

CHAPTER V

CLOSING

5.1 Summary

The conventional economic model (linear economy) is currently still widely applied by most manufacturing industry companies throughout the world. Linear economic model with the working principle of take, make and dispose where products that have been used are thrown away, resulting in environmental damage. Activities in manufacturing industrial companies use resources as materials so that if the company does not manage its environment, this activity results in a scarcity of resources and environmental damage. In overcoming this problem, the concept of a circular economy emerged as a solution to conventional economics to minimize negative impacts on the environment. This research explores the concept of a circular economy to improve corporate environmental performance. This research aims to determine the factors behind the implementation of a circular economy in company environmental performance and to use green accounting as a mediating variable.

This study using quantitative approach and obtain primary data from industrial manufacturing companies listed on the official website of Indonesia Ministry of Industry. Using online questionnaire that distributed through mail of selected companies, this study obtain 165 questionnaire returned which already met the minimum sample size. Then, the data are processed using SPSS version 25 and Smart-PLS version 4.

The following conclusion can be made from the discussion and analysis of the research described previously:

1. Determinants of circular economy knowledge and environmental performance.

Circular system thinking and processing of circular economy has an impact on environmental performance. Thus, environmental performance is based on the determining factors of environmental performance, namely circular system thinking and processing of circular economy.

Meanwhile, scientific knowledge and institutional involvement does not show an impact on environmental performance. This shows that scientific knowledge and institutional involvement have not fully impacted environmental performance in a company.

2. Green accounting practices have an effect on environmental performance.

Green accounting practices affect environmental performance. This shows that the application of green accounting is a form of company concern for the environment. Where green accounting is closely related to environmental performance.

3. Determinants of circular economy knowledge on perceived green accounting practices.

Scientific knowledge and circular system thinking has an effect on practicing green accounting in a company.

Meanwhile, the processing of the circular economy and institutional involvement has no effect on green accounting practices.

4. Green accounting practices mediate the relationship between determinants of circular economy knowledge and environmental performance .

Green accounting practices mediate the relationship between Scientific knowledge and circular system thinking on environmental performance. Meanwhile, green accounting practices do not mediate the relationship between the processing of circular economy and institutional involvement on environmental performance .

5.2 Research Implications

Based on the results of the research conducted, there are research implications as follows:

1. This research provides evidence that the determinants of circular economy knowledge, namely circular system thinking and processing of circular economy, influence a company's environmental performance. So, it is hoped that managers and employees will pay attention to these factors in improving the company's environmental performance.

2. This research provides evidence that green accounting practices influence a company's environmental performance. In this case, managers are expected to be able to apply and use information from green accounting in managing the company's environment.
3. This research provides evidence that the determining factors of circular economy knowledge, namely circular system thinking and scientific knowledge, influence green accounting practices in companies. Managers are expected to pay attention to this in the success of green accounting practices in the company.
4. This research provides evidence that green accounting practices have a mediating effect in the relationship between the determinants of circular economy knowledge, namely scientific knowledge and circular system thinking, in corporate environmental performance.

5.3 Research Limitation

Based on the research that has been carried out, there are several research limitations that can be used as a reference for future researchers. The following are the limitations of this research:

1. This research uses 4 independent variables to determine the determining factors of circular economy knowledge, namely scientific knowledge, circular system thinking, the processing of circular economy knowledge, and institutional involvement. Meanwhile, the determining factors for circular economy knowledge can be seen from another perspective.

2. The limited sample in this research means this research only focuses on industrial companies that have been registered with the Ministry of Industry. Where the research sample only represents managers in the ministry of Industry.

5.4 Suggestion

Based on the results and limitations of this research, there are several suggestions for further research:

1. Future researchers can use and add other more specific variables in determining circular economic knowledge factors, such as strategic and contextual factors.
2. Future researchers can expand the research sample, by distributing it to managers in domestic and foreign industrial companies.

