basic materials companies listed on the Indonesia Stock Exchange (BEI) during the period 2021 to 2024. This research was motivated by the inconsistency in previous studies regarding the direction of influence of these two variables on financial performance. Penelitian menggunakan pendekatan kuantitatif dengan desain kausalitas. The sample was selected using purposive sampling from 81 out of 96 basic materials companies, resulting in 324 observations collected over four years of study. The green strategy is measured using 18 indicators, the assurance report is measured using a dummy variable for the use of Big Four accounting firms, and financial performance is measured using Tobin's Q. The data analysis was done using multiple linear regression with the help of IBM SPSS Statistics 26. Research results show that the green strategy and assurance report affect financial performance.

Keywords: *Green Strategy, Assurance Report, Financial Performance, Tobin's Q, Basic Material.*

A. INTRODUCTION

The way companies in the mining and basic materials industries do financially is greatly affected by shifts in the prices of global commodities and overall economic conditions. (Istiani & Amirulloh, 2025). Research on company value also finds that market-based performance has not consistently demonstrated long-term value potential, indicating that non-financial factors are still suboptimal in shaping investor perceptions (Rachman & Makhsun, 2024).

One strategic response increasingly implemented by companies is a green strategy, a commitment to integrating environmental considerations into the core of their business strategy. Based on stakeholder theory (Freeman, 1984), Companies that really put a green plan into action will get more support from different groups of people involved. However, empirical evidence shows inconsistent results. A study found that the green strategy helped improve financial performance. (Eryanti et al., 2026), while other studies found that green strategies had no impact on company performance. (Audhitiawaty & Murwaningsari, 2024).

An assurance report is an independent verification service necessary to build stakeholder trust in the non-financial information presented by a company (Suhardi et al., 2025). Implementing sustainability assurance requires additional costs as part of the process of increasing the credibility of sustainability reports (Murthin & Septiani, 2022). Based on legitimacy theory (Suchman, 1995), a high-quality assurance report serves as concrete evidence of a company's legitimacy in the eyes of investors and the public. However, the relationship between assurance report quality and financial performance has been inconsistent in previous studies: some found an insignificant effect (Fitriyani & Raharja, 2025; Tarigan & Samuel, 2014), while others found a significant positive effect (Sari et al., 2025).

Given this inconsistency, this study aims to empirically examine the influence of green strategy and assurance report quality on financial performance in basic materials companies

listed on the Indonesia Stock Exchange. This research is expected to enrich the sustainability accounting literature and provide practical input for management, investors, and regulators such as the OJK in assessing the effectiveness of sustainability investments on company value.

These inconsistent findings provide an important research gap, particularly in the basic materials sector, which has relatively high environmental exposure and is closely associated with the use of natural resources and environmental impacts. The sector therefore provides a relevant context for examining whether environmental strategies and the credibility of sustainability information are reflected in corporate financial performance. In addition, most previous studies have produced different conclusions regarding the economic consequences of green strategy and sustainability assurance, indicating the need for further empirical evidence in the Indonesian capital market.

This study looks at how a company's green strategy and the quality of its assurance report affect its financial performance. It focuses on basic materials companies listed on the Indonesia Stock Exchange from 2021 to 2024. Financial performance is measured using Tobin's Q, which shows how much a company is worth based on the market. This study should add to the field of sustainability accounting by offering more evidence on how environmental strategies and independently verified sustainability reports might affect a company's financial results. In real-world situations, these findings could help business leaders, investors, and government officials better understand how sustainability efforts affect the economy in the basic materials industry.

Legitimacy Theory

Legitimacy theory refers to the rules and restrictions that lead businesses to environmental and social issues. (Audhitiawaty & Murwaningsari, 2024) Companies that lose legitimacy will face social pressure, increasingly stringent regulations, and reduced support from various stakeholders, which ultimately have a negative impact on financial performance. Legitimacy theory explains how companies maintain their sustainability in society by meeting social norms and expectations. Violating these norms will threaten the company's reputation

and sustainability. Therefore, managers will tend to report company reports positively and ultimately gain legitimacy.

Stakeholder Theory

Stakeholder theory is about business ethics and how organizations are managed. (Noviarty & Edryani, 2021) This theory says that companies should create benefits for different groups and people who can either affect the company or be affected by it. These groups include civil society, communities, customers, employees, government, shareholders, and suppliers. As it grew, stakeholder theory focused on how companies should meet the needs and expectations of their stakeholders by sharing information and being accountable, which helps build strong relationships and supports the company's long-term success. This idea matches the belief that a company's success comes from how well it meets the needs of all its stakeholders. (Khasanah et al., 2020)

Green Strategy

Sun and Sun (2021, in Kurniawati & Arafah, 2026) state that a green strategy is a company's production management activities through pollution prevention and product management to reduce environmental impacts. A green strategy can help a company build a positive image among customers, business partners, and the public. Companies committed to sustainability and environmentally friendly business practices are more likely to be valued and supported by increasingly environmentally conscious consumers.

Assurance Report

The sustainability information gap between investors and company management can be minimized through quality reporting, with assurance being one of the measurement indicators. (Sari et al., 2025) The use of assurance in sustainability reports will increase the company's credibility, a value that companies must consider when preparing reports. (Anugerah et al., 2018) Assurance is a third-party verification service that can provide benefits in the form of positive impressions from stakeholders and strengthen stakeholders' assessment of the usefulness of sustainability reports.

Financial Performance

Company performance can be defined as the achievements obtained within a certain period, taking into account various predetermined criteria. (Ningwati et al., 2022) Financial performance is proxied by Tobin's Q, which integrates the dimensions of the company's market value and book value. Tobin's Q was first introduced by Tobin (1969) and is widely used in corporate finance research as a market-based measure of company value.

The Effect of Green strategy on Financial Performance

Green strategy is a strategic approach that integrates environmental aspects into a company's business strategies and activities with the aim of realizing sustainability and creating competitive advantage (Kurniawati & Arafah, 2026). Implementing a green strategy essentially requires a large initial investment, from adopting environmentally friendly technologies to adapting production processes. While operational efficiency benefits are only realized in the long term, these costs outweigh the resulting efficiencies in the short term, consistent with the findings of (Audhitiawaty & Murwaningsari., 2024). Therefore, the first hypothesis is formulated as follows:

HI : Green strategy has an impact on financial performance.

The Effect of Assurance Report on financial performance

An assurance report refers to the level of external credibility provided by an independent third party to the non-financial information presented by the company (Murthin & Septiani, 2022). The costs incurred by companies to obtain external assurance from Big Four accounting firms increase operational costs, which can depress financial performance in the short term. Furthermore, for basic materials companies with a high environmental risk profile, a comprehensive assurance report has the potential to reveal more negative information related to environmental impacts, thus lowering market perception, in line with the findings of Tarigan & Samuel (2014). Therefore, the second hypothesis is formulated as follows:

H2 : assurance reports affect financial performance.

METHOD

This research adopts a quantitative approach, drawing on secondary data sourced from the annual financial statements of basic materials companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2024, accessed via www.idx.co.id. The study population comprises 81 basic materials firms operating in Indonesia, yielding a total of 324 observations across the four-year span. Sample selection was carried out through purposive sampling based on the following criteria:

1. The company operates in the basic materials sector and is listed on the IDX.
2. The company published its financial statements on the IDX consistently throughout the 2021-2024 period.
3. The company issued a sustainability report during the 2021-2024 period.
4. The company reported total fixed assets throughout the 2020-2024 period.

In this study there are two variables, namely the dependent variable or variable Y, and the independent variable or variable X.

1. Dependent Variable

Financial performance reflects the relationship between a firm's market valuation and the book value of its total assets (Sari et al., 2025). In contrast to market-based valuation, accounting-based measures of financial performance place greater emphasis on how efficiently a company utilizes its internal resources. One common way to capture this is through the Tobin's Q ratio.

$$Tobin's\ Q = \frac{(EMV + D)}{TA}$$

2. Independent Variable

1. Green Strategy

A green strategy is defined as an organization's commitment to minimizing the negative impact of its operations on the environment through innovation, energy efficiency, and

systematic waste management. (Kurniawati & Arafah, 2026) Green strategy is seen as a long-term investment whose positive impact on financial performance will only be felt after the strategy transition phase is completed, so that in the short term, the burden of implementation costs (front-loaded costs) tends to be more dominant than the resulting efficiency. The measurement of green strategy in this study was implemented using the 18 indicator index proxy, namely as follows:

$$GS = \frac{\text{Disclosed Indicators}}{\text{Total Indicators}}$$

2. Assurance Report

An Assurance Report is the level of external credibility provided by an independent third party to the non-financial information presented by a company. (Murthin & Septiani, 2022) The measurement of the assurance report using the assurance provider uses a dummy variable, where a value of 1 is given if the company uses a Big Four KAP as the party providing guarantees for the sustainability report, and a value of 0 if it is non-Big Four or there is no assurance.

B. RESULTS AND DISCUSSIONS

Descriptive Statistical Test

The results of descriptive statistics in this study are as follows:

Tabel 1. Results of Descriptive Statistical Tests
Descriptive Statistics

Variabel	N	Minimum	Maximum	Mean	Standard deviation
Green Strategy	324	0,11	0,94	0,5714	0,11473
Assurance Report	324	0,00	1,00	0,4907	0,50069
Kinerja Keuangan	324	0,34	5,40	1,1956	0,73884

Source: Data processed by researchers using SPSS version 26

The average green strategy score of 0.5714 (57.14%) indicates that the implementation of green strategies in basic materials companies has developed quite well, although it is not evenly

distributed across all sample companies. The average assurance report score of 0.4907 indicates that approximately 49.07% of observations use Big Four accounting firms as assurance providers. Financial performance, proxied by Tobin's Q, has an average of 1.1956, which means that on average, the market values basic materials companies higher than the book value of their assets.

Classical Assumption Results

Descriptive statistical tests are used to describe or illustrate the data obtained with minimum, maximum, mean (average) and standard deviation values. The results of the classical assumption test in this study are as follows:

**Table 2. Normality Test Results
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		324
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	0,23155991
Most Extreme Differences	Absolute	0,043
	Positive	0,033
	Negative	-0,043
Test Statistic		0,043
Asymp. Sig. (2-tailed)		0,200 ^{c,d}

Source: Data processed by researchers using SPSS version 26

The normality test presented above yields an Asymp. Sig. (2-tailed) value of 0.200, which exceeds the 0.05 threshold. This finding indicates that the research data satisfies the assumption of normal distribution.

**Table 3. Multicollinearity Test Results
Coefficients^a**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Green Strategy	0,705	1,419
	Assurance Report	0,705	1,419

a. Dependent Variable: Kinerja Keuangan

Source: Data processed by researchers using SPSS version 26

Table 3 presents the multicollinearity test results, showing that both independent variables have tolerance values above 0.10 and VIF values below 10. These results indicate that the regression model is free from multicollinearity issues.

Table 4. Results of Heteroscedasticity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,001	0,000		9,618	0,000
	Green Strategy	0,000	0,000	0,042	0,642	0,521
	Assurance Report	5,626	0,000	0,037	0,570	0,569

a. Dependent Variable: Kinerja Keuangan

Source: Data processed by researchers using SPSS version 26

Based on table 4 it shows that the valuesignificance or Sig. (2-tailed) for all independent variables is greater than 0.05, it can be concluded that the independent variables in the regression model in this study do not experience heteroscedasticity.

Table 5. Autocorrelation Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	0,104 ^a	0,011	0,005	0,62606	1,995

Source: Data processed by researchers using SPSS version 26

Based on Table 5, it shows that the dU value < DW < 4-dU (0,813 < 1.995 < 2.187). Therefore, it can be concluded that there is no positive or negative autocorrelation. in this study.

Multiple Linear Analysis

Table 6. Results of Multiple Linear Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,332	0,024		97,408	0,000
	Green Strategy	-1,895	0,042	-0,901	-44.922	0,000
	Assurance Report	-0,109	0,024	-0,090	-4,503	0,000

a. Dependent Variable: Kinerja Keuangan

Source: Data processed by researchers using SPSS version 26

$$FP = 2.332 - 1.895 GS - 0.109 AR + \varepsilon.$$

Based on the multiple linear regression equation, the following audiences can be drawn:

The regression coefficient for Green Strategy of -1.895 suggests that, holding Assurance Report constant, each one-unit increase in Green Strategy is associated with a 1.895-unit decrease in Financial Performance, while a one-unit decrease produces the opposite effect—a 1.895-unit increase in Financial Performance. With a significance value of 0.000 (below the 0.05 threshold), Green Strategy is confirmed to have a statistically significant effect on Financial Performance. Similarly, the coefficient for Assurance Report of -0.109 indicates that, with Green Strategy held constant, a one-unit increase in Assurance Report corresponds to a 0.109-unit decline in Financial Performance, whereas a one-unit decrease leads to a 0.109-unit rise. This relationship is also statistically significant, as reflected by a significance value of 0.000, which is well below 0.05.

Hypothesis Testing

The results of the hypothesis test in this study are as follows:

**Table 7. t-Test Results
Coefficients**

Model		t	Sig.
1	(Constant)	97,408	0,000
	Green Strategy	-44,922	0,000
	Assurance Report	-4,503	0,000

a. Dependent Variable: Kinerja Keuangan

Source: Data processed by researchers using SPSS version 26

The t-test results show that Green Strategy produces a calculated t-value of -44.922 with a significance level of 0.000. Compared to the t-table value of 1.652, the calculated value clearly falls below -1.652, and the significance level is well under the 0.05 threshold. On this basis, H1 is supported, demonstrating that Green Strategy has a significant negative impact on Financial Performance. As for Assurance Report, the calculated t-value of -4.503 (significance = 0.000) likewise satisfies the same conditions—being smaller than -1.652 with a significance below

0.05—leading to the acceptance of H2, which confirms that Assurance Report negatively and significantly affects Financial Performance.

Table 8. Determination Coefficient Test Results (R2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.953 ^a	0.908	0.907	0.22532

a. Predictors: (Constant), Green Strategy, Assurance Report

Source: Data processed by researchers using SPSS version 26

As shown in the Model Summary, an R value of 0.953 points to a very strong relationship linking Green Strategy, Assurance Report, and Financial Performance. The corresponding R Square of 0.908 demonstrates that 90.8% of the fluctuation in Financial Performance is attributable to Green Strategy and Assurance Report combined, with the remaining 9.2% explained by variables outside this model. Once adjusted for the number of predictors, the Adjusted R Square stands at 0.907, reinforcing that roughly 90.7% of the variance is captured by the independent variables. The model's prediction error, meanwhile, is represented by a Std. Error of the Estimate of 0.22532.

C. CONCLUSIONS

Based on the findings and discussion above, it can be concluded that green strategy has a bearing on the financial performance of basic materials firms listed on the Indonesia Stock Exchange between 2021 and 2024. Although green strategy implementation has increased, this has not been accompanied by improvements in financial performance as captured by Tobin's Q—largely because the investment costs involved remain high, delaying the realization of economic benefits in the short term. In a similar vein, assurance report quality is also shown to influence financial performance, reflecting investors' continued perception of external assurance as an additional cost burden rather than a driver of enhanced firm valuation during the observation period. Given that the sample is confined to the basic materials sector, these findings should be generalized to other industries with caution.

D. SUGGESTIONS

Future researchers are encouraged to broaden the scope of the study by including industrial sectors beyond basic materials and by extending the observation period, thereby enhancing the generalizability of the findings. It would also be worthwhile for subsequent studies to explore additional conditional variables, such as corporate governance mechanisms or the characteristics of the board of commissioners, to better understand the circumstances under which green strategy and assurance reports effectively influence financial performance. As for basic materials companies, the findings of this study offer practical guidance for managing sustainability strategies more efficiently, so that their long-term benefits can be realized sooner rather than remaining merely a short-term cost burden. Investors, meanwhile, are advised to look beyond the mere presence of green strategy and assurance reports, and instead consider how efficiently these practices are implemented as part of their assessment of a company's long-term prospects.

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