ECONOMIC PERFORMANCE OF MANUFACTURING COMPANIES IN INDONESIA: TANGIBLE ASSETS, IT CAPABILITIES, AND WATER ACCOUNTING

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Abstract

This study aims to examine the effect of tangible assets, IT capabilities, and water accounting on the economic performance of manufacturing companies listed on the Indonesia Stock Exchange in 2015-2018. Determination of the sample in this study using purposive sampling method. The research data in this study were obtained from audited annual financial reports, sustainability reports, and company performance summaries obtained from the Indonesian stock exchange website (www.idx.com) which were analyzed using a panel regression model. The results showed that tangible assets had a positive effect on economic performance, IT capabilities had no effect on economic performance and water accounting had no effect on economic performance.

Keywords: Economic Performance, Tangible Assets, IT Capabilities, Water Accounting

INTRODUCTION

In the era of industrialization like today, companies have a very important role in the economy and society at large. A company is a tool that is used by a certain person or group to get the maximum possible profit. Related to these goals, an accurate and realistic planning is needed that is in accordance with the conditions of the company. Because with such planning can predict the economic performance of the company. By knowing the company's performance, it is hoped that it can be an input for decision making by the leadership. Disclosure of information and efficient and effective use of resources are also of particular concern to the company. especially in the use of resources, because with inefficient and effective management of resources can give rise to higher operating costs so that the resulting profit is smaller. This makes the company's economic performance even lower because it is not able to produce maximum profit (Tristianasari & Fachrurrozie, 2014).

The company's economic performance is the annual relative performance of the company's based on the same industry group which is described by the company's annual return value (Dewi & Wirasedana, 2017). The economic performance of an enterprise is a picture of the condition of an enterprise that is analyzed with financial analysis tools, so that it can be known the good and bad economic situation of the company that reflects the economic performance in a certain period (Tristianasari & Fachrurrozie, 2014). The company's economic performance can give a positive

signal to capital owners such as investors to invest their capital into the company. If the stock price of the financial statements gives positive or good results, then the capital owner will invest and vice versa if the stock price of the financial statement gives a negative or unfavorable result, then the capital owner will rethink in making an investment.

One of the factors that affect economic performance is tangible assets. Tangible assets are tangible assets used for company operations that have an economic life of more than one year with a large enough value acquisition such as land, buildings, machinery and furniture (Febridinata & Fachruzzaman, 2013). Tangible Assets are factors that determine the size of the asymmetric information problem where it is the main problem. The size of the value of the tangible asset will affect the size of the asymmetric that occurs between managers and investors. In general, companies that have a smaller proportion of tangible assets are also likely to retreat more in industry competition, have greater risk and will result in a small level of leverage. With a small level of leverage will lower potential profits for shareholders. So that investors will rethink investing in the company and it will affect the company's economic performance.

 Another factor that can influence economic performance is IT capabilities. Information technology is a very supportive factor in the application of information systems which are an organizational and management solution to solve management problems that arise (Sukarno et al, 2013). IT capabilities are needed in the business world as a tool in an effort to win the competition. The need for time and cost efficiency causes every business actor to feel the need to apply information technology that is modern today. Companies that have not implemented IT Capablities have indirectly added a lot of costs in all aspects, both labor, process, marketing, and management. This will also slow down the company's progress, with the decreasing company margins so that it will also have an impact on the company's economic performance.

The next factor that can influence economic performance is water accounting. Water accounting is a procedure for clarifying the components of water balance into categories of water use that reflect the consequences of human intervention on the hydrological cycle (E.K et al 2000). Regarding the impact of changes in environmental conditions where the existence of water as one of the most vital natural resources is becoming increasingly scarce. One of the causes of water scarcity is poor water management. This ineffective and efficient water management will result in large operating costs. Large operating costs will have an impact on declining profits, which will hinder the company's economic performance.

LITERATURE REVIEW

 Stewardship theory is a theory that describes situations where managers are not motivated by individual goals but are more demonstrated on their main target results for the benefit of the organization, so this theory has a psychological and sociological basis that has been designed where executives as stewards are motivated to act according to the wishes of the principal, in addition to steward behavior will not leave his organization, because stewards are trying to achieve his organizational goals (Donaldson & Davis, 1991).   In this study, stewardship theory has a relationship with tangible assets. In an effort to achieve organizational goals, managers must be able to guarantee a level of security to creditors through the number of tangible assets owned so as to minimize the occurrence of events financial distress. This is a protection for the guarantee provider from risk and moral problems caused by conflicts that may occur. Companies that have a larger proportion of tangible assets are likely to be more established in the industry, having less risk. Therefore, the stewards will try to maximize good economic performance for the company and provide satisfaction to the interests of stakeholders. In addition, stewardship theory also has a

relationship with IT capabilities. Successful stewards are able to manage resources well, with good resource management will form IT capabilities resources in the company. The formation of good IT capabilities resources can improve company performance and be able to satisfy most other organizations through increasing resources and prosperity achieved by the organization. Therefore, pro-organizational stewards are motivated to maximize the company's economic performance, in addition to being able to provide satisfaction to the interests of shareholders. With good economic performance, the company can attract investors to invest in the company.

Legitimacy theory is a theory that underlies social performance and company performance. Legitimacy will experience movement along with changes in the environment and society in which the company is located. The legitimacy of an organization can be seen as something that society gives to the company and something that the company desires or seeks from society that will be a benefit or a potential resource for the company to survive (O'Donovan, 2002). The relationship of legitimacy theory in this study lies in water accounting, which explains that in this legitimacy theory can give confidence to the community which emphasizes that companies not only pursue as much profit or profit as possible but companies must remain responsible for their environment, especially in water management resources.

Tangible assets are assets used for the company's operational activities. the larger the assets are expected, the greater the operating results produced by the company. Tangible assets are assets that can be used in the company's operational activities. The amount of tangible assets owned by the company will encourage the performance of the company to make a profit (Kurniawan & Yuyetta, 2015). Tangible Assets are fixed assets that have a real material form (Noah & Hamizar, 2011). Tangible assets are ratios that measure the share of fixed assets from total assets (Ariyanti, 2019). Meanwhile, economic performance is the annual change in the company's performance in the ecosystem of similarity in the type of industry that can be seen through the annual stock return value. The higher of activity in the company, the greater the cash flow received by the company, the more effective it is in managing transaction activities in the company. the existence of high effectiveness indicates the opportunity for high company growth in the future. Therefore, companies are required to carry out their operational activities efficiently and effectively, so that companies that can manage their assets more effectively and efficiently will get good profits as well.

H_1: Tangible Assets positively affect economic performance

IT Capabilities are information technology capabilities are also defined as the abilities or competencies of a company that is able to create, organize and disseminate information technology resources (Richardson & Subramani, 2003). Information technology is a necessity for organizations that can help the performance of organizations and individuals. The information system will help companies present financial reports in the form of accurate and reliable information, so that many parties take advantage of the information system to achieve excellence for the company (Alannita & Suaryana, 2014). Meanwhile, the health of a company can be measured by looking at its economic performance (financial health), economic performance is also a picture of the financial condition of a company and the company's achievements and company achievements analyzed with financial analysis tools, so that it can be known about the good and bad state of a company that reflects work achievements in the period certain (Wulandari & Hidayah, 2013). The better the IT capabilities carried out by the company by controlling its use in ensuring that IT performance with a work system that does not require third parties and minimizing fraud that occurs will have a positive impact on the output of IT capabilities. IT capabilities can also make it easier for management to improve efficiency and effectiveness in making financial

reports. Minimizing the level of fraud in making financial statements can also increase the integrity of financial statements so that it can provide positive value for the company in the eyes of investors, this positive value with IT capabilities can improve the company's economic performance.
H_2: IT Capabilities positively affect economic performance

Water accounting is a method of organizing and presenting information relating to the physical volume of water in the environment and economy as well as the economic aspects of water supply and use. ABS Water Accounts in Australia, for example, have provided an overview of the use of water resources and have been used by decision makers and research in a variety of occasions and ways (Vardo et al, 2007). Meanwhile, economic performance is the performance produced macro from a group of companies in an industry (Andayani, 2015). Water accounting is defined as an s i stem management of the calculation and effective use of water through access to appropriate information owned by the company (Burritt & Christ, 2017). The main role of water accounting is to provide reliable data as the basis for good water governance. The greater the company's contribution in environmental activities, especially in water resource management, the better the assessment of the company's economic performance in the eyes of stakeholders and other users of financial statements. Water project accounting is to have an accounting and reporting system that will inform decisions on the allocation of water resources and increase public and investor confidence in water management. Water accounting is used for efficient management of water resources in order to obtain cost efficiency so as to improve the company's financial performance.
H_3: Water Accounting positively affects economic performance

RESEARCH METHODS

Population and Sample

The method used in this study is a descriptive method using a quantitative associative approach. In this study using secondary data. The population in this study is all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2018 period. The reason for choosing the 2015-2018 research data observation is because researchers want to know a picture of a stable company condition before the Covid-19 pandemic occurred. because the year when the pancemic event occurred was not an ideal condition for research so that the results obtained did not reflect the ideal conditions in the population. The sampling method used in this study is purposive sampling, which is a sample determination technique with certain considerations (Sugiyono, 2018). The samples obtained were 8 sample companies with a period of 4 years so that the number of data used in this study was 32 observational data. The following is the process of determining the sample that has been carried out:

No	Criterion	Sum
1.	Manufacturing Companies that are consistently listed on the Indonesia Stock Exchange (IDX) during the period 2015-2018	135
2.	Manufacturing Companies that do not publish sustainability reports	(125)
3	Companies that use foreign currencies other than rupiah	(2)
Number of Research Samples		**8**
Number of Observation Periods		**4**
Number of Research Observation Data		**32**

Source: Processed data (2021)

Operational Definition of Research Variables

The dependent variable is also known as the output variable, the criterion, the consequent (Sugiyono, 2018). The dependent variable in this study is Economic Performance. Economic performance relative to the company's performance which is fluctuating in similar industrial ecosystems which can be seen through the value of the company's annual stock return (Andayani, 2015).

The following is the formula for calculating Economic Performance according to (AL-tuwaijri, Christensen, & Hughes II, 2004) as follows:

$$EP = \frac{(Pi - Po) + Div}{Po} - MeRi$$

Description: EP (Economic Performance), Pi (Year-end share price), Po (Early-year share price), Div (Dividend distribution), MeRi (Annual share distribution)

Independent variables are referred to as stimulus variables, predictors, antecedents. In Indonesian is often referred to as a free variable. Free variables are variables that affect or that are the cause of their change or the emergence of dependent (bound) variables (Sugiyono, 2018). The independent variables in this study are:

1. Tangible Asset

Ariyanti (2019) Tangibility of Asset (TA) is a ratio that measures the share of fixed assets from total assets. A high ratio indicates a lot of fixed assets and relatively small working capital, which can reduce the company's ability to maintain inventory and carry receivables. The following is the formula for calculating tangible assets according to (Ariyanti, 2019) as follows:

$$TA = \frac{Fixed\ Asset}{Total\ Asset}$$

2. IT Capabilities

IT capabilities are measured using an IT capabilities index that has been compiled based on theories from various sources and strengthened by previous research. The items in the IT capabilities index can be seen in the company's annual report or can see the information available on the company's website. From each item in the index will be given a value (score), where the company will be given a value of 1 if the company meets the items in the IT capabilities index, and a value of 0 if the company does not meet the items in the IT capabilities index. After the scoring on the IT capabilities index is completed. The following is an index of IT capabilities that have been compiled based on several theories:

No.	Indeks IT Capabilities
1	Company reveals technology costs
2	Company reveals technology development costs
3	The company discloses the cost of training employees in implementing information technology
4	Company reveals information technology governance
5	The company discloses information in real time

Then the magnitude of the disclousure level can be determined by the following formula:

$$Disclosure\ \text{Level} = \frac{\text{jumlah skor } Disclosure \text{ yang dipenuhi}}{\text{jumlah skor maksimum}}$$

3. Water Accounting

Measuring water accounting uses water footprinting obtained from companies that publish sustainability reports to each company that is a research sample. Water footprinting is the volume of water used to produce products measured through various stages of the production chain. Water use is measured based on the volume of water consumed which refers to the water used or produced into the manufacture of products (Hendratno & Agustine, 2018). The following is the water accounting calculation formula as follows:

$Water\ Footprinting\ Ratio$ = LN (nominal water disclosure (m³/ton)

Data Analysis Techniques

This study uses secondary data, namely data in the form of numbers, which refers to information collected using documentation techniques by researching various kinds of documents such as; financial reports, annual reports, and sustainability reports. The analysis in this study used panel data regression which is a combination of time series data and cross section data. Here is the panel data regression model used in this study:

$EP_{it} = \beta_0 + \beta_1 TA_{it} + \beta_2 ITC_{it} + \beta_3 WA_{it} + \varepsilon_{it}$

Means: EP (Economic Performance), TA (Tangible Asset), ITC (IT Capabilities), WA (Water Accounting)

RESULTS AND DISCUSSION

Result

A. Panel Data Regression Model Selection Techniques

To get the right research model in the panel data regression analysis process, the following tests were carried out:
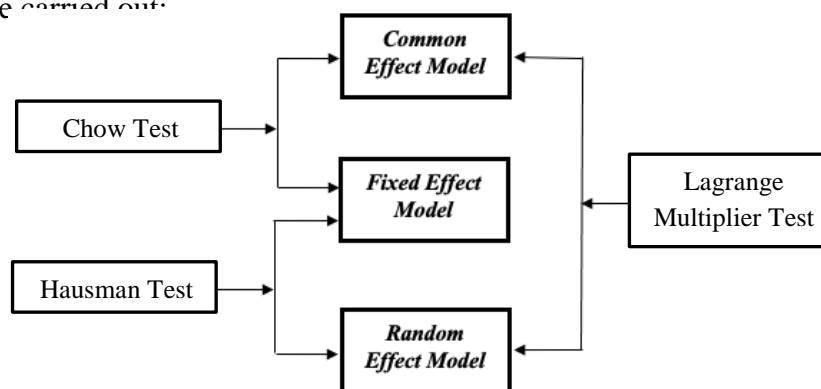

Figure 1. Panel Data Model Selection Techniques

Table 1. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	17.689847	(7,21)	0.0000
Cross-section Chi-square	61.792985	7	0.0000

Source: Eviews output

Based on table 1 above, it can be seen that the p-value of cross-section F is 0.0000 and the p-value of cross-section Chi-square is 0.0000 which means that the probability value of cross-section F and cross-section Chi-square is smaller than the significance level $\alpha = 5\%$ (0.0000 < 0.05). So, Ha is accepted, these results indicate that the Fixed Effect Model (FEM) is better than the Common Effect Model (CEM).

Table 2. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	16.469610	3	0.0009

Source: Eviews output

Based on table 2 above, a random cross-section Probability (Prob.) value of 0.0009 is obtained, which means that the probability value (Prob.) of a random cross-section is smaller than the significance level of $\alpha = 5\%$ (0.0009 > 0.05). Then H_0 is rejected and Ha is accepted, so the panel model used is Fixed Effect Model.

Table 3. Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	10.66769	0.170824	10.83852
	(0.0011)	(0.6794)	(0.0010)

Source: Eviews output

Based on table 3 above, a Breusch-Pagan cross-section Probability (Prob.) value of 0.0011 is obtained which means that the probability value (Prob.) of cross-section random of 0.0011 is smaller than the significance level of $\alpha = 5\%$ (0.0011 < 0.05). Then Ha is accepted, so the panel model used is the Random Effect Model.

Table 4. Regression Model Conclusion

No	Method	Testing	Result
1	Chow Test	CEM vs FEM	FEM
2	Hausman Test	REM vs FEM	FEM
3	Lagrange Multiplier Test	CEM vs REM	REM

Source: Processed data

Based on table 4 above, the results of the three tests that have been carried out can be concluded that the Panel Data Regression Model that will be used in the Hypothesis Test and the Panel Data Regression equation is a Fixed Effect Model (FEM) model in estimating the influence of Tangible Asset, IT Capabilities and Water Accounting to Economic Performance in manufacturing companies for the period 2015-2018.

B. Test of Classical Assumptions

The classical assumption test was carried out as a BLUE (Best Linear Unbias Estimation) requirement in the regression analysis which was analyzed using the Ordinary Least Square (OLS) estimation technique, namely the CEM and FEM models. The classical assumption test that is carried out is the Multicollinearity and Heteroscedasticity test.

Table 5. Multicollinearity Test

	TA	ITC	WA
TA	1.000000	-0.174654	-0.362403
ITC	-0.174654	1.000000	-0.092149
WA	-0.362403	-0.092149	1.000000

Source: Eviews output

Based on table 5 above, it can be seen that there are no independent variables that have a value of more than 0.8, so it can be concluded that there is no multicholinearitas in the regression model. Table 5 above aims to see whether or not there is an influence between each independent variable, namely TA, ITC and WA.

Table 6. Heteroskedasticity Test

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	42.50530	28	0.3388
Pesaran scaled LM	0.869307		0.3847
Pesaran CD	4.202376		0.0000

Source: Eviews output

Based on table 6 above, you can see the Prob value. Breusch-Pagan LM of $0.3388 > \alpha\ 0.05$, thus it can be concluded that the panel data regression model does not occur heteroskedasticity. This heteroskedasticity test was carried out to see the presence or absence of inequality of residual variants in the variables studied.

C. Hypothesis Test

Table 7. Test F (Model Feasibility)

R-squared	0.899017	Mean dependent var	288.7359
Adjusted R-squared	0.850930	S.D. dependent var	290.4747
S.E. of regression	112.1510	Akaike info criterion	12.54386
Sum squared resid	264134.7	Schwarz criterion	13.04770
Log likelihood	-189.7017	Hannan-Quinn criter.	12.71087
F-statistic	18.69564	Durbin-Watson stat	2.639245
Prob(F-statistic)	0.000000		

Source: Eviews output

Based on table 7, the F-statistical value is 18.69564, significance = 5%, df1 (k-1) = 3 and df2 (n-k) = 28, with an F table value of 2.95. So, F-statistics (18.69564) > F Table (2.95) and the value of Prob (F-statistics) 0.000000 <0.05, then the conclusion is Ha is accepted, the independent variables, namely TA, ITC, and WA together have an effect significant to EP, so it can be concluded that the research model deserves further analysis.

Table 8. Adjusted R-squared (Koefisien Determinasi)

Adjusted R-squared	0.850930	S.D. dependent var	290.4747
S.E. of regression	112.1510	Akaike info criterion	12.54386
Sum squared resid	264134.7	Schwarz criterion	13.04770
Log likelihood	-189.7017	Hannan-Quinn criter.	12.71087
F-statistic	18.69564	Durbin-Watson stat	2.639245
Prob(F-statistic)	0.000000		

Source: Eviews output

Based on table 8 the Adjusted-R-Square value of 0.850930 means that the TA, ITC, and WA variables together in the research model have an influence of 85.09% on the variation of changes in the ups and downs of EP, while the remaining 14.91% is explained by other variables in outside the research model.

Table 9. t Test (Significance Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	128.4403	112.3532	1.143183	0.2658
TA	427.7956	184.6825	2.316384	0.0307
ITC	-2694.464	1825.639	-1.475902	0.1548
WA	-51.82349	43.93488	-1.179552	0.2514

Source: Eviews output

Table 9 above with significance = 0.05%, df1(k) = 3, df2 (n-k-1) = 28, resulting in a t-table value of 2.0195. then, it can be concluded as follows:
1. t-statistic TA (2.316384) > t-table (2.0195) and Prob. TA 0.0307 <0.05, the result obtained is that the Tangible Assets variable has a positive effect on Economic Performance (EP). Thus, H1 is accepted.

2. ITC t-statistic (-1.475902) < t-table (2.0195) and Prob. ITC 0.1548 > 0.05, the result obtained is that the IT Capabilities variable has no effect on Economic Performance (EP). Thus, H2 is rejected.

3. t-statistic WA (-1.179552) < t-table (2.0195) and Prob. WA 0.2514 > 0.05 then the results obtained are that Water Accounting has no effect on Economic Performance (EP). Thus, H3 is rejected

D. Panel Data Regression Model Equation

$$EP = 128{,}4403 + 427{,}7956\ TA - 2694{,}464\ ITC - 51.82349\ WA$$

From the equation of the panel data regression model above, it can be explained that:

a. The constant is 128.4403. This indicates that if there are no values in the independent variables (independent variables equal to 0), then Economic Performance (EP) has a value of 128.4403.

b. The value of the coefficient of the variable Tangible Asset (TA) is 427.7956, which means that every increase of 1 (one) unit of Tangible Asset will increase the value of Economic Performance (EP) by 427.7956 assuming other independent variables are of constant (fixed) value.

c. The value of the coefficient of the IT Capabilities (ITC) variable is -2694.464, which means that every increase of 1 (one) IT Capabilities (ITC) unit will decrease the value of Economic Performance (EP) by -2694.464 assuming that other independent variables are of constant (fixed) value.

d. The value of the variable coefficient Water Accounting (WA) is -51.82349, which means that every increase of 1 (one) unit of Water Accounting (WA) will decreasethe value of Economic Performance (EP) by -51.82349 assuming other independent variables are of constant value (fixed).

Discussion

A. Hypothesis 1

The first hypothesis is that there is a positive influence of Tangible Assets (TA) on Economic Performance. Based on the results of the partial t-test, the variable TA has a t-statistical value of 2.316384, while t Table with a rate of $\alpha = 5\%$, df (n-k) = 28 obtained the table t value of 2.04841. Thus, the t-statistic TA (2.316384) > t Table (2.04841) and the Prob value. FY of 0.0307 < 0.05, it can be concluded that H_1 is accepted, meaning that the Tangible Asset variable in this study has an influence on Economic Performance. Tangible assets are assets that can be used in the company's operational activities. The amount of tangible assets owned by the company will encourage the performance of the company to make a profit (Kurniawan & Yuyetta, 2015). These results suggest that the assets owned by the company can affect the economic performance of the enterprise. A company that on average has many assets will guarantee that the company's economic performance will improve. This is because the company's activities show the level of effectiveness that exists in the company. the higher the activity in the company, the greater the cash flow received by the company, the more effective it is in managing transaction activities in the company. the existence of high effectiveness indicates the opportunity for high company growth in the future. Therefore, companies are required to carry out their operational activities efficiently and effectively, so that

companies that can manage their assets more effectively and efficiently will get good profits as well. So that it can improve the economic performance of the company. The results of this study are in line with ariyanti's previous research (2019), which stated that high tangible assets can increase the company's ability to maintain inventory, affect the value of the company's shares and have an impact on the company's economic performance which increases in the eyes of stakeholders so as to attract investors to invest in the company.

B. Hypothesis 2

The second hypothesis is that there is a positive influence of IT Capabilities (ITC) on Economic Performance. Based on the results of the partial t-test, the ITC variable has a t-statistical value of -1.475902, while t Table with a rate of $\alpha = 5\%$, df (n-k) = 28 obtained the value of t Table of 2.04841. Thus, the ITC t-statistic (-1.475902) < t Table (2.04841) and the Prob value. ITC of $0.1548 > 0.05$, it can be concluded that H_2 rejected, meaning that the IT Capabilities variable in this study has no influence on Economic Performance. Information technology is a very supportive factor in the application of information systems which are an organizational and management solution to solve problems that arise (Sukarno et al, 2013). The results showed that IT capabilities within the company do not guarantee that the company's economic performance will increase. This is because there are still many companies that have not implemented and understood IT in this modern era, besides that companies think that implementing IT in these companies will increase many costs and charge the company without thinking about what benefits will be obtained if implementing IT in the future. So, to improve economic performance, companies must implement IT capabilities as a whole and be carried out continuously for a long time and no longer use manual systems in inputting data. Inputting data manually is very ineffective and efficient in today's increasingly sophisticated eradication and there will be more costs that will be incurred by the company in the future. For this reason, companies must implement IT in the company's operational activities. This research is in line with the research of Sukarno et. al. (2014) which states that there are still many companies that do not understand the importance of IT capabilities in the company to assist companies in presenting financial statements in the form of more accurate and reliable information.

C. Hypothesis 3

The third hypothesis is that Water Accounting (WA) has no effect on Economic Performance. Based on the results of the partial t-test, the WA variable has a t-statistical value of -1.179552, while t Table with a rate of $\alpha = 5\%$, df (n-k) = 28 obtained the value of t Table of 2.04841. Thus, the t-statistic WA (-1.179552) < t Table (2.04841) and prob values. WA of $0.2514 > 0.05$ then it can be concluded that H_3 rejected, meaning that the variable Water Accounting in this study has no influence on Economic Performance. Water accounting is defined as an sstem of managing the calculation and effective use of water through access to the suitability of information yang owned by the company (Burritt & Christ, 2017). The results showed that the information released by the company regarding water accounting could not affect the company's economic performance, this wasbecause the sampled company   did not care about the environment, especially in water management and had not met the social responsibility rules well. Ineffective and efficient water management will result in large operating costs, so the company needs to implement water accounting that has measurable management of water management so that costs become efficient and can improve the company's economic performance. Companies that implement water

accounting have fulfilled their social responsibility rules well. This condition supports the company's large contribution in environmental activities, especially in the management of water resources that are good for the assessment of the company's economic performance in the eyes of stakeholders and other users of financial statements. This research is in line with previous studies (E.K et al, 2000) which found that water accounting has no effect on economic performance. This is because there are still many companies that are not aware of the importance of water management, there are still many companies that violate the rules by littering waste that causes environmental pollution to these companies.

CONCLUSION

The purpose of this study is to test the influence of tangible assets, IT capabilities and water accounting on economic performance. This study used 8 samples of manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2018. Based on the results of the analysis and discussion that has been carried out using panel data regression, the following conclusions were obtained:

1. The Tangible Asset variable has a t-statistic (2.316384) > t tabel (2.04841) and a probability value of $0.0307 < 0.05$, meaning that the tangible asset variable in this study has a positive influence on economic performance. The company's increased operational activity will affect the results of operations produced by the company. The increase in assets followed by an increase in operations will further increase the trust of outsiders in the company so as to improve the company's economic performance.

2. The IT Capabilities variable has a t-statistical value (-1.475902) < t tabel (2.04841) and a probability value of $0.1548 > 0.05$, meaning that the IT Capabilities variable in this study has no influence on economic performance. There are still many companies that have not implemented qualified information technology in the midst of today's modern era. The company has not implemented IT capabilities indirectly has added a lot of costs in all aspects, namely labor, processes, marketing, and management so that it will slow down the company's progress which can have an impact on decreasing company margins so that it will have an impact on the company's economic performance.

3. The Water Accounting variable has a t-statistical value (-1.179552) < t Table (2.04841) and a probability value of $0.2514 > 0.05$, meaning that the water accounting variable in this study has no influence on economic performance. The sample company has not cared about the environment, especially in water managementand has not fulfilled the social responsibility rules properly. Ineffective and efficient water management will result in large operating costs, so the company needs to implement water accounting that has measurable management of water management so that costs become efficient and can improve the company's economic performance. Companies that implement water accounting have fulfilled their social responsibility rules well. There are still many companies that violate the rules by disposing of arbitrary waste that causes pollution to the company's environment and will have an impact on the company's performance.

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