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The Effect Of Green Banking Implementation, Capital Structure, And Financial Performance On Company Value

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ABSTRACT

This research aims to test and analyze the effect of implementing green banking, capital structure and financial performance simultaneously and partially on company value in banking companies listed on the Indonesia Stock Exchange for the period 2019 to 2021. This type of research is quantitative research, using secondary data. The data analysis method used is a panel data regression test using the Ms application. Excel and Eviews 9. The population in this research is all banking companies listed on the Indonesia Stock Exchange in the period 2019 to 2021. The data collection technique in this research is the purposive sampling method with the results of 46 research populations becoming 14 research samples processed in this research . The research results show that simultaneously, the green banking debt to equity ratio and return on equity variables simultaneously influence company value. Meanwhile, the green banking variable has a negative and significant effect on the company's firm value

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INTRODUCTION

In the 2015 UN Agenda, world leaders committed to achieving sustainable development (SDGs) by 2030. In an effort to realize sustainable development based on a sustainable economy, banking is in a strategic position to realize one part of the green economy concept by carrying out the Green banking concept (Dewi & Dewi, 2017). Green Banking is an effort to strengthen a bank's risk management, especially those related to the environment by encouraging the banking industry to distribute credit or loans to customers who pay attention to environmental sustainability, for example the organic

agriculture and renewable energy sectors. The implementation of green banking practices in Indonesia is motivated by the issuance of PBI (Bank Indonesia Regulation) number 14/15/PBI/2012 which encourages bank operational activities that are environmentally friendly, by analyzing the environmental management of prospective debtors when applying for loans to banks. Apart from that, it is related to the importance of implementing the green banking concept.

In 2017, the Financial Services Authority (OJK) issued Financial Services Authority Regulation (POJK) number 51/POJK/03/2017. This regulation encourages the provision of funding sources for sustainable development and related to climate change for Financial Services Institutions (LJK), issuers and public companies. Many companies state that corporate social responsibility is something that needs attention, because apart from being economically responsible to shareholders, companies must also pay attention to social responsibility towards stakeholders in the environment where the company is located (Handoko, 2010). Social responsibility has become a concern for the past few years, and is becoming increasingly popular both at the national and global levels. Not only that, to build trust and success in a company, funding is needed. There was a setback caused by many financial institutions experiencing financial difficulties due to credit congestion in the business world which did not take into account the maximum limits for granting credit in the past by banks and problems approving credit worthiness (Meythi, et al. 2012). The anticipation made by financial managers is expected to be able to increase company value by being careful in determining the capital structure (Nurmalasari, 2009). Capital structure is the key to company performance and improving productivity. Optimizing company value is explained in capital structure theory, namely financial policy (company funding policy) which is used to determine the mix of debt and equity.

In determining the optimal capital structure target, the role of company management is required. Funding from the use of debt has advantages and disadvantages. The disadvantage of using debt as a source of funding lies in the emergence of agency costs and bankruptcy costs, while the advantage of using debt as a source of funding is that you obtain tax deductions due to debt interest payments. The uncertainty of the relationship between capital structure and company value is still demonstrated in previous research. Kusumajaya (2011) explains that capital structure has a positive and significant direction to company value. Contrary to previous research, Artini (2011) found that there was no significance between capital structure and company value, indicating that in this case changes in debt proportions did not affect E-Journal of Management Unud, Vol.5, No.3, 2016: 1572-1598 1576 company value in the company's capital structure but is indicated by investment and operating decisions.

Then a means emerged to organize and provide a buying and selling offering system known as the BEI or Indonesian Stock Exchange to make things easier for companies and provide effectiveness. Simply put, a stock exchange is a market where buying and selling securities of a company takes place. In Indonesia, this place for buying and selling securities is known as the Indonesian Stock Exchange (BEI) or Indonesia Stock Exchange (IDX), which has offices in Jakarta and has representative offices in other cities. BEI is an official institution from the Indonesian government that facilitates all buying and selling activities of shares in publicly traded companies.

To implement green banking, every company must have a good capital structure. Meanwhile, a good structure will not be created if the company's performance is not coordinated, so a stable and disciplined performance structure is needed in its implementation to achieve good company value. Company value is a value that reflects

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the price investors will pay for a company. This value will also determine the quality of a company. Followed by the company's need to increase company value, financial performance is also needed. Financial performance in the context of the business world has a very broad meaning. The definition of financial performance according to the Indonesian Accountants Association (2007) is a company's ability to manage and control the resources it has. Financial performance is a description of the company's financial condition in a certain period regarding aspects of raising funds and distributing funds, which is usually measured by indicators of capital adequacy, liquidity and profitability (Jumingan, 2006:239). Financial performance is an illustration of the company's achievement of success which can be interpreted as the results that have been achieved for the various activities that have been carried out. It can be explained that financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly (Fahmi, 2012: 2). According to Rudianto (2013: 189) financial performance is the result or achievement that has been achieved by company management in carrying out its function of managing company assets effectively during a certain period. Financial performance is really needed by companies to know and evaluate the level of success of the company based on the financial activities that have been carried out.

Moreover, in the modern era and the many changes in state regulations, society definitely needs funding and banking companies will play a special role in this case. Banking companies are one of the economic sectors that operate in the financial sector. Banking companies have an important role, namely providing and distributing funds for community economic development. Banks are business entities that collect funds from the public in the form of savings and distribute them to the public in the form of credit or other forms in order to improve the standard of living of many people. The development of the world of banking in Indonesia is very dynamic and modern, both in terms of the variety of banking products and the technology available. Banking increasingly dominates a country's economic and business development, not only in developed countries but also in developing countries.

Good processes and performance in banking companies will certainly increase company value. One of the things that must be done to maintain and improve the quality of a banking company is to correct problems and deficiencies. Usually companies are involved in social and environmental problems that occur as a result of company activities which are the company's responsibility. A structured capital structure with good performance will be made easier by the existence of the Indonesian Stock Exchange as a distributor between companies. Of course, the green banking concept in its application will prevent environmental pollution and ensure sustainable development.

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LITERATURE REVIEW

Theory*stakeholders*It appears that corporate social responsibility is something that requires serious attention, because apart from companies being economically responsible to shareholders, companies must also pay attention to social responsibility towards stakeholders in the company's environment.

Understanding *stakeholders* according to Freeman and McVea (2001), is "any group or individual who can influence or be influenced by the achievement of organizational goals". Another definition of stakeholders is as groups that have direct or indirect interests related to the activities of a company, so that this group can influence or be influenced by the company

(Wibisono: 2007). Meanwhile, the definition of stakeholders is all parties who greatly influence and are influenced by the company, such as employees, society, companies, competitors and the government.

Companies need to maintain good relations with*stakeholders,*especially parties who have influence over the availability of resources needed for company operational activities, such as markets for marketing company products, labor and others (Chairi and Ghozali, 2007). Through this theory, it can provide management with an understanding regarding the creation of company value through activities carried out by minimizing the impact of losses on parties who have an interest in the company.

The main goal of the theory*stakeholders*is to help corporate managers understand the stakeholder environment and carry out management effectively, especially in the corporate environment. The broader aim of this theory is to help corporate managers increase the value of company activities and also minimize losses for stakeholders.
Legitimacy theory states that companies continually find ways to ensure their operations comply with the norms and constraints that apply in the company's environment. O'Donovan (2000) argues that, “Organizational legitimacy can be seen as something that society provides. to the company. and something that the company wants or seeks from society.” Legitimacy theory is related to stakeholder theory. In view of legitimacy theory, an entity will voluntarily report its activities if the company considers that this is what the community expects.

According to Deegan (2000), “legitimacy theory is contingent. on the premise that there is a social contract between the company and the environment in which the company operates”. A social contract is a form of explanation regarding a number of societal expectations regarding how an organization carries out its operations.

RESEARCH METHODS

The data used in this research is secondary data. Secondary data is data obtained from notes, books, magazines in the form of financial reports, company publications, government reports, articles, theory books, magazines and so on. This research uses data downloaded atIndonesian Stock Exchange in the 2019-2021 period. The type of data used is data that is processed in the form of quantitative data or data from annual reports and financial reports which are then processed and analyzed statistically. The variable used is the dependent variable which is represented byCompany Value and independent variables are represented by Green Banking, Capital Structure and Financial Performance.

Research sites

The location of this panel is at the Indonesian Stock Exchange (BEI). which provides information on company financial reports by accessing the official IDX website for the period January 2019 to December 2021 which is published on the official website of the Indonesia Stock Exchange, namely**www.idx.co.id**

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Operational Research Variables

No	Research variable	Measurement formula
1	Company Value	Tobin Q= $\frac{MVE+Debt}{}$
2	*Green Banking*	$GBD = \sum_{i=1}^{n} di$
3	Capital Structure	$DER = \frac{Total\ Debt}{Total\ Equity} \times 100\%$
4	Financial performance	$ROE = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Ekuitas Pemegang Saham}}$

Population and Sample

The population in this research is all banking companies listed on the Indonesia Stock Exchange in 2019-2021. The population in this study was 43 banking companies. In this research, sampling was used using a purposive sampling technique. The purposive sampling technique is a technique for taking samples not based on random, regional or strata, but rather based on considerations that focus on certain objectives.

Table 4.1
Target Population Selection Criteria

No	Research Sample Criteria	Violation of Criteria	Amount
1	Number of banking companies listed on the Indonesia Stock Exchange (BEI) in 2019 and 2021.	0	46
2	BEI-registered banking companies that have consecutive share price information during the 2019-2021 period	18	28
3	Banking companies that report profits consecutively during the 2019-2021 period.	14	14
	Target population		14
	Observation period during 2019-2021		3 years
	Number of data processed (n) = 14 x 3		42

Based on table 4.1, there are 46 banks registered on the IDX. There are 18 banks that do not have share price information for the 2019-2021 period. There were 14 banks that experienced losses during the 2019-2021 period. So the number of banking companies registered on the IDX in the sample is 14 banks. With the year of observation there are 42 samples. The names of banks registered on the IDX selected as samples in this research are as follows:

Table 4.2
Sample list of banking companies listed on the IDX in 2019-2021

No	Company Code	Bank name
1	BBCA	Bank Central Asia Tbk
2	BBNI	Bank Negara Indonesia Tbk
3	BBRI	Bank Rakyat Indonesia (Persero) Tbk
4	BDMN	Bank Danamon Indonesia Tbk
5	BJBR	West Java Regional Development Bank and Banten Tbk
6	BNGA	Bank CIMB Niaga Tbk
7	BNII	PT Bank Maybank Indonesia Tbk
8	BSIM	Bank Sinarmas Tbk
9	BTPN	National Pension Savings Bank Tbk
10	MEGA	Bank Mega Tbk
11	NISP	Bank OCBC NISP Tbk
12	NOBU	PT Bank Nationalnobu Tbk.
13	PNBN	Bank Pan Indonesia Tbk
14	SDRA	PT Bank Woori Saudara Indonesia 1906 Tbk

RESEARCH RESULTS AND DISCUSSION

The following are the results of descriptive statistical calculations using eviews9.

Table 4.3 Descriptive Statistical Test Results.

Date: 08/04/23 Time: 23:41
Sample: 2019 2021

	TOBINQ	GB	DER	ROE
Mean	1.037381	0.821429	5.454762	0.085500
Median	0.960000	1.000000	5.340000	0.080000
Maximum	1.710000	1.000000	10.75000	0.210000
Minimum	0.460000	0.000000	0.170000	0.001000
Std. Dev.	0.219257	0.313739	2.025261	0.048306
Skewness	1.086417	-1.827625	0.750205	0.496359
Kurtosis	5.556890	5.070092	4.577037	2.617032
Jarque-Bera	19.70307	30.88073	8.291985	1.981269
Probability	0.000053	0.000000	0.015828	0.371341
Sum	43.57000	34.50000	229.1000	3.591000
Sum Sq. Dev.	1.971012	4.035714	168.1690	0.095670
Observations	42	42	42	42

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Based on table 4.3, descriptive statistical test results, this table is the part that contains an explanation and description of each research variable, namely as follows:

1. The value of the company

The company value variable is the dependent variable in this research. Based on table 4.3, it can be seen that the company value variable in banking companies listed on the Indonesia Stock Exchange during 2019-2021 has a minimum value of 0.46 which is owned byPNBNand the maximum value is 1.71 owned by Bank Central Asia Tbk. The average value is 1.03 and the median value is 0.96. These results show that the mean is higher than the median, which means that the average banking company has a high company value. Then the standard deviation is 0.21, the standard deviation value is smaller than the average value (mean) which proves that the data in this variable has a small data distribution which is called homogeneous data. The Jarque-Bera value is 19.70 > 0.05, so it can be concluded that the data is normally distributed.

2. Green *Banking*

Based on table 4.3, it can be seen that the green banking variable in banking companies listed on the Indonesia Stock Exchange during 2019-2021 has a minimum value of 0.00 which is owned by Bank Central Asia Tbk and a maximum value of 1.00 which is owned by the Bank Permata company. Tbk Bank Sinarmas Tbk, Bank Tabungan Pensiunan Nasional Tbk, Bank Mega Tbk, Bank OCBC NISP Tbk, PT Bank Nationalnobu Tbk., Bank Pan Indonesia Tbk, PT Bank Woori Saudara Indonesia 1906 Tbk. The average value is 0.82 and the median value is 1.00. These results show that the mean is smaller than the median, which means that the average banking company has low green banking. Then the standard deviation is 0.31, the standard deviation value is lower than the average value (mean) which proves that the data in this variable has a small data distribution which is called homogeneous data. The Jarque-Bera value is 30.8 > 0.05, so it can be concluded that the data is normally distributed.

3. *Debt* to *Equity Ratio*

The Debt to Equity Ratio variable has a minimum value of 0.17 which is owned byNOBUand a maximum value of 10.75 owned by the companyNOBU. The average value is 5.45 and the median value is 5.34. These results show that the mean is higher than the median, which means that on average banking companies have a high Debt to Equity Ratio. Then the standard deviation of 2.02 is higher than the average value (mean), which proves that the data in this variable has a large data distribution, which is called heterogeneous data. The Jarque-Bera value is 8.29 > 0.05, so it can be concluded that the data is normally distributed.

4. *Return on Equity*

The Return on Equity variable has a minimum value of 0.00 which is owned byBSIMand a maximum value of 0.21 owned by the companyMEGA. The average value is 0.085 and the median value is 0.080. These results show that the mean is higher than the median, which means that on average banking companies have a high Return on Equity. Then the standard deviation of 0.04 is higher than the average value (mean), which proves that the data in this variable has a large data distribution, which is called heterogeneous

data. The Jarque-Bera value is 1.98 > 0.05, so it can be concluded that the data is normally distributed.

4.2.2 Panel Data Regression Analysis

To determine the selection of a panel data regression model, three methods are used, namely the Chow test, Hausman test and Lagrange Multiplier test.

4.2.2.1 Chow Test

*Test chow*or likelihood is the first testing stage carried out to select the best panel data estimation model between the common effect model or fixed effect model. H0 is accepted if the probability value is > 0.05, which means the common effect model is the best. Meanwhile, Ha is accepted if the probability value is <0.05, where the fixed effect model is the best. The chow test results are presented in table 4.4 below:

Table 4.4

Chow Test Results

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.249265	(13,25)	0.0000
Cross-section Chi-square	86.753003	13	0.0000

(Source: Eviews.12 data processing output, 2023)

In the Chow test, the basic decision making test is if the cross-section chi-square probability value is < 0.05, then in the Chow test the fixed effect model will be chosen and vice versa if the probability value is > 0.05, then the common effect model will be chosen. . Based on the results of statistical testing, a probability value of 0.00 < 0.05 is obtained, so the fixed effect model is the best model compared to the common effect model.

4.2.2.2 Hausman Test

If the chi-square probability value < α, where α = 0.05, then the fixed effect model is better for estimating panel data than the random effect model. Meanwhile, if the chi-square probability value > α, where α = 0.05 then H0 is accepted so the best model to use is the random effect model (REM).

Table 4.4

Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.575511	3	0.0867

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(Source: Eviews.12 data processing output, 2023)

In the Hausman test, the basis for decision making is if the prob value. < 0.05, then in the Hausman test the fixed effect model will be chosen and vice versa if the probability value is > 0.05, then the random effect model will be chosen. Based on the results of statistical testing, a probability value of 0.08 > 0.05 is obtained, so the random effect model is the best model compared to the fixed effect model.

4.2.2.3 Lagrange Multiplier Test

The Lagrange multiplier test was carried out to determine the best model to use, namely the random effect model or common effect model. If the probability value (breush-pagan cross-section) < 0.05 means that the panel data regression used is a random effect model, conversely if the probability value (breush-pagan cross-section) is > 0.05 then H0 is accepted so the best model to use is common effect model.

Table 4.5

Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	21.66889 (0.0000)	1.288183 (0.2564)	22.95707 (0.0000)
Honda	4.654985 (0.0000)	-1.134982 (0.8718)	2.489019 (0.0064)
King-Wu	4.654985 (0.0000)	-1.134982 (0.8718)	0.643150 (0.2601)
Standardized Honda	5.520339 (0.0000)	-0.893819 (0.8143)	-0.030852 (0.5123)
Standardized King-Wu	5.520339 (0.0000)	-0.893819 (0.8143)	-1.413124 (0.9212)
Gourieroux, et al.	--	--	21.66889 (0.0000)

(Source: Eviews.12 data processing output, 2023)

In testing the Lagrange multiplier test, the basis for decision making is that if the probability value (breush-pagan cross section) is > 0.05 then H0 is accepted so that the best model to use is the common effect model and vice versa. Based on the results of statistical testing of the Lagrange multiplier test, the Breush-Pagan cross section probability value was 0.00 < 0.05, so the best estimation method was the random effect model.

Table 4.6

Conclusion Test Results with Panel Data Regression

No	Method	Testing	Results

1	*Chow-Test"*	*Common Effects Model*vs *Fixed Effect Model*	*Fixed Effect Model*
2	*Hausman-Test*	*Common Effects Model*vs *Random Effect Model*	*Random Effect Model*
3	*Langrage Multipliers*(LM-test)	*Common Effects Model*vs *Random Effect Model*	*Random Effect Model*

From the results of testing the panel data regression model in table 4.6, the best model is the Common Effect Model. Because the results of the Chow test and the Hausman test have different results, to determine the appropriate model is to carry out the Lagrange Multiplier (LM) test. With the LM test, all probability values are smaller than (<) 0.05, namely 0.00, so the panel data regression technique chosen for all the required data is to use the Random Effect Model.

4.2.3 Classic Assumption Test

The classical assumption test is a requirement that must be met before carrying out multiple regression analysis. The following are the results of the classical assumption test of this research variable. The classical assumption test is carried out with the aim of finding out whether the model formed meets the BLUE (Best Linear Unbias Estimator) requirements.

4.2.3.1 Normality Test

Data is normally distributed if it has a jarque-bera probability greater than > 0.05 or 5%. The normality test aims to test whether the regression model has a normal distribution. The normality test is presented in Figure 4.1 as follows:

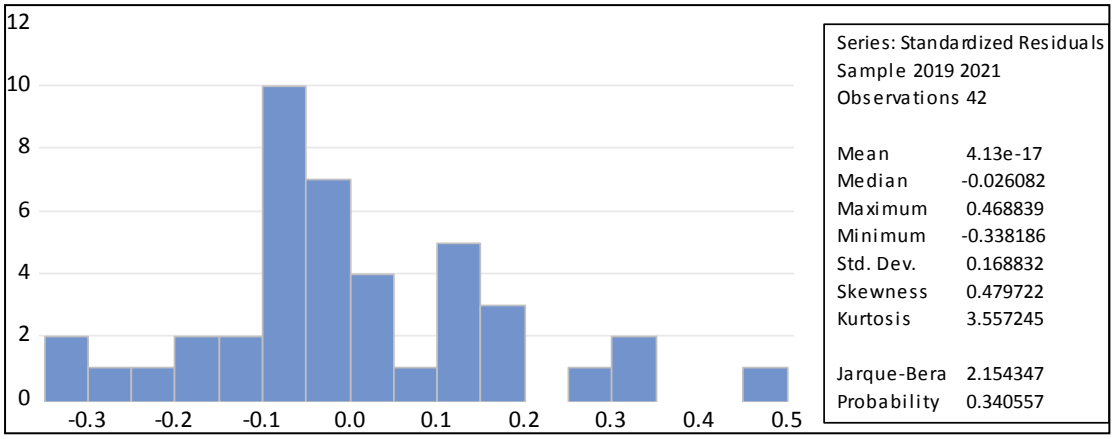

Figure 4.1 Normality Test Results

(Source: Eviews.12 data processing output, 2023)

From the statistical test results of the normality test, the Jarquebera value was 02.15 > 0.05 and the probability was 0.34 > 0.05, so the residual data was normally distributed.

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4.2.3.2 Multicollinearity Test

According to Ghozali and Ratmono (2017:76), the multicollinearity test is carried out with the aim of determining whether or not there is a correlation between the independent variables used. "If the correlation value between the independent variables is <0.9, it means that there is no multicollinearity between the independent variables."

Table 4.7

Multicollinearity Test Results

	TOBINQ	GB	DER	ROE
TOBINQ	1.000000	-0.543243	0.202658	0.514308
GB	-0.543243	1.000000	0.156928	-0.231344
DER	0.202658	0.156928	1.000000	0.154619
ROE	0.514308	-0.231344	0.154619	1.000000

(Source: Eviews.12 data processing output, 2023)

The basis for decision making is if the correlation value between the independent variables is <0.9, meaning there is no multicollinearity between the independent variables. Based on the statistical test results in table 4.7, the correlation matrix output results obtained above the correlation between x1 -0.54, x2 0.20 and x3 0.51. There is no correlation between independent variables above > 0.90. So it is concluded that there is no multicollinearity between independent variables.

4.2.3.3 Autocorrelation Test

Autocorrelation shows the existence of correlation between observation members. The model becomes inefficient if the model has correlation. A good regression model is a regression that is free from autocorrelation. In this study, the autocorrelation test was carried out with the decision making criteria if du < d < 4-du, then no autocorrelation occurs.

Table 4.8

Autocorrelation Test Results

R-squared	0.234872	Mean dependent var	0.260526
Adjusted R-squared	0.174468	S.D. dependent var	0.081249
S.E. of regression	0.073822	Sum squared resid	0.207090
F-statistic	3.888308	Durbin-Watson stat	1.562270
Prob(F-statistic)	0.016162		

(Source: Eviews.12 data processing output, 2023)

In this research, to determine whether there is autocorrelation using the Durbin Watson (DW) test. With the decision making criteria, if du < d < 4-du, then autocorrelation does not occur. Based on the research results of the aucorrelation test, the Durbin Watson

value is 1.5622, while the dU value = 1.6617 and 4-dU = 2.3383. Where dU < d > 4-dU (1.6617 > 1.5622 < 2.3383) which means there is autocorrelation.

Dependent Variable: D(TOBINQ)
Method: Panel EGLS (Cross-section random effects)
Date: 08/04/23 Time: 23:54
Sample (adjusted): 2020 2021
Periods included: 2
Cross-sections included: 14
Total panel (balanced) observations: 28
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.015462	0.018644	-0.829303	0.4151
D(GB)	-0.017968	0.135167	-0.132932	0.8954
D(DER)	0.055081	0.019193	2.869804	0.0084
D(ROE)	0.267722	0.535965	0.499513	0.6220

Effects Specification	S.D.	Rho
Cross-section random	0.000000	0.0000
Idiosyncratic random	0.092581	1.0000

Weighted Statistics

R-squared	0.274104	Mean dependent var	0.002143
Adjusted R-squared	0.183367	S.D. dependent var	0.097804
S.E. of regression	0.088383	Sum squared resid	0.187478
F-statistic	3.020857	Durbin-Watson stat	1.956408
Prob(F-statistic)	0.049403		

(Source: Eviews.12 data processing output, 2023)

After processing the data where autocorrelation occurred, the Durbin Watson (DW) value was 1.9564. With the decision making criteria, if du < d < 4-du, then no autocorrelation occurs.

dU = 1.6617 and 4-dU = 2.3383. Where dU < d < 4-dU (1.6617 < 1.9564 < 2.3383) which means there is no autocorrelation

4.2.3.4 Heteroscedasticity Test

"Heteroscedasticity is a regression problem where the disturbance factors do not have the same variance or variance that is not constant." In this study, the heteroscedasticity test used the White test. The basis for decision making is if the Obs* R-square value is greater than 5% then it can be concluded that there is no heteroscedasticity Winarno (2017:5.18).

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Table 4.9

Heteroscedasticity Test Results

Heteroskedasticity Test: White Null hypothesis: Homoskedasticity			
F-statistic	4.468637	Prob. F(9,41)	0.0004
Obs*R-squared	25.25439	Prob. Chi-Square(9)	0.0027
Scaled explained SS	20.76056	Prob. Chi-Square(9)	0.0138

(Source: Data processing output Eviews.12, 2022)

The basis for decision making is that if the Obs* R-square value is greater than 5%, it can be concluded that there is no heteroscedasticity. From the results of the white test, the Obs* R-square value is 25.25 > 0.05, so it can be concluded that the data does not contain heteroscedasticity.

4.2.4 Multiple Linear Regression Equation Test

4.2.4.1 Panel Data Regression Equation

Panel data linear regression test to obtain an overview of the magnitude of the quantitative influence of a change in events in the independent variable on the dependent variable. The panel data regression model uses an equation written as follows: Y = β0 + β1X1 + β2X2 + β2X3

Table 4.10

Y Variable Regression Results

Dependent Variable: TOBINQ
Method: Panel EGLS (Cross-section random effects)
Date: 08/04/23 Time: 23:24
Sample: 2019 2021
Periods included: 3
Cross-sections included: 14
Total panel (balanced) observations: 42
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.971430	0.122189	7.950192	0.0000
GB	-0.236114	0.106384	-2.219448	0.0325
DER	0.036546	0.013652	2.676892	0.0109
ROE	0.708215	0.475067	1.490768	0.1443

Source: Eviews data processing output.12, 2022)

The regression model obtained from the test results can be written as follows: Y = 0.971 – 0.236X1+ 0.036X2 + 0.708X3+ε

The regression model equation can be explained as follows:

1. The constant obtained is 0.97, which means that if the independent variable is equal to zero (0), then the company value is 0.97

2. The regression coefficient for variable X1 (green banking) was obtained at 0.23 with a negative coefficient direction. This means that if variable X1 increases by 1 unit, green banking in banking companies will decrease by 0.23 assuming other variables are constant.

3. The regression coefficient for variable X2 (debt to equity ratio) was obtained at 0.036 with a positive coefficient direction. This means that if variable X2 increases by 1 unit, the debt to equity ratio in banking companies will decrease by 0.036 assuming other variables are constant.

4. The regression coefficient for variable X3 (return on equity) was obtained at 0.70 with a positive coefficient direction. This means that if variable X3 increases by 1 unit, return on equity in banking companies will decrease by 0.70 assuming other variables are constant.

4.2.5 Hypothesis Testing

In hypothesis testing, an analysis of the coefficient of determination will be carried out,
simultaneous influence testing (F test), and partial influence testing (t test)

4.2.5.1 Simultaneous Effect Significance Test (F Test)

The F-statistical test is used to prove that there is an influence between the dependent variables simultaneously.
Test criteria:

1. If the significance value is > 0.05 then H0 or the independent variable simultaneously has no significant effect on the dependent variable.
2. If the significance value is <0.05, then H0 or the independent variable simultaneously has a significant effect on the dependent variable.

Or

1. If p < 0.05, then H0 is rejected and Ha is accepted.

2. If p > 0.05, then H0 is accepted and Ha is rejected.

Table 4.12

F Test Results

R-squared	0.234872	Mean dependent var	0.260526
Adjusted R-squared	0.174468	S.D. dependent var	0.081249
S.E. of regression	0.073822	Sum squared resid	0.207090
F-statistic	3.888308	Durbin-Watson stat	1.562270
Prob(F-statistic)	0.016162		

(Source: Eviews.12 data processing output, 2023)

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Based on Table 4.12, it is known that the value of Prob. (F-statistics) is 0.016 < 0.05, so it can be concluded that green banking, debt to equity ratio and return on equity together or simultaneously have a significant effect on the company value variable.

4.2.5.2 Panel Data Regression Equation and Partial Effect Significance Test (t Test)

The test was carried out by comparing the calculated t value of each independent variable with the t table value with a degree of error of 5% in terms of (α= 0.05). If the calculated t value ≥ t table then the independent variable has a meaningful influence on the dependent variable. In the t statistical test, the calculated t value will be compared with the t table value, the test is carried out with the following conditions:

3. If t count > t table or probability < significance level (Sig < 0.05), then Ha is accepted and H0 is rejected, the independent variable has an effect on the dependent variable.

4. If t count < t table or probability > significance level (Sig < 0.05), then Ha is rejected and H0 is accepted, the independent variable has no effect on the dependent variable.

Table 4.3

T test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.971430	0.122189	7.950192	0.0000
GB	-0.236114	0.106384	-2.219448	0.0325
DER	0.036546	0.013652	2.676892	0.0109
ROE	0.708215	0.475067	1.490768	0.1443

Based on Table 4.13, the following equation is obtained.

Y= 0.97 - 0.236X1 + 0.036X2 +0.708X3

Based on Table 4.13, it is known: Obtained t-table value n= 42 at a significant level of 5% at the error level (α = 0.05) using a 2-sided test obtained t-table value (41; 0.025) of 2.01954

1. Hypothesis 1 states that the green banking variable is a variable that influences company value. The results of testing hypothesis 1 obtained a sig value of 0.03 < 0.05. The results of calculations in multiple regression obtained a calculated t value of 2.21 > t table of 2.01954, which is at Ha accepted and H0 rejected, so this value shows a significant value, which means that there is an influence of green banking on company value.
2. Hypothesis 2 states that the debt to equity ratio variable is a variable that influences company value. The results of testing hypothesis 2 obtained a sig value of 0.01 < 0.05. The results of calculations in multiple regression obtained a calculated t value of -2.67 > t table of 2.01954, which is in the area where Ha is accepted and H0 is rejected, so this value shows a significant value, which means that there is an influence of the debt to equity ratio on company value.
3. Hypothesis 3 states that the return on equity variable is a variable that influences company value. The results of testing hypothesis 3 obtained a sig value of 0.14 > 0.05. The results of calculations in multiple regression obtained a calculated t value

of -1.49 < t table of 2.00, which is in the Ho accepted Ha rejected area, so this value shows an insignificant value, which means there is no influence of return on equity on company value.

4.2.4.3 Coefficient of Determination Test

The statistical values of the coefficient of determination are in Table 4.14 below

Table 4.14

Coefficient of Determination Value

R-squared	0.234872	Mean dependent var	0.260526
Adjusted R-squared	0.174468	S.D. dependent var	0.081249
S.E. of regression	0.073822	Sum squared resid	0.207090
F-statistic	3.888308	Durbin-Watson stat	1.562270
Prob(F-statistic)	0.016162		

(Source: Eviews.12 data processing output, 2023)

Based on Table 4.16, it is known that the coefficient of determination (Adjusted R-squared) for the variable without intervening is R2=0.23. This value can be interpreted as the green banking debt to equity ratio and return on equity, simultaneously or jointly influencing the company value by 23 %, the remaining 77% is influenced by other factors.

4.3 Research Discussion

4.3.1 The effect of green banking debt to equity ratio and return on equity on company value

The 1st hypothesis in this research is that the green banking debt to equity ratio and return on equity have a joint effect on company value. Based on the results of research that was carried out jointly for each variable, a Prob (F-Statistics) value was obtained of 0.01 < 0.05. These results show that the green banking debt to equity ratio and return on equity simultaneously influence company value. Coefficient resultsdetermination (R2) produces a value of 23%. This means that the independent variable has an influence of 23% on the dependent variable. Meanwhile, 77% was influenced by other variables not researched by the author.

4.3.2 The effect of green banking on company value

The second hypothesis in this research is that green banking has an effect on company value. Based on the test results in the t table, it shows that the green banking variable has an effect on company value, having a coefficient value of -0.23 with a significance level of 0.03 <0.05. From these results it can be concluded that the green banking variable has a negative and significant effect on company value. The 2nd hypothesis in this research is accepted. there is socialization regarding the importance of green banking by the government.

4.3.3 Effect of debt to equity ratio on company value

The third hypothesis in this research is that the debt to equity ratio has an effect on company value. Based on the results of the t table test for the debt to equity ratio variable which influences company value, it has a coefficient value of 0.03 with a significance level of 0.01 < 0.05. From these results it can be concluded that the debt to equity ratio variable has

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a positive and significant effect on company value. The 3rd hypothesis in this research is accepted.

4.3.4 Effect of return on equity on company value

The 4th hypothesis in this research is*return on equity*influence on company value. Based on the results of the t table test for the return on equity variable which influences company value, it has a coefficient value of 0.70 with a significance level of 0.14 > 0.05. From these results it can be concluded that the return on equity variable has no effect and is not significant on company value. The 4th hypothesis in this study was rejected.

CONCLUSIONS AND SUGGESTIONS

This research aims to determine the effect of green banking and earnings per share on company value. Empirical study of companies listed on the Indonesian stock exchange for the 2019-2021 period. Based on the research results, the following conclusions can be made:

1. The green banking debt to equity ratio and return on equity variables simultaneously influence the company value of banking companies listed on the Indonesia Stock Exchange for the 2019-2021 period.
2. The green banking variable has a negative and significant effect on company value in banking companies listed on the Indonesia Stock Exchange for the 2019-2021 period.
3. The debt to equity variable has a positive and significant effect on company value in banking companies listed on the Indonesia Stock Exchange for the 2019-2021 period.
4. The return on equity variable has no effect and is not significant on the company value of banking companies listed on the Indonesia Stock Exchange for the 2019-2021 period.

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