



EFFECTS OF COMPANY STRUCTURE ON THE RELATIONSHIP BETWEEN ENVIRONMENTAL AUDITING AND FINANCIAL REPORTING QUALITY*

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Abstract

Environmental accounting is based on environmental and economic concepts, criteria and values. Environmental performance improves the financial performance of companies. Which in turn should be invested in to improve environmental performance. In other words, financially, successful companies can provide the necessary resources to improve environmental performance by increasing financial benefits. Financial crises can reduce organizational resources, resulting in reduced managerial authority and reduced investment in activities such as environmental and social activities. Environmental and financial reporting quality. In this research, 175 companies listed on the Indonesia Stock Exchange in the period 2020-2021 have been studied. To test the hypotheses by performing statistical analysis using panel data method using Eviews software tool and linear regression model has been used. Findings show that in general, the structure of companies affects the relationship between environmental auditing and the quality of financial reporting of companies.

Keywords: companies, environmental accounting, environmental performance, financial reporting, social activities

1. Introduction

In this modern era, almost all marketing activities in a company are done digitally. Digital marketing has changed how businesses and other organizations communicate with their audiences. Digital marketing has become central to the entire marketing environment because the technology creates a beautiful setting for consumers, mainly social media (Ab Yajid et al.,

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2020; Felix et al., 2017) . The company uses social media as a digital marketing intermediary because of the many active social media users on various platforms (Budanov and Aseeva, 2019; Kurilov, 2021; Tarofder et al., 2017). Of the total population in Indonesia, 59% are active social media users or as many as 160 million, with Instagram as the most used platform. As a result, social media are becoming a trusted source for customers looking for recommendations before making a purchase decision (Jayasuriya and Azam, 2018; Nguyen et al., 2020; Sakinahmohdshukri and bin Jaharadak, 2020).

In general, businesses survive and thrive through social media engagement by sharing information and communicating with new and old consumers to form brand awareness and build brand image so that sales also increase. The financial technology (Fintech) industry is one industry that uses social media as an intermediary for its marketing activities (De Silva et al, 2018; Rana and Hanfy, 2019; Varona et al., 2019).

Currently, the fintech industry is overgrowing. In 2019, there were 280 FinTech companies. In Indonesia, digital wallets have experienced significant growth, seen from the number of digital wallet application downloaders that are most widely used by the public (Dai et al., 2021). Currently, digital wallet application downloaders have reached at least around 10 million people (Altaf et al., 2017; Teng and Khong, 2021). As a result, digital wallets (82.7%) became the most popular Fintech product category. As a result, digital wallets lead the Fintech industry as the most widely used Fintech product category in 2019, reaching almost 80% of users in Indonesia. In addition, digital wallet company competition and the high number of social media users in Indonesia encourage companies to use social media as a marketing activity to build and increase their digital wallet brand equity (Grover and Kar, 2020).

Brand equity is the knowledge that consumers have about the brand as a response to marketing. Marketing activities can create and stimulate consumer brand knowledge which is the overall cognitive representation of the brand in the minds of consumers. Brand equity can be increased or strengthened through consumer perceptions of various social media marketing or Perceived Social Media Marketing (PSMD) (Ismail, 2017; Koay et al., 2020) . When social media marketing is perceived by consumers or brand involvement, this attitude is referred to as PSMD (Dedeoğlu et al., 2020; Sumadi et al., 2020).

Consumer perceptions of social media marketing can be brand-related stimulation that can affect feelings, sensations, cognition, or behaviour towards brands or brand experiences. The consumption experience faced by consumers can be influenced by positive brand experiences (Dwivedi et al., 2020; Komariah and Razzaq, 2020). Consumer perceptions of various products that use marketing through social media can also affect the experience of a brand that is strengthened by consumers who create positive value (Omar et al., 2016). Consumers who actively engage in social media pages can be associated with higher dedication to the brand, whereas high commitment means consumers have more emotional levels (Högberg et al., 2019). Positive brand equity is significant for a business, especially a Fintech industry, because many fraud cases are related to digital wallets (Mombeuil and Uhde, 2021). Therefore, brand equity becomes important to improve or strengthen consumers' trust in a brand (Lee and Kim, 2020).

Digital wallet X is one of the digital wallet brands that have equity trusted by most Indonesian people. X is an intelligent application that provides convenience in transacting through X Cash and points in its service. Monthly active users X is one of the top two e-wallet brands with high monthly active users. X application downloaders to date have reached 10 million, and X was included in the top two FinTech brand rankings in 2019. However, X users are only 30% of e-wallet users in Indonesia, while its competitors control 53%. Therefore, a brand needs to strengthen. It shows that consumers have a high level of desire, image to enable consumers to buy or use products from the brand.

Along with the development, X's marketing activities on social media are getting updated. Interactive content such as giveaways, door prizes, challenges, and virtual games

stimulates the brand's experience from the viewing user and their followers. The experience can be seen through the constant amount of media or content posted (Bernardo and Tangsoc, 2019). Brand X continues to maintain social media activity to provide a positive experience for users and their followers. This positive experience can be strengthened by co-creating behaviour related to X's digital wallet on social media pages. X's social media marketing facilitates consumers to provide opinions, views, reviews, or ratings through comment columns or direct messages. In addition, efforts to encourage creation are through the #SaveUltahX #X 3rd Anniversary gift program.

This program is X's birthday event by distributing various door prizes for users who repost using the hashtag. The program encourages value creation through consumers who actively participate in one of the brand's social media marketing. The hashtag also supports the description of the company's efforts to invite consumers to promote their brand. This treatment creates creation behaviour on social media. This study aims to see and determine whether perceived marketing through social media on Instagram X can affect brand equity X through brand experience and whether creation behaviour can strengthen the brand and social media marketing.

2. Literature review

Social media is the main source for online marketing performance (Chen and Lin, 2018). Social media activities can provide an opportunity to reduce misunderstandings and prejudices and to increase value through the creation of platforms to exchange information with people online. The attitude in which consumers perceive various social media marketing or brand attachment (Koay et al., 2020). The scope of social media marketing perception is the perception of interactivity, trend, personalization, and informativeness (Yadav and Rahman, 2018). This dimension focuses on consumer perceptions of social media marketing so that it is suitable for measuring PSMD. Perceived interactivity is a consumer's perception of the extent to which social media can facilitate customers to share content or views with other companies or customers (Kalinić et al., 2019). Perceived personalization is the consumer's perception of the extent to which social media provides services that are tailored to meet consumer preferences (Büchi et al., 2019). Perceived informativeness is the consumer's perception of the time to which social media provides accurate, useful, and comprehensive information. Finally, E-WOM is consumers' perception of recommending and providing experiences on social media (Yadav and Rahman, 2018).

Brand experience is the sensation and satisfaction of using the desired brand and behavioural responses caused by brand-related stimulation. Communication is a brand-related stimulus that can cause subjective and internal reactions from consumers, namely sensations, affective, behavioural, and intellectual experiences (Roozitalab and Majidi, 2018; Wong et al., 2020). Sensory experience is a sensory experience (including sight or hearing) perceived by a brand (Dash et al., 2021). Affective experience describes consumers' sentiments, emotions, and most profound feelings, including approving or strong emotions towards the product (Suriyanto et al., 2020). So then, affective experience as a brand can cause feelings or sentiments (Du et al., 2020). The intellectual dimension includes analytical and imaginative thinking generated by experience (Boža and Topcu, 2020). Brand equity is the preference and differential response to the marketing effort due to its brand identification (Datta et al., 2017). Brand equity is the differentiating impact that brand knowledge has on consumer responses to brand marketing, or differences in responses that result from consumer knowledge (brand knowledge) about brands, namely what consumers already know, feel, and see (Shabgah et al., 2021; Yegina et al., 2020). Brands as a result of their experiences over time. Brand equity has scope, perceived quality, and a positive brand image. Perceived quality is an attitude towards service and expectations regarding the difference between actual and expected services. Brand

Image is the number of impressions that consumers get from various sources or a set of beliefs that consumers hold about the brand (Altaf et al., 2017; Zinisha et al., 2021).

3. Method

The current research utilizes a quantitative technique through survey approaches. Several theories and concepts regarding social media marketing as independent factors, brand equity as the dependent factor, brand experience as a mediating factor, and creation behaviour as a moderating factor. Primary data retrieval is done using a questionnaire technique via google form within about 10-15 minutes. This research technique is non-probability sampling by purposive sampling. The researcher determines special characteristics and must be owned by the respondent for data analysis distributed through social media assistance.

The characteristics of the respondents who were sampled were (1) active users of application X for approximately six months by following social media Instagram X. Positive brand equity measurement would be better if respondents had used and knew the brand (Maulani and Prasetyo, 2019); (2) respondents aged 18-40 years, due to the high number of active digital wallet users in the age range of 18 to 40 years; (3) the respondent is domiciled in DKI Jakarta, which is one of the big cities with the most digital wallet users. Determination of the sample of respondents using filtering questions. The total sample size should be 100-200 people, while the minimum sample size for SEM is 150 people (Hair and Babin, 2018). Therefore, the minimum number of respondents in the study is a minimum of 150 respondents.

The questionnaire in this study contains several variable indicators that have been compiled through instrument items in the form of questions that have answers to each instrument item as measured by a Likert scale (interval). The Likert scale used is with a range of 1-5. The data analysis used pre-test analysis, questionnaire feasibility analysis, frequency distribution analysis, and descriptive statistical analysis. Frequency distribution analysis and descriptive statistics on the preliminary test using SPSS software, while the Structural Equation Modeling (SEM) data analysis using SmartPLS 3.3.2 software.

4. Results

4.1. Analysis SEM-PLS

The results of the SEM-PLS analysis of PSMD can be seen in Table 1, which shows that perceived social media marketing results on brand equity and brand experience have a significant positive effect.

Table 1. SEM-PLS analysis

<i>Variables</i>	<i>Original</i>	<i>Mean</i>	<i>SD</i>	<i>T-statistic</i>	<i>P-values</i>
PSMD Activities on Brand Equity	0.419	0.419	0.112	3.727	0.000
PSMD Activities on Brand Experience	0.737	0.743	0.031	23.573	0.000
Brand Experience on Brand Equity	0.292	0.297	0.105	2.775	0.003
Co-Creation Performance on Perceived Social Media Activities on Brand	-0.035	-0.038	0.042	0.835	0.202

4.2. Indirect influence analysis

Indirect effect analysis is intended to determine the sequence or path in the study of more than 1 intermediate variable. The outcomes of the indirect analysis can be presented in Table 2.

Table 2. Indirect influence analysis

<i>Variables</i>	<i>Original Sample</i>	<i>T-statistic</i>	<i>P-values</i>
PSMMA -> BX -> BE	0.215	2.799	0.005
Moderating Effect CCB ->BX->BE	-0.010	0.723	0.470

In this analysis, brand experience is an intervening variable between perceived brand equity and social media marketing. Table 2 the results show that marketing through social media on brand equity will be more significant if not through brand experience as a mediating variable.

4.3. Indicator test results

The findings of hypothesis testing in the study presented in Table 3.

Table 3. Structural model hypothesis testing

<i>No</i>	<i>Indicators</i>	<i>Original Sample</i>	<i>T-statistic</i>	<i>P-values</i>	<i>Description</i>
1	PSMD Activities have a main positive effect on Brand Equity	0.419	3.727	0.000	Accepted
2	PSMD Activities have a main positive effect on Brand Experience	0.737	23.573	0.000	Accepted
3	Brand Experience has a main positive effect on Brand Equity	0.292	2.775	0.003	Accepted
4	The Influence of PSMD Activities on Brand Equity through Brand Experience	0.215	2.799	0.005	Accepted
5	Co-Creation performance positively moderates the link of Perceived Social Media Activities and Brand	-0.035	0.835	0.202	Rejected

Table 3 shows that the PSMD variable significantly positively affects brand equity. The first hypothesis is accepted with a significance value of 3.727. This result is in line with Koay et al. (2020), where PSMD affects brand equity in a significantly positive manner. The positive effect of social media marketing has a significant impact on the development of a brand. Social media platforms are often considered brand-building platforms (Dwivedi et al., 2018). The second hypothesis is also accepted with a significance value of 23,573. The variable PSMD significantly affects brand experience (Koay et al., 2020; Sürücü et al., 2019). Social media marketing is done by sharing content and interacting significantly, influencing consumer brand experience (Beig and Khan, 2018).

The third hypothesis shows that the influence of brand experience has a significant positive effect on brand equity with a significance value of 2.775. Therefore, the third hypothesis is accepted. Brand experience has a significant positive impact on brand equity, where brand experience positively influences brand image and brand awareness (Langaro et al., 2018). A brand is a strategic requirement to create a sustainable competitive advantage for organizations (Lozić, 2022; Rahman et al., 2020). marketing perception has a value of 2,799 greater than the significance value, which means indicator 4 is acceptable. Marketing

perception affects brand equity for digital wallet users. In this case, brand experience mediates between PSMD influence and brand equity. However, the fifth hypothesis was rejected.

5. Conclusions

The perception of social media marketing significantly affects brand equity and user experience of digital wallet X in DKI Jakarta. Brand experience affects brand equity for X digital wallet users in DKI Jakarta. Brand experience mediates the link between perceptions of social media marketing and brand equity for digital wallet X users in DKI Jakarta.

Creation behaviour does not moderate the link among PSMD and brand experience for digital wallet X users in DKI Jakarta. The findings of the research are expected to supply an overview of the perception of marketing media on equity for digital wallet users.

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