



THE INFLUENCE OF GREEN ACCOUNTING, ENVIRONMENTAL PERFORMANCE, AND ENVIRONMENTAL DISCLOSURE ON FINANCIAL PERFORMANCE

Tony Agusta

Universitas Pembangunan Nasional “Veteran” Jawa Timur, Surabaya, Indonesia
tonyagusta5@gmail.com

Abstract

This study aims to analyze the influence of green accounting, environmental performance, and environmental disclosure on financial performance. This study uses a purposive sampling method, which is a technique for selecting samples as data sources based on specific considerations or reasons. Secondary data was obtained from the website www.idx.com. The population used was mining companies registered in 2018 and 2022. Of these criteria, 25 companies met the sample criteria. Data were analyzed using the inner method and hypothesis testing. The results of the study indicate a positive and significant influence of green accounting, environmental performance, and environmental disclosure on financial performance.

Keywords: Green Accounting, Environmental Performance, Environmental Disclosure, Financial Performance

INTRODUCTION

The increasingly rapid development of the business world requires company management to capitalize on existing potential to gain a competitive edge. To enhance competitive advantage, companies need to plan accurately, understand business needs, and be aware of changing environmental conditions. Thorough planning skills are crucial and will impact a company's future financial performance (Assiva & Kaharti, 2021).

In financial performance, profitability is an influential ratio for assessing a company's projected performance, as measured by its return on assets (ROA) (Winarno, 2019). Companies strive to improve their financial condition by maximizing profits, but this negatively impacts the generally accepted standards. This standard actually measures only one aspect of a company, focusing solely on the financial aspect (Kusna & Setijani, 2018).

Company operations impact social and environmental aspects. The mining industry, which manages natural resources, can cause various environmental problems that disrupt the lives of local residents. Environmental damage occurs due to mining waste containing toxic materials, which damages the ecosystem. As a result, the quality of soil, water, and air is compromised, impacting people's lives (Damayanti & Astuti, 2022).

In line with this view (Fauzi & Nulhaqim, 2024), companies state that environmental stewardship is a form of their concern for nature and society. Companies are required to provide information to the public about their commitment to the environment. This is an important part of an environmentally friendly environmental management strategy. Based on the description above, the researcher is interested in conducting research with the title "The Effect of Green Accounting and Environmental Performance and Environmental Disclosure on Financial Performance."

REVIEW OF LITERATURE

Signaling Theory

According to (Pristianingrum, 2017), signaling theory explains why companies want to provide financial reporting information to external parties. This occurs because of the information gap between company management and external parties, such as investors and creditors. Management has access to more internal information faster than external parties. This theory states that companies must provide signals in the form of information to external parties. The information used as signals is the company's financial statements. This information helps investors make investment decisions or increase their investments (Kusna & Setijani, 2018). Signaling theory is based on the assumption that each party receives different information. In other words, this theory relates to information asymmetry. Companies want to provide financial reporting information because they are more familiar with the company's condition and future than external parties (Aulia Fadilah & Yuni Rosdiana, 2024).

Green Accounting

According to (M. Wiguna et al., 2022), environmental accounting is a method for identifying, measuring, and managing environmental costs, as well as integrating these costs into business decision-making. The goal is to provide information about the results obtained to stakeholders within the company. Green accounting is a new innovation in accounting that

seeks to shift the focus of the accounting process from solely focusing on transactions (Angelina & Nursasi, 2021). The legal basis for environmental accounting is contained in Law of the Republic of Indonesia Number 23 of 1997 concerning Environmental Management, which explains several conditions related to the implementation of environmental accounting (Emmanuel, 2021).

Environmental Performance

According to (N. Farrah Darratul; M. Patricia Sifera, 2025), environmental performance is the measurable outcome of an environmental management system, related to the control of its environmental aspects. Environmental performance reflects the interaction of an organization/company with its surrounding environment. To measure a company's environmental performance, the Indonesian government, through the Ministry of Environment, created the Corporate Performance Rating Program in Environmental Management (PROPER), which aims to improve companies' environmental management performance in accordance with established laws and regulations (Zainab & Burhany, 2020).

Environmental Disclosure

According to Hermanto (2018), disclosure means not covering up or hiding something. When related to data, disclosure means providing useful data to those who need it. The data provided must truly provide benefits. If the data does not provide benefits, it can be concluded that the purpose of the disclosure has not been achieved. In the context of financial reporting, disclosure means the report must provide sufficient information and explanation regarding the results of a unit's business activities. Based on this meaning, the information provided must be complete, clear, and able to accurately describe the economic conditions that affect the results of the business unit's operations. Environmental disclosure is a voluntary disclosure made by a company as a form of accountability to the environment. Over time, environmental disclosure has become mandatory for companies.

Financial Performance

Financial performance is the results achieved by a company over a specific period of time, which can indicate the health of the company. To evaluate a company's financial performance, several ratios are used as benchmarks, such as the liquidity ratio, leverage ratio, activity ratio, profitability ratio, growth ratio, and market value ratio (Alfianah & Rizkianto, 2023). In this study, financial performance is measured by the profitability ratio, return on assets (ROA). ROA is a ratio that shows the relationship between net income after taxes and the company's total assets. The higher a company's ROA, the better the company's ability to use its assets effectively. A positive ROA also influences stock price increases and the level of returns received by shareholders (K. Y. Wiguna et al., 2019). From an investor's perspective, a higher ROA is more attractive because it increases the productivity of the assets utilized by company management, thus increasing the company's profits. The higher a company's profits, the more investors will be attracted to it, with two expectations: to profit when selling their shares in the future at a higher price and to receive a share of the company's profits in the form of dividends (Kurniawan, 2018).

RESEARCH METHOD

This study uses a purposive sampling method, which is a technique for selecting samples as data sources based on specific considerations or reasons (Sugiyono, 2018). Data

were obtained from the website www.idx.com. The population used was mining companies listed in 2018-2022. The criteria used in selecting the sample in this study were mining companies listed on the IDX consecutively and publishing annual reports during 2018-2022. Of these criteria, 25 companies met the sample criteria. Data were analyzed using the inner method and hypothesis testing.

RESULTS AND DISCUSSION

Table 1.

Variabel	R Square
Green Accounting (X1)	0
Environmental Performance (X2)	0
Environmental Disclosure (Y1)	0,543
Financial Performance (Y2)	0,464

Based on Table 1, the calculation of the R2 value can be seen that the R2 value of Environmental Disclosure (Y1) is 0.543, which means that Green Accounting (X1) and Environmental Performance (X2) are able to explain the relationship to the Environmental Disclosure (M) variable by 54.3%. While the remaining 45.7% is explained by other variables outside the research model. The R2 value of Financial Performance (Y2) is 0.464, which means that Green Accounting (X1) and Environmental Performance (X2) are able to explain the relationship to the Financial Performance (Y2) variable by 46.4%. While the remaining 53.6% is explained by other variables outside the research model.

Table 2.

Variabel	Unstandardized Coefficients	Standardized Coefficients	T Value	P Value
X1 -> Y1	0,259	0,095	2,729	0,006
X2-> Y1	0,322	0,094	3,440	0,001
X1 -> Y2	0,567	0,194	2,925	0,003
X2 -> Y2	0,307	0,149	2,055	0,040
Y1 -> Y2	-0.649	0,203	2,225	0,026

H1: Green Accounting Has a Significant Effect on Environmental Disclosure.

Based on the test results in Table 2, the effect of Green Accounting on Environmental Disclosure is positive, with a standardized coefficient of 0.095, a t-value of 2.729 > P-value of 0.006, and a P-value of 0.000 < 0.05. Hypothesis H1 is accepted, indicating that green accounting has a significant positive effect on Environmental Disclosure.

H2: Environmental Performance Has a Significant Effect on Environmental Disclosure.

Based on the test results in Table 2, the effect of environmental performance on Environmental Disclosure is shown with a positive standardized coefficient of 0.094, a t-

value of $3.440 > P\text{-value of } 0.001$, and a $P\text{-value of } 0.000 < 0.05$. Hypothesis H2 is accepted, indicating that Environmental Performance has a significant positive effect on Environmental Disclosure.

H3: Green Accounting Has a Significant Effect on Financial Performance.

Based on the test results in Table 2, the effect of Green Accounting on financial performance is shown with a positive standardized coefficient of 0.194, a t-value of $2.925 > P\text{-value of } 0.003$, and a $P\text{-value of } 0.000 < 0.05$. Hypothesis H3 is accepted, indicating that green accounting has a significant positive effect on Financial Performance.

H4: Environmental Performance Has a Significant Impact on Financial Performance.

Based on the test results in Table 2, the effect of environmental performance on financial performance is shown by a positive standardized coefficient of 0.149, a t-value of $2.055 > P\text{-value of } 0.040$, and a $P\text{-value of } 0.000 < 0.05$. Hypothesis H1 is accepted, indicating that Environmental Performance has a significant positive impact on Financial Performance.

H5: Environmental Disclosure Has a Significant Impact on Financial Performance.

Based on the test results in table 2, the influence of Environmental Disclosure on financial performance shows a positive standardized coefficient of 0.203, t-Value of $2.225 > P\text{-value } 0.026$, and P Values $0.000 < 0.05$, so Hypothesis H5 is accepted, this can be interpreted that Environmental Disclosure has a significant positive effect on Financial Performance.

Based on the above hypothesis, consistent with signaling theory, disclosure of green accounting, environmental performance, and environmental disclosure will improve a company's financial performance. This is because disclosing information about environmental management increases investor confidence in the company's performance and its products' compliance with government regulations on good environmental management.

CONCLUSION

Based on the results of research conducted on mining companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period, the following conclusions can be drawn:

1. Green Accounting has a positive influence on Environmental Disclosure in mining companies listed on the IDX for the 2018-2022 period. The better the green accounting disclosure, the better the Environmental Disclosure. This is due to the company's awareness of the importance of the environment for the future of future generations and government pressure for sustainability reporting.
2. Environmental Performance has a positive influence on Environmental Disclosure in mining companies listed on the IDX for the 2018-2022 period. The better the environmental performance, the better the Environmental Disclosure. This occurs due to pressure from regulations and stakeholders, economic incentives, and awareness or understanding of the importance of reporting information on environmental performance.

3. Green Accounting has a positive influence on Financial Performance in mining companies listed on the IDX for the 2018-2022 period. The better the green accounting disclosure, the better the company's financial performance. Good environmental practices may require significant initial investment, such as purchasing environmentally friendly technology or equipment, but the results can be directly seen in a company's positive financial performance.
4. Environmental performance has a positive impact on financial performance in mining companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. Environmental performance typically indicates a company's financial performance, as companies generating significant profits typically strive to maintain good corporate health, including environmental performance.
5. Environmental disclosure has a positive impact on financial performance in mining companies listed on the IDX for the 2018-2022 period. The better the environmental disclosure, the better the company's financial performance. This is because disclosing environmental information provides tangible benefits that are visible in the company's financial performance, which is why companies typically provide detailed environmental disclosures.

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