

Green Accounting and Different Perspective of Financial Performance

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Abstract

Purpose: This research aims to examine the effect of green accounting on company financial performance using quantitative methods.

Method: This research uses quantitative methods with a descriptive analysis approach. Data analysis using multiple linear regression testing methods. The company's financial performance in this study was measured using Return on Assets (ROA), Return on Equity (ROE), and Earning per Share (EPS). Meanwhile, the independent variable is the implementation of green accounting.

Results: The results showed that green accounting has a positive and significant impact on financial performance as measured by ROA and EPS, while the measurement of financial performance did not affect ROE.

Implications: this research is expected to serve as a reference for future researchers and as a consideration for investors and entrepreneurs in determining strategic steps in business.

Novelty: This research elaborates on 260 samples from the Basic Material, Chemical, and Healthcare Sectors.

Keywords: green accounting; PROPER; investor; financial performance

Abstrak

Tujuan: Penelitian ini bertujuan untuk menguji pengaruh *green accounting* terhadap kinerja keuangan perusahaan dengan menggunakan metode kuantitatif.

Metode: Penelitian ini menggunakan metode kuantitatif dengan pendekatan analisis deskriptif. Analisis data dengan menggunakan metode pengujian regresi linear berganda. Kinerja keuangan perusahaan pada penelitian ini diukur dengan menggunakan pengukuran Return on Asset (ROA), Return on Equity (ROE), dan Earning per Share (EPS). Sedangkan variabel bebas yaitu penerapan *green accounting*.

Hasil: Hasil menunjukkan *green accounting* memberikan pengaruh yang signifikan dan positif terhadap kinerja keuangan yang diukur menggunakan ROA dan EPS, sedangkan pengukuran kinerja keuangan dengan menggunakan ROE tidak menunjukkan adanya pengaruh dari *green accounting*.

Implikasi: Penelitian ini dapat menjadi referensi bagi peneliti selanjutnya, dan dapat dijadikan sebagai salah satu pertimbangan bagi investor, wirausahawan dalam menentukan langkah strategis dalam bisnis.

Kebaruan: Penelitian ini mengelaborasi 260 sampel dari *Basic materials, Chemical* dan *Health sectors*.

Kata kunci: *green accounting; PROPER; investor; financial performance*

INTRODUCTION

Entrepreneurship has become more dynamic since the COVID-19 pandemic hit Indonesia and the rest of the world at the beginning of 2020 (Rachman, 2021), where circumstances forced us to stay home with the government's decree in the form of Large-Scale Social Restrictions (PSBB) resulting in the collapse of the economy which was characterized by many companies experiencing a decline in sales, production, and profits of more than 90% (Lelono, 2020). As time goes by, the economy has begun to recover and companies able to still survive try to maximize profits from the impact caused by the COVID-19 outbreak (Anggraeni & Dewi, 2022).

In the operational implementation of a company carried out to maximize profits, it will use a lot of resources in the form of human resources and natural resources. Starting from collecting, processing natural resources, and packaging of a product. The products that will be marketed by the company have been carefully planned to get as much profit as possible (Case, 2020). However, in maximizing its profits, a company would usually do it poorly, lacking attention to the materials used in the management of production waste (Redi, 2021). Eventually, this will raise a concern in its operation, when the company focuses only on the economic aspect, while there are many other aspects that need to be considered, such as social, cultural, and environmental (Hastowiyono, 2019).

Environmental problems are becoming more concerning as the United Nations (UN) climate panelists gave a code red warning to humanity that due to the increase in carbon dioxide (CO₂) emissions, the earth's temperature has increased by 1.1 Celsius (Guterres, 2021). According to research by The Indonesian Forum for the Environment (WALHI), it is stated that 159 million hectares (ha) of land have been allocated as stated in the extractive industry investment license, in this case, legally 82.91% of the land has been controlled by corporations (WALHI, 2021). This circumstance should be anticipated and there is a need for preventive and repressive actions by us and authorized officials against unfavorable possibilities in the environment due to company operations (Widodo & Suhartono, 2020).

In the 2015 UN assembly, The Sustainable Development Goals (SDGs) agenda was held. In this program, there were 17 goals to be achieved, including those related to the environmental pillar, which had become a worldwide concern, and the government of Indonesia had also encouraged this program to be implemented even at the rural level throughout Indonesia (Bappenas, 2019). Company operations certainly do not only pay attention to material benefits but how companies can achieve profits while achieving social and environmental impacts (Rezaee & Fogarty, 2019).

The challenges such as greater market volatility, increasing political, economic, geopolitical, technological uncertainty, and cybersecurity incidents (Rezaee & Fogarty, 2019). Now, companies are not only faced with traditional issues related to financial performance, revenue, and investor relations but as well as stakeholder issues, corporate governance, sustainability, global warming, climate change, water management, plastic use, human capital management, gender mainstreaming, political spending and other issues that arise from the role of business and society (Rezaee & Fogarty, 2019). To overcome these problems, many efforts can be applied. One of which is the application of Green Accounting, as an effort for companies to be able to contribute to the environment and society, directly or indirectly (Dewi & Narayana, 2020). Green Accounting in its application provides allocations to overcome the impact that has been or will be caused due to the operation of a company (Pratiwi & Pravasanti, 2018).

Financial performance is an achievement that reflects the company's financial condition through the measurement of financial ratios, including profitability, liquidity, and solvency (Kasmir, 2018). Through financial ratios, an overview of the company's financial condition can be known and compared with the financial condition of the previous period or with other similar companies (Kasmir, 2018).

Many company sectors in Indonesia, the basic material, chemical, consumer goods, and healthcare sectors were some of the sectors that received particular attention during COVID-19; due to the increase in the need for medicines, hospitals, and other health services, and there were additional medical device companies and an increase in the manufacture of medicines (Gunadi, 2021). On the other hand, there were also 1,663 tons of B3 waste due to COVID-19 including, but not limited to masks, PPE, and gloves (Purningsih, 2020). The impact on the environment is also possible occur from other sectors such as basic materials, chemicals, and consumer goods that operate quite massively both during COVID-19 and before COVID-19 (Agung & Susilawati, 2021). Some research and studies on the relationship between the application of Green Accounting and financial performance have existed before. Dewi & Wardani (2022) with a study on the manufacturing sector, showed results explaining that Green Accounting has a positive influence on the company's financial achievements. The same conclusion was presented by Gustinya (2022) in a study on manufacturing sector companies, but there were different results presented by Faizah (2020) whose conclusion and results stated that the application of Green Accounting did not affect the company's financial achievement.

Based on the results of the explanation above, the writers conduct research to obtain empirical evidence from the results of statistical data on whether there is an effect of Green Accounting on the financial performance of companies, especially the Basic Material, Chemical, and Healthcare sectors. The independent

variable in this paper is Green Accounting which is assessed by considering the determination of the PROPER Program which is calculated based on the provisions of the Ministry of Forestry and Environment of Indonesia (KLHK). Then, the dependent variable, namely financial performance, analyzed or proxied using Return on Asset (ROA), Earnings Per Share (EPS), and Return on Equity (ROE). In addition, the writers use several controlling variables such as size, capital structure, company growth, and Covid-19.

Based on the background stated above and no consistent results on previous research, the writers analyze and conduct research titled "Green Accounting and Different Perspective of Financial Performance". The dissimilarity between this and the previous research lies in the period, namely in the 2018-2021 period to see the differences that occur in company performance before and during the COVID-19 pandemic. The sectors used are basic materials, chemicals, consumer goods, and healthcare.

Legitimacy theory introduced by Dowling & Pfeffer (1975) is the company's relationship with society, in which the company must ensure that the business operates within the limits of applicable norms. The company will voluntarily do things that are expected by society. The concept that focuses on the economy, environment, and society is known as the triple bottom line.

In carrying out their operational activities, companies certainly cannot stand alone but need stakeholders to help company operations and those affected by company operations. Rezaee & Fogarty (2019) stated that stakeholder theory has progressed for business continuity after the global financial crisis from 2007 to 2009. Stakeholder theory emphasizes the impact of the company's operational activities on existing social interests, where the interests of the company are not only about shareholders but also about all parties who can influence a business decision (Nugraha & Meiranto, 2015). This shows that a company stands not only for its business interests.

Profitability ratio is the ability of a company to be able to earn profits which is used as a measuring tool for its performance (Kasmir, 2018). In addition, according to Tsagem dkk. (2017) there are several factors that influence the level of profitability, including working capital such as cash, receivables, and inventory. The application of this analysis has various functions for the company, namely: 1) A means of comparing the amount of profit owned by the company in each accounting reporting period, 2) Presenting data related to company profits from time to time, so that it can be used as a forum for stakeholder evaluation, 3) To be able to know the profit earned by the company generated from total assets and the equity owned, and 4) As a measuring tool related to gross margin on net sales, operating profit margin on net sales, and net profit margin on net sales.

According to Lako (2018), green accounting is a process of developing, perfecting, and integrating information about business, society, and the environment into an accounting process to get meticulous, timely, and relevant

information regarding business, society, and the environment. The environment for those who are engaged in the development and management of the economy and non-economy companies, and environmental knowledge or high-level knowledge also provides opportunities to reduce energy consumption, reduce waste, improve health and environmental quality, and enhance competitiveness.

The environmental performance of companies in Indonesia is measured based on the achievement of a company that gets the title of the Public Disclosure Program for Environmental Compliance (PROPER) by KLHK. In the PROPER assessment, the criteria used by KLHK are approaches to community development, planning, implementation, monitoring and evaluation, sustainability, and social relations. In a broader sense, PROPER assesses two categories of assessment, namely assessment of compliance with regulations and assessment beyond compliance (Ministry of Environment and Forestry of Indonesia, 2012).

This study uses 3 (three) variables; the application of Green Accounting as the independent variable, the company's financial performance as the dependent variable, and variables related to the size, growth, and capital structure of the company as the control variables. As an independent variable, the application of Green Accounting is carried out using the PROPER determination based on an assessment by the Ministry of Environment and Forestry. As the dependent variable, the writers use accounting-based financial performance proxied by using ROA, ROE, and EPS. Then, the writers also use controlling variables, which include size, growth, capital structure, and COVID-19. Controlling variables serve to exclude the possibility of other factors/elements that can affect financial performance.

Companies that have used green accounting and have good environmental performance will have a good impact on the company's financial performance (Endiana et al., 2020). The relationship between environmental performance and financial performance can be seen in terms of revenue and costs, where in terms of preferential income, consumers would choose consumer-oriented products that allow for market differentiation, and competitive advantage; and environmentally oriented consumers tend to be willing to spend more money on environmentally friendly products. On the cost side, the benefits gained by the company are an increase in efficiency, avoidance of potential liabilities, and a barrier to competitors who will enter the market. This shows that the disclosure of environmental costs reflects that the company adheres to business ethics and is accountable for managing the resources used (Endiana et al., 2020).

This will increase the trust of stakeholders which will ultimately lead to good financial performance, such as the achievement of maximum company profitability (Dutta et al., 2019). As stated by previous researchers, many have found a positive relationship between the two research variables. Gustinya (2022) concluded that environmental performance has a positive effect on profitability,

and environmental disclosure has a positive effect on the financial performance of environmental costs. In this study, researchers used ROA and ROE, where ROA analysis provides empirical evidence of the application of Green Accounting in financial statements that can increase company profits by using assets optimally.

H₁: Green Accounting has a positive effect on ROA as a measure of the company's financial performance.

High environmental performance will lead to an increased perspective on the company, and the application of green accounting will improve environmental performance which will lead to an increase in the company's financial performance (ROE) (Misutari & Ariyanto, 2021) Analysis of financial performance based on ROE illustrates empirically that the application of Green Accounting provides a positive and significant direction. This is also in line with research conducted by Wijayanti & Dondoan (2022).

H₂: Green Accounting has a positive effect on ROE as a measure of the company's financial performance.

Green accounting is considered to only increase the company's burden because it must prepare funds for environmental costs. But in the end, the application of green accounting can have a good impact on the company (Zulhaimi, 2015). Arum (2019) said that EPS has a significant positive correlation and can improve financial performance as measured by EPS.

H₃: Green Accounting has a positive effect on EPS as a measure of the company's financial performance.

METHOD

The population in this study are 440 companies in the Basic Materials, Chemical, Healthcare, and Consumer Goods sectors listed on the IDX using purposive sampling in which the companies are listed on the IDX for the year 2018 - 2021, had published financial reports in Indonesian Rupiah, had financial statements with complete data related to the research variables, and had gotten an assessment by KLHK in the form of a PROPER rating. The data is shown in table 1.

Table 1. Sample Data of Research

Total companies registered in IDX	824
Total companies in Basic Materials, Chemical, Healthcare, and Consumer goods sectors registered in IDX	440
Total companies in Basic Materials, Chemical, Healthcare, and Consumer goods sectors that have a PROPER predicate by the Ministry of Environment and Forestry of Indonesia and sampled	65
Years of research data observation	4
Total of research sample	260

Source: Data of company registered in EDX, from 2018 to 2021

This research is quantitative using secondary data obtained from financial reports, annual reports, and PROPER determination by KLHK, both through the company's official website and the IDX website in four years, from 2018 to 2021.

There are two techniques of data and/or information-collecting used in this study, namely literature study and observation of financial reports, annual reports, S&P, and PROPER Determination by KLHK for the 2018, 2019, 2020, and 2021 periods from basic materials, chemical and healthcare sector companies on the IDX website. This literature study technique is carried out by making empirical research models and calculations of variables, while the observation technique in the annual report is used to obtain data from the object of research.

Green Accounting is a type of environmental accounting that considers the efforts to combine cost and environmental benefits into an economic decision-making consideration of a business' financial results (Aviany W & Anindya, 2015). The indicators of the application of Green Accounting refer to KLHK Regulation number 1 of 2021 on the Company Performance Rating Assessment Program in Environmental Management which is calculated using measurements of environmental performance called PROPER. This is a program from the Ministry of Environment and Forestry for assessing compliance with regulations and assessing more than the requirements in the rules (beyond compliance). The value of the PROPER predicate that represents Green Accounting will use a Likert scale where the value is 5 (Gold/Very Good) 4 (Green/Good); 3 (Blue/Sufficient); 2 (Red/Bad); and 1 (Black/Poor).

Three ratios can be used to analyze profitability, namely ROA, ROE, and EPS. ROA refers to an assessment of the company's ability to manage its assets into profit (Amelia & Sunarsi, 2020). This positive relationship indicates that if the ROA value is higher, it will indicate the company's excellent financial performance (Amelia & Sunarsi, 2020).

ROE refers to an assessment of the company's capability to generate profits from the equity provided by investors (Almira & Wiagustini, 2020). Like ROA, ROE also has a positive relationship with financial performance. A high ROE value provides good company performance information because the company is considered capable of managing its funds well (Muhani et al., 2022). According to Kasmir (2018), EPS (Earnings per Share) can be referred to as the book value ratio, measured as a management success in getting profits for shareholders in the company.

In this study, data analysis aims to obtain empirical measurements of existing hypotheses and answer problem formulations. The research is quantitative research and statistical analysis is carried out using the STATA application. Researchers tested with descriptive analysis, correlation analysis, and multiple linear regression. The research model is shown in the figure 1.

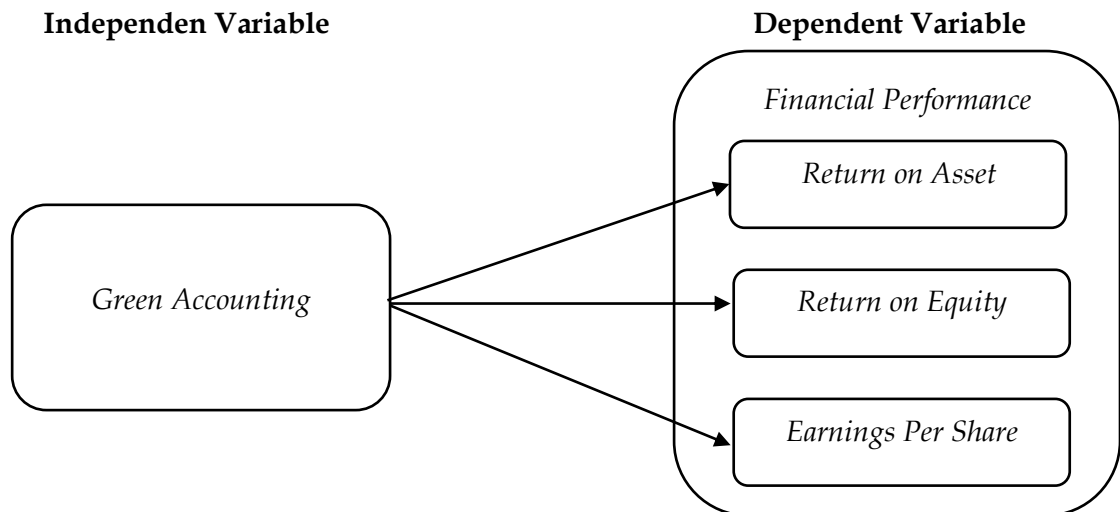


Figure 1. Conceptual Framework
Source: Processed Data (2023)

RESULT AND DISCUSSION

Result of Statistics Descriptive

The green accounting variable has a minimum value of 0 with a maximum value of 5, while the average value is 2.4731. This shows that this research sample has a level of compliance with environmental management that is between the blue predicate to the red predicate in the PROPER program from the Ministry of Environment and Forestry, and a standard deviation value of 1.3568 shows that in the 4 years of observation of variations in green accounting deviates 1.3568 from the mean.

The ROA variable has a minimum value of -0.8761 and a maximum value of 0.921. The average value of the ROA variable is 0.0383, indicating that the average sample has the ability to generate profits from assets of 3.83%, and the standard deviation value is 0.1152, which means that in the 4 years of observation, the ROA variation deviated by 0.1152 from the average. The ROE variable has a minimum value of -1.4505 and a maximum value of 4.9048. Meanwhile, the average value of the ROE variable is 0.1060 or 10.60%, meaning that on average the research sample has the ability to generate profits from equity of 10.60%, and the standard deviation value is 0.4103827 which shows within 4 year of observation the variation in ROE deviates 0.327996 from the average.

The EPS variable has a minimum value of -189.921 with a maximum value of 3,032.62. The average value of this variable is 114.42, which means that the companies in the research sample have an average value of 114.42, which means the company's ability to generate profits from its operational activities, and a standard deviation value of 386.09 means that 4 years of observations of EPS variations deviate 386.09 from the average.

Result of Correlation Analysis

This analysis is an initial indication for carrying out other tests. Correlation analysis testing in this research uses Pairwise Correlation (pwcrr). Correlation analysis as above was carried out by looking at the significance limit at 10%. The correlation coefficient with the greatest value is 1 (one), which indicates a perfect relationship. In table IV.3, it can be seen that the relationship between ROA and ROA is 1, meaning the relationship is perfect, as is ROE with ROE, EPS and EPS and other variables such as Green Accounting, GRO, COV, SIZE, and LEV. If you look at the relationship between the ROE and ROA variables, you can see that the correlation coefficient shows 0.1812 and a significance level of 0.0000 or at a significance level of 1%. The EPS variable with ROA shows the correlation coefficient showing the number 0.2820 and a significance level of 0.0000 or at a significance level of 1%. The EPS variable with ROE shows a correlation coefficient showing the number 0.2618 and a significance level of 0.0000 or at a significance level of 1%. This indicates that the company's ROE and EPS levels for 4 consecutive years have a positive effect on its ROA level.

The Green Accounting variable with ROA has a positive correlation coefficient of 0.2027 with a significance level of 0.0010 or at a significance level of 1%. The Green Accounting variable with EPS has a positive correlation coefficient of 0.1736 with a significance level of 0.0050 or 1%. This shows that companies with a high PROPER predicate also have high ROA and EPS. The Green Accounting variable with COV has a positive correlation coefficient of 0.2812 with a significance level of 0.0000 or 1%. This can show that during Covid, companies can have more freedom to pay attention to the environment and improve the management quality of products produced by paying attention to the environment. The Green Accounting variable with SIZE has a positive correlation coefficient of 0.2193 with a significance level of 0.0004 or 1%. These results show that it is in accordance with the theory that the size of a company influences the implementation of Green Accounting in a company.

The variable LEV with Green Accounting has a negative correlation coefficient of -0.1690 with a significance level of 0.0063 or at a significance level of 1%. The variable LEV with ROE has a negative correlation coefficient of -0.4687 with a significance level of 0.0000 or at a significance level of 1%. The LEV and COV variables have a negative correlation coefficient of -0.1099 with a significance level of 0.0769 or at a significance level of 10%. This proves that the level of leverage of a company has a negative effect on Green Accounting, ROE and Covid-19. The EPS variable with SIZE has a positive correlation coefficient of 0.4071 with a significance level of 0.0000 or at a significance level of 1%. This shows that the size of a company can determine the amount of EPS owned or generated by the company.

Result of Classic Assumption test

In this Classic Assumption Test, the Normality Test, Multicollinearity Test, Heteroscedasticity Test and Model Specification Test have been fulfilled. In the normality test, almost all data on variables are not normally distributed because the significance level is still below (sig) <0.01 and shows a Prob>z value below 0.1, namely (0.000), except for the covid control variable (COV). The results of the multicollinearity test show that the dependent, independent and control variables have a tolerance value (1/VIF) which is close to 1 (TOL ≈ 1) with an average VIF (Mean VIF) of 1.08 (VIF < 5). Thus, it can be concluded that there is no multicollinearity problem in the variables above, especially in the independent variables. Heteroscedasticity testing tests the constant variance of errors for all independent variables on the estimated regression prediction line with the result that there are no Heteroscedasticity problems except for the ROE variable. Likewise, the Model Specification Test can be interpreted that the green accounting variable which is proxied using the PROPER predicate has an influence of 8.11% on ROA, 0.79% on ROE, and 10.42% on EPS.

Green Accounting Effect to ROA

In the first hypothesis (H₁), this study regards the application of green accounting to ROA. Based on the data that has been collected, the results of data processing in table 2 show that the application of green accounting has a positive and significant direction to the ROA variable.

Tabel 2. Regresi Linear Return on Asset (ROA)

Source	SS	df	MS	Number of obs	=	260
Model	0,1147	5	0,0229	F(5, 254)	=	3,54
Residual	1,6458	254	0,0064	Prob > F	=	0,0041
Total	1,7605	259	0,0067	R-squared	=	0,0652
				Adj R-squared	=	0,0468
				Root MSE	=	0,0805

roa_w	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
greenaccounting	0,0140	0,0039	3,52	0,001	0,0061	0,0218
gro	0,0128	0,0083	1,54	0,124	-0,0035	0,0292
cov	-0,0133	0,0104	-1,27	0,205	-0,0339	0,0073
size	0,0021	0,0030	0,69	0,491	-0,0039	0,0081
lev	0,0032	0,0030	1,04	0,298	-0,0028	0,0093
_cons	-0,0259	0,0452	-0,57	0,567	-0,1150	0,0631

Source: Processed Data (2023)

This proves that the good predicate obtained by a company in the PROPER program will improve financial performance, especially in the ability to manage assets for profit. As happened in the company PT Garuda Metalindo Tbk, the predicate obtained in 2018 was BLUE which had an ROA of 0.0572, then in 2019

and 2020 it received a RED predicate and decreased ROA at 0.0394 and -0.0500, but in 2021 it had an increase in ROA and a predicate of 0.492 receiving a BLUE PROPER predicate. Thus, it can be concluded that the first hypothesis (H₁) in this study is accepted.

These results as stated above are in accordance with research conducted by Endiana et al. (2020) where the same results were revealed also by (Chasbiandani et al., 2019). However, the results of this study contradict the results of research conducted by Prena (2021), as well as those submitted by Mabruroh & Saiful Anwar (2022) In their research, they stated that the application of green accounting does not affect the company's financial performance.

Although different from the two research results, some reasons support the first hypothesis (H₁), as it is known that the main purpose of a business or company is to make a profit from the sale of goods and/or services provided or from other activities of the company. To maximize its profits, the company must be able to attract attention, both from its customers in the commodity market, and investors in the capital market. In addition to the products or services provided, this is also done by creating a good image through company performance. A company's performance does not only prioritize economic issues but also environmental issues which are implemented through the application of green accounting from the PROPER title.

Result of Green Accounting Effect to ROE

The next variable in this study is ROE to project financial performance. The second hypothesis (H₂) in this study states that the application of green accounting has a positive effect on the company's ROE. After data were collected and processed, it appears that the application of green accounting has a negative and insignificant relationship with ROE. This is shown in table 3.

Table 3. Regresi Linear Return on Equity (ROE)

Linear regression	Number of obs	=	260			
	F(5, 254)	=	1,87			
	Prob > F	=	0,1005			
	R-squared	=	0,2201			
	Root MSE	=	0,2442			
roe_w	Coefficient	std. err.	t	P> t 	[95% conf. interval]	
greenaccounting	-0,0004	0,0118	-0,03	0,972	-0,0237	0,0229
gro	-0,0062	0,0146	-0,42	0,672	-0,0350	0,0226
cov	-0,0022	0,0310	-0,07	0,943	-0,0632	0,0588
size	0,00285	0,0070	0,40	0,687	-0,0110	0,0167
lev	-0,0778	0,0282	-2,76	0,006	-0,1333	-0,0222
_cons	0,1415	0,1144	1,24	0,217	-0,0838	0,3668

Source: Processed Data (2023)

This is as shown in PT Avia Avian Tbk, namely when in 2018 and 2019 it had a RED PROPER predicate from KLHK, it had an ROE of 0.2354 and decreased in 2019, namely 0.2274, but in 2021 with a GREEN predicate, ROE had a value of 0.1524. The ROE value has decreased while the PROPER predicate obtained is getting better. Thus, the results of these tests do not support H₂ of this study; in other words, H₂ is rejected, and it can be concluded that the application of green accounting does not influence generating return on equity. It can also be said that green accounting has no significant effect on influencing the return on equity. This can happen due to various factors, such as the lack of samples used in this study, existing investors not seeing from the point of view of the application of green accounting, and the discovery of heteroscedasticity problems in the data on this variable, although the treatment has been done in the form of winsorize, the problem is still found. Thus, it can lead to results that are less accurate, and inefficient estimation is done.

The rejection of this second hypothesis is related to research conducted by Misutari & Ariyanto (2021). Following the results of the regression analysis t-test, the green accounting regression coefficient value is 0.035 with a significance level of 0.434 which is more than 0.05. This means that green accounting has no significant effect on financial performance (ROE). The same results were also stated by Rosaline & Wuryani (2020) that the application of green accounting empirically in chemical sector companies does not affect economic performance as measured by ROE. However, the two research results are not in line with the results of Chasbiandani et al. (2019), and the results obtained from the two studies state that the application of green accounting has a significant effect on financial performance.

Green Accounting Effect to EPS

Table 4. Regresi Linear Earning Per Share (EPS)

Linear regression	Number of obs	=	260		
	F(5, 254)	=	3,68		
	Prob > F	=	0,0031		
	R-squared	=	0,1765		
	Root MSE	=	340,56		
Robust					
eps_w	Coefficient	std. err.	t	P> t	[95% conf. interval]
greenaccounting	28,4179	14,5789	1,95	0,052	-0,2929 57,1289
gro	4.332211	18,1311	0,24	0,811	-31,3743 40,0388
cov	-42,9162	49,1072	-0,87	0,383	-139,6256 53,7930
size	85,0314	20,0047	4,25	0,000	45,6350 124,4278
lev	-2,5439	7,25843	-0,35	0,726	-16,8383 11,7504
_cons	-1207,935	299,831	-4,03	0,000	-1.798,406 -617,4634

Source: Processed Data (2023)

Apart from ROA and ROE, EPS is also used as the dependent variable to project financial performance. The third hypothesis (H₃) in this study states that the application of green accounting has a positive effect on the company's EPS. Based on existing and processed data, the results obtained are that the application of green accounting having a positive and significant effect on EPS. This is shown in table 4.

This is shown in PT Avia Avian, which has a PROPER predicate from 2018 to 2021 in a row, namely RED, RED, BLUE and GREEN, with an EPS of 18.618; 17.207; 20.378; 25.545 where this shows that the higher the PROPER predicate, the higher the EPS value. Thus, the results of data processing support H₃ of this study. This provides evidence that the better the predicate obtained in the PROPER program, the better the financial performance, especially in Earning per Share. Therefore, it can be concluded that the third hypothesis (H₃) in this study is accepted.

The test results as stated above are in line with tests conducted by Arum (2019) which convey that EPS has a significant positive correlation and can improve financial performance as measured by EPS. However, these results contradict the results of research conducted by Anggraeni & Dewi (2022) which states that the application of green accounting does not have a significant effect on the company's financial performance as measured by stock prices. Although different from the two research results, some reasons support the third hypothesis (H₃), namely in stakeholder theory. In this case, the application of green accounting as a form of effort to be able to provide compensation for company operations that directly or indirectly, have an impact on the environment and society, so this should also be a measure to be an element of attraction for investors to invest and consumers as service users or buyers of goods.

CONCLUSION

The application of Green Accounting significantly affects positively on the company's ROA. This proves that the better the PROPER predicate obtained by the company will improve financial performance, especially the company's ability to manage its assets into profit.

The application of Green Accounting does not have a significant positive effect on the company's ROE, but rather a negative insignificant effect on the company's ROE. This proves that green accounting does not affect the profit earned by the company from equity, but the results that contradict the hypothesis can be caused by the variety of sectors and the uneven number of sectors used.

The application of Green Accounting has a significant positive effect on the company's EPS. This proves that the better the PROPER predicate obtained by

the company will improve financial performance in generating profit from shares per share.

From the research results and limitations, it is hoped that it can provide insight to researchers who will conduct research on the same topic to produce better research by considering the following suggestions: it is necessary to add sample data so that treatment can be carried out on the data so that it can produce accurate data and there are no problems in it. It is necessary to reassess the determination of predicate recipients in the PROPER program given by KLHK to be able to see the actual impact produced by companies operating, especially in Indonesia, adding research control variables considering that there are still several other control variables that can affect research results.

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