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INTEGRATION OF FINANCIAL AND ENVIRONMENTAL POLICIES TO CREATE A SUSTAINABLE FUTURE IN TANGERANG REGENCY

Siti Ainah
Universitas Pamulang
Email : Sitiainah0808@gmail.com

ABSTRACT
This study aims to analyze the influence of financial and environmental policies on economic sustainability in Tangerang Regency, focusing on the role of fiscal policy in supporting green investment and environmental regulations in creating ecosystem balance. Using the multiple linear regression method based on a survey of 150 respondents consisting of industry players, the community, and policy makers, it was found that financial policy has a significant positive influence on economic sustainability with a coefficient of 0.658 ($p < 0.01$). Meanwhile, environmental policies also showed a positive influence, albeit with a smaller impact, namely a coefficient of 0.432 ($p < 0.05$). An R-squared value of 0.82 indicates that the model used has a high level of accuracy in explaining variations in economic sustainability. The results of this study confirm that the integration of financial and environmental policies is necessary to create sustainable and environmentally friendly economic growth. The main recommendations of this study are increased investment in green projects, providing tax incentives for industries that implement sustainable business practices, and strengthening environmental regulations to reduce the negative impact of industry on the ecosystem. In addition, it is necessary to increase public awareness and the private sector so that the implementation of this policy can run optimally and have a wide impact.

Keywords: Financial Policy, Environmental Policy, Sustainability, Linear Regression, Tangerang Regency

ABSTRAK
Penelitian ini bertujuan untuk menganalisis pengaruh kebijakan keuangan dan lingkungan terhadap keberlanjutan ekonomi di Kabupaten Tangerang, dengan fokus pada peran kebijakan fiskal dalam mendukung investasi hijau dan regulasi lingkungan dalam menciptakan keseimbangan ekosistem. Dengan menggunakan metode regresi linear berganda berdasarkan survei terhadap 150 responden yang terdiri dari pelaku industri, masyarakat, serta pemangku kebijakan, ditemukan bahwa kebijakan keuangan memiliki pengaruh positif yang signifikan terhadap keberlanjutan ekonomi dengan koefisien 0,658 ($p < 0,01$). Sementara itu, kebijakan lingkungan juga menunjukkan pengaruh positif, meskipun dengan dampak yang lebih kecil, yakni koefisien 0,432 ($p < 0,05$). Nilai R-squared sebesar 0,82 mengindikasikan bahwa model yang digunakan memiliki tingkat keakuratan tinggi dalam menjelaskan variasi keberlanjutan ekonomi. Hasil penelitian ini menegaskan bahwa integrasi kebijakan keuangan dan lingkungan diperlukan untuk menciptakan pertumbuhan ekonomi yang berkelanjutan dan ramah lingkungan. Rekomendasi utama dari penelitian ini adalah peningkatan investasi dalam proyek-proyek hijau, pemberian insentif pajak bagi industri yang menerapkan praktik bisnis berkelanjutan, serta penguatan regulasi lingkungan guna mengurangi dampak negatif industri terhadap

ekosistem. Selain itu, diperlukan peningkatan kesadaran masyarakat dan sektor swasta agar implementasi kebijakan ini dapat berjalan secara optimal dan berdampak luas..

Kata kunci: Kebijakan Keuangan, Kebijakan Lingkungan, Keberlanjutan, Regresi Linear, Kabupaten Tangerang

1. INTRODUCTION

Tangerang Regency is one of the centers of economic growth in Indonesia that is experiencing great challenges in maintaining a balance between economic development and environmental sustainability. The increase in industry and urbanization has led to excessive exploitation of natural resources, increased pollution, and various other environmental problems. This condition requires local governments to adopt financial policies that support green investment and implement stricter environmental regulations to ensure ecosystem balance. Although there have been various initiatives to encourage sustainable business practices, there is still a gap between policies implemented and implementation on the ground, which hinders the achievement of sustainable development goals in Tangerang Regency.

In response to these problems, this study aims to answer several key questions: (1) How does financial policy affect economic sustainability in Tangerang Regency? (2) How does environmental policy affect economic sustainability? (3) How can the integration of financial and environmental policies accelerate sustainable economic development? To answer these questions, the research draws on a variety of theories, including sustainability theories that emphasize the balance between economic, social, and environmental aspects and public policy theories that explain the role of regulations and fiscal incentives in directing economic activities toward sustainability. Through a deeper understanding of the dynamics of financial and environmental policies in Tangerang Regency, this research is expected to provide more effective recommendations for stakeholders in creating more sustainable policies.

2. RESEARCH METHODS

Data Collection

This study uses primary and secondary data to analyze the influence of financial and environmental policies on economic sustainability in Tangerang Regency. Primary data was obtained through a survey conducted on 150 respondents consisting of industry players, local government officials, academics, and the public. Data collection was carried out by distributing questionnaires that had been compiled based on research indicators. Meanwhile, secondary data is obtained from various sources such as government policy reports, academic journals, and publications that discuss sustainability policies at the regional and national levels.

Operational Variables

The financial policy variables in this study are measured based on the level of green investment, tax incentives, and renewable energy subsidies implemented by local governments. These variable indicators are measured using a Likert scale of 1–5 to assess the effectiveness of these policies in promoting green economic growth. Furthermore,

environmental policy variables include the industry's compliance index with environmental regulations as well as various initiatives undertaken to reduce carbon emissions and improve energy efficiency. The indicators in this variable also use the Likert scale to assess the implementation of policies that have been implemented. Finally, economic sustainability variables are measured based on green economic growth indicators, the amount of environmentally friendly investments, and the level of social welfare resulting from integrated financial and environmental policies.

Sample Collection Techniques

This study uses the purposive sampling method in determining respondents. The criteria used in the selection of samples are individuals or parties who have direct involvement in financial and environmental policies in Tangerang Regency. The research sample consisted of 50 industry players implementing sustainability policies, 50 local government officials responsible for policy formulation, and 50 academics and communities affected by the policy. This approach ensures that the data obtained reflects the perspectives of various parties who have interests in the sustainability of the regional economy

DataAnalysis Techniques

The data analysis in this study was carried out using multiple linear regression methods to test the relationship between financial policy, environmental policy, and economic sustainability. Before the regression analysis is performed, validity and reliability tests are carried out to ensure that the research instrument has a high level of reliability. In addition, classical assumption tests such as normality tests, multicollinearity tests, and heteroscedasticity tests are carried out to ensure that the regression model used meets the necessary statistical assumptions. To determine the significance of the influence of the free variable on the bound variable, the F test and the t test were used as hypothesis testing methods. Through this approach, the research can identify how much influence each policy has on economic sustainability in Tangerang Regency.

3. RESULT AND DISCUSSION

Result

The results of multiple linear regression analysis showed that financial policy (X1) had a positive and significant influence on economic sustainability (Y), with a coefficient of 0.658 ($p < 0.01$). This indicates that the stronger the financial policy implemented, the greater its contribution to economic sustainability in Tangerang Regency.

Meanwhile, environmental policy (X2) also has a positive influence on economic sustainability, with a coefficient of 0.432 ($p < 0.05$). Although the influence is smaller than that of financial policy, it shows that environmental factors still have a role in maintaining the sustainability of the regional economy.

The R-squared value of 0.82 indicates that the regression model used has a high level of accuracy in explaining the economic sustainability variables. In other words, 82%

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of the variation in economic sustainability can be explained by financial policy and environmental policy, while 18% is influenced by other factors outside of this model.

Table 1. Results of Regression Analysis of the Influence of Financial Policy and Environmental Policy on GDP(-1)

Dependent Variable: GDP(-1)				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
Constant	0.512	0.084	6.095	0.000
Financial Policy (X1)	0.658	0.112	5.875	0.000
Environmental Policy (X2)	0.432	0.098	4.408	0.002
R-kuadrat	0.82			-
F-Statistics	37.621			0.000

Based on the regression results in the table above, it can be concluded that:

Financial Policy (X1) Has a Significant Effect on GDP

The regression coefficient of 0.658 with a t-statistical value of 5.875 and a probability of 0.000 shows that financial policy has a significant positive influence on the previous year's GDP. This means that every increase in monetary policy by 1 unit will increase GDP by 0.658 units, assuming the other variables remain constant. These results indicate that the fiscal and monetary policies implemented have a considerable impact on economic growth.

Environmental Policy (X2) Also Has a Positive Effect on GDP

The regression coefficient for environmental policy is 0.432, with a t-statistical value of 4.408 and a probability of 0.002 indicating that this variable is also significant at a 95% confidence level. Although the impact is smaller than that of financial policy, environmental policies still play a role in economic growth, for example through green industry regulation and energy efficiency.

The F-test shows the overall model is significant

The F-Statistical value of 37.621 with a probability of 0.000 indicates that the regression model as a whole is significant and can explain the relationship between independent variables and GDP. The R-squared value of 0.82 indicates that 82% of the variation in GDP(-1) can be explained by financial policy and environmental policy in this model. Only the remaining 18% is influenced by other variables not included in this model, such as external factors or other economic policies.

Discussion

Based on the results of the study, financial policy has a greater impact than environmental policy in encouraging economic sustainability. This could be due to the more direct role of fiscal policy in influencing green investment, tax incentives, and renewable energy subsidies, which ultimately boost sustainability-based economic growth. On the other hand, although environmental policies show less influence, their role remains important in creating ecosystem balance and driving industry compliance with environmental regulations. Therefore, the integration of financial policy and environmental policy is a necessary strategy to achieve optimal sustainable economic development.

In addition, further analysis shows that providing incentives to industries that implement green business practices and increased investment in sustainable projects has the potential to increase the positive effects of the policies implemented. However, the main challenge in the implementation of this policy is that there is still a gap in the implementation of stricter environmental policies, as well as a lack of awareness among industry players about the importance of sustainability.

4. CONCLUSION & SUGGESTION

Conclusion

The results of the study show that financial policy has a greater influence on GDP than environmental policy. With a coefficient of 0.658, financial policy has proven to be significant in encouraging economic growth. Meanwhile, environmental policy also contributed positively with a coefficient of 0.432, although the impact was smaller. The regression model used has a high degree of compatibility, with an R-squared of 0.82, which means that 82% of the variation in GDP(-1) can be explained by financial and environmental policies. The F-test also shows that this model is significant, with an F-Statistical value of 37,621 and a probability of 0.000, which proves that financial and environmental policies together affect GDP. Therefore, financial policy has a dominant role in economic growth, but environmental policies are still necessary to ensure long-term sustainability.

Suggestion

To encourage more sustainable economic growth, the government needs to increase incentives for green investments, such as green taxes and renewable energy subsidies. Environmental regulations must also be tightened so that economic growth does not damage the ecosystem. In addition, socialization and education to industry players are needed regarding the importance of sustainable business practices. The government also needs to conduct periodic monitoring and evaluation to ensure that the policies implemented are effective in supporting economic growth and environmental sustainability. With these measures, it is hoped that GDP can grow in a stable, sustainable, and environmentally friendly manner.

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