

The Impact of *Green Accounting Implementation* On Profitability

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ABSTRACT

The purpose of this study is to determine the effect of *implementing green accountin* to profitability company mining in Indonesia 2019 period – 2021. Data secondary used in the research was obtained from report annual company mining in stock Exchange Indonesia year 2019 – 2021. Method Which used is method quantitative with population size is 43 company. Saturated sampling method is used in this study. So that the data obtained as much as 129 for three years starting from 2019-2021.

Say Key : *Green Accounting* , ROE , Company BEI Mining

INTRODUCTION

The main role of green accounting is to address social environmental issues arising from the company's operational activities. The government has made strict regulations to regulate the negative impacts caused by the increasing number of companies today. In addition to the negative impacts, of course there are good impacts with the increasing number of companies, namely the wider employment opportunities available. Thus, it can reduce unemployment in Indonesia.

With the increasing number of companies today, it certainly has an impact on the environment around the company. According to Aurelia (2022), most companies produce waste. in the production process which ultimately causes environmental damage. Especially in mining companies, whose company activities are proven has great potential for environmental damage. Based on information from Compass (2021) throughout year Then, Network Mine Red (JATAM) recorded 45 mining conflicts which resulted in 69 people being discriminated against and more than 700,000 hectares were damaged due to mining activities. Waste resulting from the mining process can cause harm to environment around if not handled properly Correct.

The concept of green accounting emerged triggered by the many environmental crises that occurred by problematically not reporting environmental accounting information. The results of Chairia's (2022) research stated that with the existence of green accounting, companies will greatly support the evaluation process such as environmental activities, especially waste problem analysis. In addition, stakeholders also want environmental accounting information to be conveyed by the company. Moreover, it is supported by the condition of a strong desire from accountants to make accounting science have a strategic role in social, economic, and political life.

Based on the description of the phenomena that occurred, it triggered the public's desire to demand that companies manage the impacts well. demanding that company responsible answer on environment in form minimize impact negative from activity

operational company. When company have an impact on environmental and natural sustainability issues. most of it is the result of company activities, this is where the role of *green comes in accounting* is used to help in environmental conservation by means of voluntarily disclose in the financial statements related to financing environment.

Implementation *green accounting* in activity industry mining is an action that must be chosen in overcoming problem environment Which caused by company. The implementation of green accounting is carried out to help increase efficiency management environment company in do activity the environment of corner view cost And Also as Wrong One form effort in create image Which good to *stakeholders* .

Based on the results of Meiriani's research (2022) prove that implementation *green accounting* influential positive significant to profitability company. The higher the company implements *green accounting* , the higher it is. also the company's performance and vice versa. This is different from the research results which obtained in study Utami (2020) Which state that implementation green accounting in a way partial No influential to profitability company.

Green accounting Also supported with performance environment A company. Activity performance environment This reflect performance a company in follow as well as contribute to preserve environment. Performance companies can be seen through PROPER (Property Rating Assessment Program) Company in Management Environment Life) Which formed by Ministry of Environment. This program is implemented to assess the performance environment company And push so that company care to sustainability environment.

Theory Legitimacy

According to Syairozi (2019) in Aurelia, et al. (2021), the theory of legitimacy is theory Which lift importance connection company with public For understand role active company in handle problems economy, social And environment. According to Dear, et al. (2018) theory legitimacy based on the assumption of a social contract between companies and society. Based on an argument theory legitimacy, involvement company in social and environmental responsibility is to gain legitimacy in order to goals And existence company can accepted with Good by society. Efforts made by organizations or companies to achieve theory legitimacy public, done with apply programs Which in accordance with hope public. Implementation Which Correct And real means apply program not quite enough answer social organization with implementing environmental accounting (*green accounting*) and express it in the company's annual report and sustainability report as one of the form information that investors are needed.

Theory Stakeholder

According to Salira (2022) theory *stakeholders* state that every components of a company that have an interest in a company must For get information related development company Also provide benefits through the operational activities of a company can give influence For taking decision in Acompany. Theory *stakeholders* is A draft management strategic aims to help companies develop competitive advantages And strengthen the relationship with external parties.

Accountancy Environment (*Green Accounting*)

According to Murniati (2021), the sector that played the biggest role in the incident This

is the economic sector, business owners are accused of being negligent in maintaining environment around the company and prefer to increase its income. According to Lako (2018) in Monica (2022) *green accounting* is a model accountancy Which enter as well as disclose cost related with environment in its financial reports. From the explanation above, it can be concluded that *green accounting* is system accountancy Which merge calculation finance company with notice benefit Which will given for the environment.

PSAK 57 (Adjustment 2014)

1. Confession And measurement provision, obligation contingency And asset contingency as well as
2. For ensure information adequate has expressed in CaLK
3. So that for user can understand characteristic, time And amount Which related with that information.

PSAK 57 containing about provision, liabilities contingency And asset contingency where is the definition as follows :

1. Provision is liabilities Which time And amount his Not yet Certain. Provision acknowledged If :
 - a. Entity own obligation now (Good nature law and also nature constructive) as consequence incident past;
 - b. Possibility big settlement obligation the result in current cash source Power yes2ng contain benefit economical; And
 - c. Estimate Which reliable about amount obligation the can made.
2. Obligation contingency is obligation potential Which arise from past events and their existence becomes certain by happening or the non-occurrence of one or more events in the future that are not wholly within the control of the entity or a present obligation arising as a result of past events, but not recognized because No existence possibility big entity emit source the power that contain benefit economical (furthermore called as "source Power") For finish his obligation or amount obligation it cannot be measured in terms of reliable.
3. Contingent assets are potential assets that arise from past mass events. and its existence becomes certain with the occurrence or non-occurrence of one or more events in the future that are not completely within control entity.

Principles Green Accounting

According to Lako (2018) *green accounting* own four principle main as base formation *green accounting* , namely as following :

1. Sacrifice Which done company And There is the relation to source Power company in do *green economy*, *green business* , CSR And TJSLP can categorized as sacrifice investment
2. The relationship between the costs and benefits that have been incurred and the achievements business Which succeed done towards efforts *green accounting* can enforced on period Which different or period furthermore origin sacrifice the own certainty benefit in the future Which will come.
3. Disclosure of accounting information does not only display information finance but must also combine it with social information as well environment Which integrated, the purpose so that information accountancy which is presented

nature relevant, reliable And transparent for for user report finance.

4. *Green accounting* formed For help for *stakeholders* in assess the company's performance and value, measure the ratios that can occur, as well as review the quality of company management in its management before take decision Which relate with sustainability company.

Function *Green Accounting*

According to Lako (2018) in its development *green accounting* divided become two function that is :

1. Function Internal

As tool For take into account the magnitude cost Which can issued by company consequence existence process *green accounting* such as environmental conservation, as well as social assistance for the community around. The hope is that *green accounting* can be used as a tool in taking decision for the parties company management.

2. Function External

The external function of *green accounting* is financial reports. will be issued by the company. This function requires the company For to inform activity What just Which has done And related with *green accounting*. Company expected carry out transparency related cost What just Which take it out, as well as results And from its activities.

Objective Implementation *Green Accounting*

According to Abdullah (2020) in the Monica (2022) implementation *green Accounting* aims to be a tool for management and *stakeholders* in know activity company For handle damage environment And corporate social responsibility. In addition, the development *green accounting* can useful For push company in emit report transparent environment, as well as as one of the strategies in building relationships relations with community groups around the company's operational activities. Companies that have implemented *green accounting* rated have mark higher trust in society than companies that have not apply *green accounting*.

Criteria Presentation *Green Accounting*

According to Lako (2018), in the concept of *green accounting* there are general criteria. on presentation the information, criteria This divided become five as following :

1. Integrated And accountable, It means information Which served must integrated and accountable calculation results relating to financial, social and environmental information in report finance.
2. Relevant, It means presentation the information must in accordance on need *stakeholders* For take decision. So that information Which served must appropriate time, own jill confirmatory And mark predictive.
3. Reliable, meaning the information presented must be valid and trustworthy. by the user, so that can made into tool in take decision. By because That information Which served must nature reliable and accurate.
4. Transparent, meaning of information Which served must complete And Honest
5. Comparability, It means information Which displayed must can compared to with period previous or furthermore

Component Report Accounting on Draft *Green Accounting*

According to Lako (2018), in *green accounting* there is an additional account report finance Which will differentiate it with accountancy conventional that is :

1. Account asset Which apply *green accounting*
2. Account obligation Which apply *green accounting*
3. Account capital Which apply *green accounting*
4. Account burden Which apply draft *green accounting*

Profitability

According to Bond Accountant Indonesia (2019) profitability is size main Which used For show effectiveness management in a way overall Which shown by big small level profit Which obtained by the company. According to Prihadi (2020) profitability is the ability company in produce profit. According to Hery (2018), profitability is ratio Which can describe ability a company in generating profits through all of the company's operational activities related to sales and investment. From a number of definition above can It is concluded that profitability is a ratio that companies use in measure ability company in produce profit.

Return On Equity (ROE)

Return On Equity (ROE) is ratio Which show how much equity contributes to creating net profit. With In other words, this ratio is used to measure how much profit is made. net that will be generated from every rupiah of funds invested in total equity. This ratio calculated by dividing profit clean against equity.

Hypothesis Study

For increase profitability company as well as create image Which Good in the eyes for stakeholders And for investors, company Of course will guard the environment And emit cost to environment. Company Which apply green accounting will spur improvement company profitability. In stakeholder theory it is explained that the company Those who have good relationships with stakeholders will increase value company And Also increase profitability company. based on research result Camilla (2022) state that implementation green accounting impact positive on performance finance. Study meiriani (2022) Also proves that the implementation of green accounting has a significant positive effect to profitability company. based on explanation the, so hypothesis First Which filed in this research is :

H₁ : Allegedly Implementation Green Accounting Influential To Profitability Company

The object of this research is mining companies registered in Indonesia Stock Exchange in 2019-2021 by accessing the official website www.idx.co.id .

Type study in study This is type study descriptive quantitative, meaning that this research will describe a research object and using the figures in the financial reports of mining companies Which listed on the Stock Exchange Indonesia's effect on 2019-2021. Population is the entirety of the objects being studied. The population that used in this study is all mining companies that registered in Exchange Effect Indonesia on year 2019-2021 that is as much as 43 company.

According to Hardani (2020), a sample is defined as a portion of a population. taken using sampling techniques. Samples in This study uses the saturated sampling method .

The main characteristics of saturated sampling (completed) that is if all member population used as sample. Based on data from Exchange Effect Indonesia, so obtained sample Which used in this study as many as 43 registered mining companies in Exchange Indonesia Effect (BEI) period 2018-2020.

In this study, the type of data used is quantitative data , namely data in the form of number Which obtained from report finance company mining Which registered at the Exchange Effect Indonesia in 2019-2021.

Source data in this research is data secondary that is data Which obtained indirectly from the primary source (company) which is used as objects in the research but obtained from data providers. Secondary data in study this is obtained by access www.idx.co.id .

For to obtain data Which needed in study This, writer use technique documentation with see report finance all over mining companies listed on the Indonesia Stock Exchange (IDX) during 2019-2021 Which published by company through site official www.idx.co.id Then access report finance its annual And gather data - data Which needed.

There are five variables in this study, consisting of the variables independent that is *green accounting*, and its dependent variables is profitability. Following description definition from each variable Which used with operational and how to its measurement, that is :

The dependent variable in this study is profitability. Profitability is a ratio that companies use to measure the company's capabilities In generating profits, profitability can be measured using *Return on Assets.On Equity (ROE)* .

Return On Equity (ROE) is a ratio that shows how much large contribution of equity in creating profit clean. With the word other, ratio This used For measure how much big amount profit clean Which willproduced from every rupiah funds Which embedded in total equity. Formulacount ROE are as follows:

$$\text{Return On Equity (ROE)} = \frac{\text{Profit Clean}}{\text{Total Equity}}$$

Variables free Which used in study This is *Green Accounting (X₁)* . *Green accounting* is Wrong One variable independent in this research. The measurement of *green accounting* is based on the application of account in accordance with PSAK 57 (Adjustment Year 2014) with using *a dummy* . The indicators of the measurement are: as following :

Table 1
Indicator Variables *Green Accounting*

No	Group Account	Name Account
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1	Asset	Investment environment And social, investmentgreen, investment <i>corporate social responsibility</i> , And asset source natural power
2	Liabilities	Obligation social, And obligation environmentWhich its nature contingent.
3	Equity	Donation Environment And Social, Donation CSR
4	Burden	Social costs, environmental costs, and costs greening company Which its nature periodic or temporary

Source: Book Accountancy Environment

Based on table indicator on, evaluation variable *green accounting* measured using *dummy* can be presented as following:

Table 2
Score Evaluation *Green Accounting*

Information	Score
Company Which apply Wrong One from indicatorgroup <i>green account accounting</i> in the <i>annual report</i>	1
Company Which apply Wrong One from indicatorgroup <i>green account accounting</i> in the <i>annual report</i>	0

Source: Researcher with use system *dummy*

Technique Analysis Data

Data analysis techniques using descriptive statistics, classical assumption tests and test hypothesis by method analysis simple regression.

Test Hypothesis

Testing hypothesis intended For know There is or whether or not the influence of the application of *green accounting* on profitability company. Statistical methods for testing the influence between one variabledependent and one or more independent variables is a regression. According to Priest Ghazali (2020) formula Which used in study This is model analysis regression linear simple :

$$Y = \alpha + \beta_1 X + e$$

Information :

- Y = Company Profitability
- α = Mark Constants
- $\beta_1 - \beta_3$ = Coefficient
- Regression X = *Green Accounting*
- e = *Standard Error*

Test Statistics t

The t-statistic test shows how far the influence of one variable is explanation or independent in a way individual in to explain variation of the dependent variable and is used to determine whether or not there is a whether or not influence each variable independent individually to variable dependent Which tested on levelsignificance 0.05 (Ghozali, 2011). Base taking decision is as follows:

- 1) If mark probability more big from 0.05, so H0 accepted or Ha rejected, This means state that variable independent or free No have influence in a way individual to the variables dependent or bound.
- 2) If the probability value is less than 0.05, then H0 is rejected or Ha is accepted, this means stating that the independent variable or free have influence in a way individual to variable dependent or bound.

RESULTS AND DISCUSSION

Green accounting is an independent variable in this study. Green accounting is defined as an accounting system that combines the company's financial calculations by considering the benefits that will be provided to the environment. The *Green accounting variable* is measured using *a dummy* based on PSAK No. 57. From the results of the data analysis that has been carried out, the following results are obtained:

Table 3
t-Test Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error			
1 (Constant)	-2,904	,635		-4,574	,000
Green Accounting	,835	,291	,290	2,873	,005

Based on the results of data analysis in table 4.3, it is known that the significant value of 0.005 is smaller than the value of $\alpha = 0.05$. Thus, it can be concluded that Green Accounting has a significant influence on Profitability. The results of the study

obtained a calculated t value of 2.873 which is greater than the t table of 1.97897 with a significance of $0.005 < 0.05$. This result means that the Hypothesis is accepted Which It means implementation *green accounting* influential to profitability in mining companies listed on the Indonesian stock exchange. This result is in line with research Ramadhani (2022) and Hadriyani (2022) who concluded that the implementation of *green accounting* has an impact on profitability.

Green Accounting has an effect on profitability in this case proxied by the ROE ratio. This proves that the implementation of green accounting is not a bad problem for companies that implement it. There is no negative effect for companies to decide to implement green accounting. By implementing green accounting, it will actually provide a positive assessment of the company because the company maintains the balance of nature and the surrounding environment. The implementation of green accounting can result in a reduction in environmental costs arising from the company's operational activities.

CONCLUSION

Based on the research results, it can be concluded that the green accounting variable has an effect on profitability. Green accounting has become an important assessment aspect in assessing company performance, especially for profitability.

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