THE EFFECT OF IMPLEMENTING GREEN ACCOUNTING AND ENVIRONMENTAL PERFORMANCE ON COMPANY FINANCIAL PERFORMANCE

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Abstract: The mining sector is an industrial sector characterized by capital and technology-intensive business characteristics, and cannot be renewed. Companies that implement Green Accounting are business entities that prioritize environmental sustainability in their operations and financial management. Companies that are committed to environmental performance not only consider financial aspects, but also pay attention to the ecological impacts of their operational activities. This study aims to evaluate the effect of the implementation of Green Accounting and Environmental Performance on the Financial Performance of Mining Companies in the Coal sub-sector listed on the Indonesia Stock Exchange (IDX). The data used are secondary data from the annual financial reports of companies listed on the IDX for the period 2019-2023. This study covers a population of 8 companies, with a sample of 40 data. The method used is descriptive statistics. The results of the partial t-test show that Green Accounting and Environmental Performance do not affect the Company's Financial Performance individually. However, the F test shows that Green Accounting and Environmental Performance simultaneously affect the Company's Financial Performance.

Keywords: Environmental Performance; Financial Performance; Green Accounting

INTRODUCTION

Environmental management is currently a concern in the scope of global business. The company has a huge impact on the sustainability and well-being of the environment as well as the surrounding community. Natural damage due to the exploitation of natural resources that greedy makes environmental conditions very alarming. Environmental damage from year to year is increasingly rampant, especially in the mining sector. The mining sector is one of the industrial sectors that is characterized by the needs of large capital and high-tech resources that cannot be renewed. The public expects that companies not only pay attention to profits but also pay attention to human problems (people) and the environment (the planet). This is in line with the principle of triple bottom line, namely profit, people, and planet. (Dita & Ervina, 2021).

Companies that implement green accounting are business entities that prioritize environmental sustainability in their operations and financial management. Green accounting, known as green accounting, involves measuring and reporting not only aspects of the economy but also environmental aspects of economic activity. By taking into account the environmental impact generated by the mining sector, it can be done by developing methods of reducing environmental footprint, improving the efficiency of resource use, and implementing sustainable business practices of the government through the Ministry of Environment and Forestry to form an assessment program since 1995, namely PROPER (Company Performance Rating Program in Environmental Management). This program was established to manage the environmental impact of Indonesian companies.

One way to assess the performance of the company is to look at the financial performance. The company's financial statements provide information that can be used to determine the condition and development of a company. In this study, the profitability ratio, namely return on asset (ROA), is used to measure financial performance and evaluate operational effectiveness in utilizing the resources owned by the company, in addition to considering the aspects of financing the asset.

Based on the results of research (Angelina & Nursasi, 2021) showing that green accounting has no effect on financial performance and environmental performance does not have a significant effect on the company. While the results of research conducted by (Dianty & Nurrahim, 2022) show that green accounting variables affect financial performance, environmental performance variables do not affect financial performance, and green accounting and environmental performance variables are simultaneous on financial performance.

Based on the ins of the background, this study aims to understand the factors that affect financial performance. Therefore, the author is interested in conducting research under the title "Influence of Green Accounting and Environmental Performance on Company Financial Performance."

LITERATURE REVIEW

Stakeholder Theory

This theory assumes that the company runs its business and business activities not only for the internal interests of the company but also for the benefit of stakeholders (Yuniarti, Ranidiah, Nurlaili, & Astuti, 2023). Companies that establish and build good relationships with stakeholders and pay attention to the environment and record of financial statements will be able to improve the company's financial performance, so that it will attract investors to invest in the company (Ramdhani, Saputra, & Wahyuni, 2022).

Legitimate Theory

Legitimate theory is one of the theories that encourage companies to propose sustainable reports

(Angelina & Nursasi, 2021). The theory refers to the interaction of interdependence between society and the company, where the two are interrelated and require a balanced relationship to ensure the continuity of the company's activities. The benefit of legitimate theory is to assess the behavior of the organization of the company and set its limits through rules about concern for the environment. Environmental disclosures on the published company report will reflect the company's concern for the condition of the natural environment and implement social contracts for the community (Kholmi & Nafiza, 2022). This can help or encourage investors to make investments.

Green Accounting

Green Accounting is a company reporting financial statements that must contain information about the impact of an event or event related to the environment. According to (May , Zamzam, Syahdan, & Zainudin, 2023). Green accounting involves assessments related to environmental costs (Kusumawati & Murwaningsari, 2023). According to (Angelina & Nursasi, 2021) green accounting can be measured by the dummy method using environmental cost indicators. This approach involves assessing whether the company has environmental cost components such as recycling costs, environmental activity costs, research costs and environmental development, and other cost elements.

Environmental Performance

Environmental performance is an evaluation made by the company on efforts to empower and concern for the environment, both around the operational area and outside its operational activities (Ramdhani, Saputra, & Wahyuni, 2022). Environmental performance can be proven by industry players by showing the results of related programs to the Ministry of Environment. The quality of the company's environmental performance can be assessed using PROPER (Company Performance Rating Program in Environmental Management). This program is an effort from the Ministry of Environment and Forestry (KLHK), which aims to encourage companies to improve their governance in environmental management. PROPER assesses the performance of the company using a color scale, namely :

a) PROPER Gold; Score 5; Very Good
b) PROPER Green; Score 4; Good
c) PROPER Blue; Score 3; Average
d) PROPER Red; Score 2; Bad
e) PROPER Black; Score 1; Worst

Company Financial Performance

Financial performance is a benchmark that companies use to assess success in business activities and generate corporate profits (Yuniarti, Ranidiah, Nurlaili, & Astuti, 2023). The use of the Return On Assets (ROA) ratio on this profitability is used to measure the company's ability to generate overall profit. The greater the ROA of the company, the greater the level of profit obtained by the company and the better the condition of the company in terms of asset utilization.

METHODOLOGY

This research uses quantitative research methods using secondary data. This research data, that is the population, is a coal subsector mining company listed on the Indonesia Stock Exchange (IDX). As for sampling in this study using purposive sampling techniques, From the criteria provided, the samples obtained in this study are 8 mining companies in the coal sector. The sampling criteria are as follows:

1. Companies engaged in coal mining and recorded for five consecutive years listed on the Indonesia Stock Exchange (IDX) in 2019-2023
2. Coal mining companies that present environmental costs related to the company's annual report in the company's annual report in 2019-2023
3. Coal mining companies that are ranked PROPER in 2019-2023

RESEARCH RESULT

Based on the data that has been processed using SPSS software, statistical statistics are a type of statistics that can be used to analyze data by explaining or describing data that has been collected according to reality without aiming to draw conclusions that can be applied in general or generalize. (Nugroho, 2023) Descriptive statistical analysis describes the distribution of data seen from the minimum, maximum value, average (mean) and standard deviation values of each variable. Here is a description of research variables through descriptive statistics.

Table 1. Results of Research Variables Through Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	40	0	1	.93	.267
Environmental Performance	40	3	5	3.95	.783
Financial Performance	40	-.10	.62	.1811	.16306
Valid N (listwise)	40				

Source: Output SPSS

Based on the table above, it can be known that the number of samples used in this study is as many as 8 samples and a sampling period of 5 years, then N = 40. In addition, in the Green Accounting (X1) variable, the lowest (minimum) value is 0, the highest value (maximum) is 1, the mean is 0.93, and the standard deviation is 0.267. In the Environmental Performance variable (X2), the lowest value (minimum) is 3, the highest value (maximum) is 5, the mean is 3.95, and the standard deviation is 0.783. Then the financial performance (Y) has the lowest (minimum) value of -0.10, the highest value (maximum) of 0.62, the mean of 0.1811, and the deviation standard of 0.1306.

Multiple Linear Regression Analysis Test

Table 2. Multiple Linear Regression Analysis Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.598	.167		3.577	.001
	Green Accounting	-.277	.089	-.470	-3.111	.004
	Environmental Performance	-.041	.031	-.195	-1.295	.203

a. Dependent Variable: Financial Performance

Sumber: Output SPSS

$$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta n\ Xn + e$$

$$= 0{,}598 + (-0{,}277) + (-0{,}041)$$

The constant value of the regression model is 0.598, which means if the independent green accounting variable, the environmental performance, is 0, then the financial performance is positive and worth 0.598. The value of the regression coefficient in the Green Accounting variable of -0.277 shows the effect of Green Accounting on negative financial performance, so if there is an increase in Green Accounting by 1, it will result in a decrease in the value of financial performance by 0.277.

The coefficient value of the environmental performance variable is -0.041; the value of the coefficient has a negative sign that shows the opposite relationship between environmental performance and financial performance. From the figure, it can be explained that if there is an increase in environmental performance by 1, it will result in financial performance decreasing by 0.041.

Hypothesis Testing

Table 3. T-Test Result (Partial)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.598	.167		3.577	.001
	Green Accounting	-.277	.089	-.470	**-3.111**	.004
	Environmental Performance	-.041	.031	-.195	-1.295	.203

a. Dependent Variable: Financial Performance

Source: Output SPSS

1. Influence of X1 on Y

   It is known that the calculated t value is -3.111 < 2.02619 and is significant 0.04 < 0.05, so it can be concluded that H1 is rejected, which means that variable X1 has a negative and significant effect on Y
2. Effect of X2 on Y

   It is known that the calculated t value is -1.295 < 2.02619 and the sign is 0.203 > 0.05, so it can be concluded that H2 is rejected, which means that variable X2 has no effect on Y

Table 4. F Test Results (Simultaneous)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.220	2	.110	4.974	.012[b]
	Residual	.817	37	.022		
	Total	1.037	39			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Environmental Performance, Green Accounting

Source: Output SPSS

Based on the results of the simultaneous test in the table, the value of F counts is 4.974 > F table 3.24, and the significance value is 0.012 < 0.05, which means green accounting and environmental performance simultaneously or jointly affect the company's financial performance.

Coefficient of determination test

Table 5. Coefficient of Determination Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460[a]	.212	.169	.14861

a. Predictors: (Constant), Environmental Performance, Green Accounting

Source: Output SPSS

Based on the SPSS test results, the R square value of 0.212, or 21.2%, means that the variables used in the model, namely green accounting (X1) and environmental performance (X2), are able to affect the company's financial performance (Y) variables by 21.2%. While the remaining 78.8% is influenced by other factors.

DISCUSSION

The Effect of Green Accounting on Financial Performance

The partial test results prove that the green accounting (X1) variable has no effect on the company's financial performance (Y). This can be seen from the results of statistical testing on the t test, where the value of t counts -3,111 < 2,02619 and sign 0.04 < 0.05, it can be concluded that green accounting has no effect on the company's financial performance.

This research is in line with the research conducted (Angelina & Nursasi, 2021) where green accounting has no effect on the company's financial performance. But not in accordance with the research (Mustofa & et al, 2020) the results of the study show that green accounting variables affect financial performance.

The Effect of Environmental Performance on Financial Performance

The partial test results prove that environmental performance (X2) has no effect on the company's financial performance (Y). This is evidenced by the results of statistical testing on the t test, where the value of t counts -1,295 < 2,02619 and the value of sign 0.203 > 0.05, so it can be concluded that H2 is rejected, which means that the environmental performance variable has no effect on the company's financial performance..

The results of this study are in accordance with the research (Dianty & Nurrahim, 2022) which shows environmental performance has no effect on the company's financial performance. But the results of this research are not in accordance with the research conducted (Ramdhani, Saputra, & Wahyuni, 2022) which shows environmental performance affects the company's financial performance.

The Influence of Green Accounting and Environmental Performance on Financial Performance

Based on the results of the F test, it shows that the Green Accounting (X1) and Environmental Performance (X2) variables together or simultaneously have a significant effect on the company's financial performance (Y). This is evidenced by statistical testing in the F test where the value of F counts 4,974 > F table 3.24 and significance value, which means 0.012 < 0.05, which means green accounting and environmental performance simultaneously or jointly affect the company's financial performance in 8 coal sub-tested mining companies listed on the Indonesia Stock Exchange for the period 2019-2023.

The results of this study are in line with the study (Amalia, Hafizi, & Mubarok, 2024) which showed green accounting and environmental performance simultaneously had a significant positive effect on profitability.

CONCLUSION

Based on the results of the analysis of data and discussion conducted earlier, the researcher draws several conclusions as follows:

1. Green accounting has no effect on the financial performance of mining companies subcontracted to coal listed on the Indonesia Stock Exchange (IDX) during the period

2019-2023. This happens because the company focuses only on increasing profits, so it will consider each expense, including environmental costs that are considered to be the burden of the company.
2. Environmental performance has no effect on the financial performance of mining companies sub-subject to coal during the period 2019-2023. This happens because environmental management efforts are carried out even though they have been in accordance with the requirements of PROPER but do not contribute to improving financial performance. Efforts made by the company have not been able to affect the level of sales of the resulting commodities.
3. Green Accounting and Environmental Performance simultaneously have a significant effect on the financial performance of mining companies sub-subject to coal during the period 2019-2023. Companies that implement green accounting and maintain environmental performance together will improve financial performance because they are able to manage their business better and are able to gain better sustainable financial access.

SUGGESTION

Based on the research conducted, the researcher gave advice for further research, namely:

1. Conducting testing of the mining sector by adding subsectors of crude oil & natural gas, metals & minerals, soil & excavation stones.
2. Subsequent research is expected to consider or add other variables that are appropriate and relevant, such as economic and social aspects.

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