JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

EXPLORING THE IMPACTS OF GREEN ACCOUNTING, SUSTAINABILITY REPORT DISCLOSURE, AND ENVIRONMENTAL INVESTMENT ON FINANCIAL PERFORMANCE

Alexandra Theresia Pureheart Saenggo*[1], Astrini Aning Widoretno[2]
Universitas Pembangunan Nasional "Veteran" Jawa Timur, Indonesia*[12]
alexandratheressia@gmail.com*[1], astrini.widoretno.ak@upnjatim.ac.id[2]

Abstract: The operational activities of companies produce hazardous waste, frequently leading to environmental pollution. In fact, companies also have an obligation to maintain and protect the environment. This primary objective of this study is to examine the effect of green accounting, disclosure of sustainability reporting, and environmental investment on company's financial performance. This study uses a quantitative approach with a population of companies in the mining and medical sectors listed on the Indonesia Stock Exchange (IDX) during 2021-2022. The analysis technique used is multiple linear regression analysis. The sample of this study consisted of 64 energy and healthcare companies that met certain criteria, using purposive sampling techniques, so that the total sample analyzed was 64 companies with 128 observations. The results showed that sustainability reporting and environmental investment affects the company's financial performance, while green accounting has no effect on the company's financial performance. The implication of this study shows the importance of companies in improving the company's image which will indirectly impact on improving the company's financial performance through environmental investment and sustainability reporting.
Keywords: Green Accounting, Sustainability Reporting, Environmental Investment, Financial Performance

INTRODUCTION

Every aspect of daily living is interdependent on the environment. The 1945 Constitution State of Republic of Indonesia No. 23 of 1997 declares that the environment has a significant role in day-to-day living. Everything is covered, including the presence of living creatures, humans, and physical space. Environmental damage has increased significantly over time as a result of industrial growth and human influence. Companies' operational activities generate hazardous waste, which is a common cause of environmental pollution. According to the 1945 Constitution of the State of the Republic of Indonesia No. 32 of 2009, businesses have the right to use natural resources but also have a duty to protect the environment.

Over the past few years, the company's operational actions have been responsible for numerous instances of environmental pollution. A prime example of pollution in mid-2023, as reported by BBC News Indonesia, was caused by the coal-based Steam Power Plant (PLTU) that was identified as a major source of pollution in Jakarta. The pollutants generated by the power plant can be classified as hazardous waste originating from distinct sources. In 2022, CNN Indonesia reported that the Ministry of Energy and Mineral Resources identified ten oil and gas companies that collectively produced 30,000 tons of hazardous toxic waste. In addition, the Ministry of Environment

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

and Forestry reported in 2021 that Indonesia generated 60 million tons of hazardous waste, primarily originating from four major industrial sectors: manufacturing, infrastructure, agricultural businesses, and natural resource industries.

Similarly, PT Hetzer Medical Indonesia Tbk (MEDS), a company listed in the medical sector, has reported their financial results at the end of 2022. As reported by CNBC Indonesia, it was concluded that MEDS experienced a significant decline in performance, where its net profit fell by 99%. The decline was due to a decrease in revenue and an increase in other expenses. MEDS' revenue dropped dramatically from IDR76 billion in 2021 to IDR38 billion in 2022, causing a decline in net profit. Although cost of revenue followed the decline in revenue, other expenses increased. Thus, the changes that occurred in MEDS illustrate the external influence in the form of ongoing changes that have an impact on the company's financial performance.

This not only has a negative impact on the environment but also has consequences on the company's reputation, which can directly influence its financial performance. Novia & Candy (2023) define financial performance as evaluated to assess how well a company has utilized its finances to which company has achieved its initial objectives in terms of the appropriate and accurate utilization of its financial resources. Dura & Suharsono (2022) conducted research that various external factors have an impact on financial performance, including the implementation of green accounting.

Green accounting is an accounting application that focuses on preserving the environment, as highlighted by Faizah (2020). According to (Lako, 2018:99), green accounting is also defined as recognizing, measuring, recording, summarizing, reporting, and disclosing the value of financial, environmental, and social items, transactions, or events that occur during the accounting process. According to Bell & Lehman (1999), green accounting is a modern concept that promotes the green movement in companies and organizations. It involves recognizing, quantifying, measuring, and disclosing environmental contributions to business processes.

Green accounting addresses environmental concerns that significantly influence sustainable development and corporate conduct (FM & Yuhertiana, 2023). According to a study conducted by Riyadh et al. (2020), green accounting can significantly influence a company's financial performance. Also, according to a study by Rosaline & Wuryani (2020), it has been found that green accounting does not have any impact on the financial performance of a company. Similarly, Faizah (2020) presents similar findings, indicating that green accounting does not impact financial performance. Many previous studies examining the impact of green accounting on a company's financial performance showed inconsistent findings.

However, another external factor that impacts the company's financial performance is sustainability reporting disclosure. According to Gray & Bebbington (2001), sustainability reports are considered non-financial and distinct from financial reports. As per the research conducted by Sutopo et al. (2018), companies provide sustainability reports detailing the economic, environmental, and social impacts of their operational activities. A study conducted by Hardi & Chairina (2019) suggests that financial performance can be influenced by sustainability reporting. This is because the information provided in sustainability reports can be used in decision-making processes. Contrary to expectations, Sabrina & Hendi's (2019) research resulted in different results. Based on the two studies mentioned, it is certain that there are

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

inconsistencies in the findings.

In addition to green accounting and sustainability reporting disclosure, enhancing the company's financial performance can also be achieved through the implementation of environmental investment or green investment. This approach is an investment strategy that is guided by environmentally conscious principles. It involves making investments while prioritizing the protection and preservation of the environment (1945 Constitution of the State of the Republic of Indonesia, 2007). According to Zhang & Berhe (2022) environmental investment or green investment involves utilizing green capital sourced from the government or industry to invest in environmental goods and services. This includes activities like preserving ecosystem diversity and decreasing climate damage.

According to a research by Tanasya & Handayani (2020), investments in the environment may increase profitability, which in turn can directly affect a company's financial success. This strategy can help build trust and support from the community towards the company, as it showcases the company's commitment to environmental activities. On the other hand, Asaqdah & Putra (2021) and Meiyana & Aisyah 2019) presented a contrasting viewpoint, suggesting that the company's financial performance is not influenced by its environmental performance. Based on the two differences mentioned earlier, it is necessary to reevaluate the impact of environmental investment on financial performance due to the inconsistent results.

This research is supported by two theories, specifically stakeholder theory and legitimacy theory. Stakeholder theory is a theory that explains the connection between individuals or groups impacted by a company's actions or who have the potential to impact a company's actions (Freeman, 1984). This theory states that companies operate their business activities intending to benefit not only themselves but also their stakeholders. To ensure that the company or business can deliver advantages to all stakeholders whose interests impact its performance, it is necessary for the business to have an effective management system in place to regulate its relationships with stakeholders (Setiawan et al., 2018).

This theory relates to the concept of legitimacy theory. Legitimacy theory is a theory within the framework of political economy theory that has a significant impact on society's determination of financial and economic resource allocation. Companies often rely on legitimacy-based performance as it plays a crucial role in their future development (Mustofa et al., 2020). Recognition and acceptance from the community play a crucial role in providing companies with valuable operational resources (Sabrina & Hendi, 2019). With this supporting response, the company can enhance its reputation in the community and eventually increase its profitability.

Inconsistent findings were discovered in the analysis of the link between the effect of green accounting, sustainability reporting disclosure, and environmental investment on the financial performance of the company. This analysis was based on the narrative that was described before. By incorporating various industrial sectors and different periods into this study, we might improve our research. The objective of this study is to investigate the impact of green accounting, sustainability reporting disclosure, and environmental investment on financial performance.

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

METHODS

This study was conducted using quantitative methods. This method utilizes purposive sampling technique and analyzes numerical data using statistical techniques.

The study focuses on analyzing the financial performance of companies in the medical sector and oil & gas sector listed on the Indonesia Stock Exchange (IDX) from 2021 to 2022. The object under study is limited to two-year periods in compliance with regulations set by the Financial Services Authority (OJK). The data utilized in this study consists of secondary data, specifically annual reports and sustainability reports. These reports can be accessed through the official websites of the Indonesia Stock Exchange (IDX) and the respective companies. The initial population for this study consisted of 81 companys in the energy and healthcare sectors. Sample is a part of the population (Sugiyono, 2019:127). However, after applying purposive sampling technique, where this technique considering certain criteria for determining a sampling (Sugiyono, 2019:133), sample of 64 companies was selected with 128 annual reports and 128 sustainability reports, which were used for data observations.

This study utilizes two different types of variables: independent variables and dependent variables. The study focuses on three independent variables: green accounting (X1), disclosure of sustainability reporting (X2), and environmental investment (X3) and financial performance as the dependent variable

Green accounting variables are measured using dummy variables, in which a value of 1 is assigned if the annual report or sustainability report contains components of environmental costs, waste recycling costs, or environmental development costs, and a value of 0 is assigned otherwise. for sustainability report variables, it measured by utilizing the Sustainability Report Disclosure Index (SRDI) to calculate the environmental investment variable, divide the total expenditures allocated to green investment by the company's total assets at the end of the year. Lastly, the company's financial performance will be evaluated through the use of Return On Assets (ROA). This study employs a variety of statistical tests, such as descriptive statistics analysis, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, multiple linear regression, determination coefficient test, F-test, and hypothesis test (t-test).

RESULTS AND DISCUSSION

Descriptive Statistics Analysis

The research variables provide information on the data associated with each variable utilized in this study. The study utilizes independent variables like green accounting, disclosure of sustainability reporting, and environmental investment, and the dependent variable is financial performance. The descriptive statistical analysis provides information on the data utilized in the study, including the minimum, maximum, mean, and standard deviation values. The following are the outcomes of descriptive tests conducted using SPSS 26.

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

Table 1. Descriptive Statistics Analysis Result

	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	128	0%	100%	77%	0,420
Sustainability Reporting	128	0,22951	0,95902	0,5282403	0,17591383
Environmental Investment	128	0,00000	0,09423	0,0032132	0,01107467
Financial Performance	128	-0,929	0,61	0,0970064	0,18989669
Valid N (listwise)	128				

Source: Data has been processed by the author (2024)

The test findings indicate that the sample size used for this study consisted of 128 data samples. Descriptive statistics provide information on the minimum, maximum, mean, and standard deviation values of green accounting, sustainability reporting disclosure, and environmental investment. The table above demonstrates that the green accounting variable has a minimum value of 0% and a maximum value of 100%. The mean value is 77% and the standard deviation is 0.420. The variable disclosure of sustainability reporting ranges from 0.22951 to 0.95902. The mean value is 0.52824 and the standard deviation is 0.17591. The environmental investment variable ranges from 0 to 0.09. The mean value is 0.003 and the standard deviation is 0.01. Lastly, the financial performance variable ranges from -0.929 to 0.61. The mean value is 0.097 and the standard deviation is 0.189.

Normality Test

The normality test is performed to assess whether both the independent variable and the dependent variable show a normal or approximately normal distribution. The following are the data findings that have undergone a normality test using the Kolmogorov-Smirnov test, with a significance value greater than 0.05.

Table 2. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
N		128
Normal Parameters[a,b]	Mean	64,500000
	Std. Deviation	37,094474
Most Extreme Differences	Absolute	0,060
	Positive	0,060
	Negative	-0,060
Test Statistic		0,060
Asymp. Sig. (2-tailed)		,200[c,d]

Source: Data has been processed by the author (2024)

Based on Table 2, the results of the normality test indicate a probability value

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

(Asymp. Sig. (2-tailed)) of 0.200 for the residual variable. The observed value exceeds the predetermined normality test threshold of 0.05. Based on the probability value exceeding 0.05, it is appropriate to classify the regression model as normal.

Multicollinearity Test

The objective of the multicollinearity test is to assess the tolerance value and Variance Inflation Factor (VIF). If the tolerance value exceeds 0.01 and the VIF value is below 10, it can be inferred that there is no indication of multicollinearity. The findings derived from the multicollinearity test are presented in the following table:

Table 3. Multicollinearity Test Result

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Green Accounting	0,973	1,027
	Sustainability Reporting	0,976	1,025
	Environmental Investment	0,952	1,051
a.	Dependent variable: Financial Performance		

Source: Data has been processed by the author (2024)

According to the multicollinearity test results table, it can be inferred that there is no indication of multicollinearity in the regression model used in this study.

Heteroscedasticity Test

Heteroscedasticity test determines whether there is a difference in variance among the residuals of different observations in the regression model. If the probability value is greater than 0.05, then it is concluded that the regression model in this study shows no heteroscedasticity. The following table presents the outcomes of the Glejser test for heteroscedasticity analysis.

Table 4. Heteroscedasticity Test Result

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,139	,042		3,275	,001
	Green Accounting	,004	,028	,013	,148	,882
	Sustainability Reporting	-,057	,067	-,076	-,854	,395
	Environmental Investment	1,944	1,073	,164	1,812	,072

Source: Data has been processed by the author (2024)

The Glejser test results indicate that the green accounting variable has a significant value of 0.882, the sustainability reporting disclosure variable has a significant value of 0.395, and the environmental investment variable has a significant value of 0.072. These values exceed the minimum acceptable value of 0.05 for the Glejser test. The conclusion

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

that can be drawn from the explanation presented earlier is that the regression model utilized in this investigation does not show heteroscedasticity.

Autocorrelation Test

The autocorrelation test aims to assess whether there exists a correlation between confounding errors in period t and the preceding period (t-1) within a linear regression model. This study employed the Durbin-Watson test (DW test) to assess the presence of autocorrelation. The table below shows the research data findings that have undergone autocorrelation testing.

Table 5. Autocorrelation Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,358[a]	0,128	0,107	0,17944893	1,536

a. Predictors: (Constant), Environmental Investment, Sustainability Reporting, Green Accounting
b. Dependent Variable: Financial Performance

Source: Data has been processed by the author (2024)

This study involved three independent variables (k = 3) and one dependent variable, with a sample size of 128 (n = 128). From the provided data table of the autocorrelation test results, it is evident that the value of d is 1.536. The Durbin-Watson table indicates that with a sample size of 128 and 3 independent variables, the lower bound of the Durbin-Watson statistic (dL) is 1.6638, while the upper bound (dU) is 1.7596. Based on the decision-making criteria of 0 < d < dL, the autocorrelation test results table shows 0 < 1.536 < 1.6638. Therefore, it can be stated that the study data does not exhibit positive autocorrelation, but no definitive judgment can be made.

Consequently, it is imperative to assess autocorrelation by doing the Runs Test. The Runs Test is a component of nonparametric testing. The outcomes of the Runs Test are as follows:

Table 6. Runs Test Result

Runs Test	
Test Value[a]	3,00
Cases < Test Value	34
Cases >= Test Value	35
Total Cases	69
Number of Runs	36
Z	,123
Asymp. Sig. (2-tailed)	,902

Source: Data has been processed by the author (2024)

Based on the findings of the Runs Test, it is evident that the Asymp. Sig. (2-tailed) is 0.902. Based on the decision-making criteria for the runs test, which states that the value of Asymp. Sig. (2-tailed) should be more than 0.05, it can be determined that the value of 0.902 is indeed greater than 0.05. Therefore, this regression model does not show autocorrelation.

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

Multiple Linear Regression Test

The results of multiple linear regression calculations using SPSS 26 show the following results:

Table 7. Multiple Linear Regression Test Result

Model		Unstandardized	
		B	Std. Error
1	(Constant)	-,092	,058
	Green Accounting	,052	,038
	Sustainability Reporting	,254	,092
	Environmental Investment	4,455	1,474
a.	Dependent variable: Financial Performance		

Source: Data has been processed by the author (2024)

By analyzing the data table of the multiple linear regression test results provided above, we may determine the regression equation as follows:

$$Y = -0,092 + 0,052X_1 + 0,254X_2 + 4,455X_3 + e$$

The regression equation above has several meanings. First, the constant (α) of -0.092 indicates that if the value of the independent variables, namely green accounting, disclosure of sustainability reporting, and environmental investment, is 0, then the dependent variable, namely the company's financial performance, is -0.092. The coefficient value of the green accounting variable is 0.052. A one-unit increase in the green accounting variable is associated with a 0.052 increase in financial performance, assuming that the other independent variables remain constant or fixed. Furthermore, the regression coefficient for the variable representing sustainability reporting disclosure is 0.254. Based on the assumption that other independent variables remain constant or fixed, it can be observed that a one-unit increase in sustainability reporting disclosure leads to a 0.254 increase in financial performance. The regression analysis resulted in a coefficient of 4.455 for the environmental investment variable. This indicates that a rise in environmental investment leads to a 4.455 increase in financial performance, assuming all other independent variables remain constant or fixed.

Determination Coefficient Test (R Square Test)

This test measures the degree to which the independent variables (green accounting, disclosure of sustainability reporting, and environmental investment) explain the dependent variable (financial performance). The coefficient of determination values range from zero to one. A small coefficient of determination indicates that the independent variables have a limited ability to explain the variation in the dependent variable. A higher coefficient of determination indicates a stronger regression line. The coefficient of determination's value can be expressed as follows:

Table 8. Determination Coefficient Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,358[a]	0,128	0,107	0,17944893

Source: Data has been processed by the author (2024)

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

According to the data presented in Table 8, the coefficient of determination is 0.107, corresponding to 10.7%. Green accounting variables, disclosure of sustainability reporting, and environmental investment impact the dependent variable, financial performance, by 10.7%. This means that green accounting, sustainbaility reporting dsiclosure, and environmental investment have weak influence on financial performance. The independent variables cannot account for the remaining 89.3% of the variance or can be caused by factors beyond the independent variables.

F-Test

The significance of the partial coefficient of regression was assessed using the F-test, which tested the hypothesis that each regression coefficient was equal to zero. The study employs a certainty level of 5%, equivalent to 0.05. If the significance value is greater than 0.05, the hypothesis is rejected based on the decision-making criteria. The hypothesis will be considered acceptable if the significance value is less than 0.05. The F-test results are presented below:

Table 9. F-Test Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,587	3	0,196	6,073	,001[b]
	Residual	3,993	124	0,032		
	Total	4,580	127			

Source: Data has been processed by the author (2024)

According to the table above, the calculated significance value is 0.001. The observed value exhibits a significance level below 0.005, indicating a 95% level of certainty. Hence, the combination of green accounting variables, sustainability reporting disclosure, and environmental investment substantially impact the company's financial performance.

Hypothesis Test (T-Test)

The t-test, also known as a partial test, is used to partially examine the impact of the independent variable on the dependent variable. If the p-value is less than 0.05, the hypothesis is rejected, indicating a significant relationship between the independent and dependent variables. A significance value greater than 0.05 leads to the rejection of the hypothesis, indicating no significant impact of the independent variables on the dependent variable. The t-test results are presented in the following table:

Table 10. T-Test Result

Model		Unstandardized Coefficients		t	Sig
		B	Std. Error		
1	(Constant)	-0,092	0,058	-1,571	0,119
	Green Accounting	0,052	0,038	1,350	0,180
	Sustainability Reporting	0,254	0,092	2,772	0,006
	Environment Investment	4,455	1,474	3,023	0,003
a.	Dependent Variable: Financial Performance				

Source: Data has been processed by the author (2024)

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

The Effect of Green Accounting on Financial Performance

The partial test results indicate that the green accounting variable has a significance value of 0.180, which exceeds the limit of significance of 0.05. This variable also has 0% minimum value and 100% maximum value because it uses dummy variable. Therefore, incorporating or excluding green accounting expenses does not impact the company's financial performance. The outcomes of the tests contradict the findings of Dura & Suharsono (2022), Meiyana & Aisyah (2019), and Rosaline & Wuryani (2020) who suggest that green accounting impacts financial performance. The variations in research subjects and periods contribute to this phenomenon.

In contrast, the tests conducted in this study align with the findings of Faizah (2020), Putri et al. (2023), and Suryani (2023) indicate that green accounting does not have any discernible impact or significant impact on the financial performance of the company. Implementing a green accounting system, which involves allocating environmental costs, does not impact a company's financial performance as measured by return on assets (ROA). Profit-oriented companies prioritize cost considerations, decreasing profits when allocating resources toward environmental costs.

Adopting a green accounting system is a voluntary activity undertaken by a company. This aligns with legitimacy theory, which asserts that a company or organization must verify compliance with community norms and uphold public rights. A green accounting system can enhance a company's public perception and foster increased stakeholder trust. This initiative aims to legitimize the company's commitment to environmental sustainability.

The hypothesis is rejected because not all companies prioritize the surrounding environment. Some companies prioritize environmental cost reporting due to the direct connection between their operational activities and nature. Certain companies perceive environmental costs solely as supplementary expenditures that diminish profitability. The study's findings indicate no direct correlation between environmental costs and a company's financial performance. In other words, the results do not suggest that green accounting always lead to improved financial performance.

The Effect of Sustainability Reporting Disclosure on Financial Performance

The partial test results indicate that the variable disclosing sustainability reporting on financial performance has a significance value of 0.006, below the significance limit of 0.05. This variable also has 0,22951 as its minimum value and 0,95902 as its maximum value.The hypothesis is accepted as it indicates that the disclosure of sustainability reporting impacts the company's financial performance. The test results align with Fuadah et al.'s (2019) research, which suggests that companies that disclose more about sustainability reporting tend to have better financial performance. R. F. Putri et al. (2023) found that enhancing economic, environmental, and community disclosure in sustainability reports is associated with improved financial performance for companies.

Companies implementing sustainability reporting disclosures can directly enhance their financial performance. The published sustainability report suggests that the company demonstrates accountability for its actions towards the community. The public can acquire positive information about a company's efforts to address economic, environmental, social, and community issues. This aligns with legitimacy theory, which suggests that companies should align their operational activities with societal norms to gain recognition and positive responses from the community, ultimately enhancing their

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

financial performance.

The Effect of Environmental Investment on Financial Performance

The partial test results indicate that the environmental investment variable has a significance value of 0.003, which is below the limit of significance of 0.05. This variable also has 0,0000 as its minimum value and 0,09423 as its maximum value. The hypothesis is accepted as it indicates that environmental investment impacts the company's financial performance. The study's test results align with the research conducted by Shabbir & Wisdom (2020), which supports the notion that environmental investment positively impacts a company's financial performance. When making financial decisions, it is imperative to consider all types of environmental investment. Tanasya & Handayani (2020) found that companies can enhance their financial performance by implementing environmental investment, thereby maximizing profits.

This aligns with legitimacy theory, which suggests that companies should conduct their operations under prevailing community norms. By engaging in environmental investment, the company establishes a connection with the community through green investment initiatives, enhancing its legitimacy and garnering greater community support. This will influence the expansion of company profits and improve the company's financial performance.

CONCLUSION

According to the research findings, the adoption of green accounting does not substantially affect financial performance despite its limited implementation. This is because numerous companies have failed to adopt it willingly. However, the revelation of sustainability reporting has a favorable impact on the company's financial performance. These disclosures are a valuable resource for sharing information with the public and enhancing the company's credibility in the eyes of society. This, in turn, can contribute to a positive influence on the company's financial performance.

Furthermore, investing in the environment has been shown to enhance the company's financial performance. Environmental investment strengthens the company's interaction with society and ensures compliance with environmental standards, which indirectly increases the company's legitimacy and profit growth. This emphasizes the significance of taking environmental factors into account when making financial decisions in corporations.

After reviewing the findings, it is important to consider various factors when examining the impact of sustainable practices on corporate financial performance. Therefore, it is suggested that future research explore additional industrial sectors, such as manufacturing and agribusiness. Additionally, the research period should be extended to incorporate other relevant variables, allowing for a more comprehensive examination of the company's financial performance.

REFERENCES

Asaqdah, S. H., & Putra, R. N. A. (2021). Fundamental Environment dan Kinerja Keuangan (Studi pada Perusahaan Pertambangan Dan Manufaktur Yang

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

Terdaftar di ISSI 2016-2019). *AKTSAR: Jurnal Akuntansi Syariah*, *4*(1), 124. https://doi.org/10.21043/aktsar.v4i1.11776

BBC News Indonesia. (2023). *Polusi Udara Jakarta: PLTU Berbasis Batu Bara di Sekitar Ibu Kota "Berkontribusi Besar" Mengotori Udara - Mengapa Pemerintah dinilai "Tidak Berani" Perketat Aturan*. BBC News Indonesia. https://www.bbc.com/indonesia/articles/cndkdyzp269o

Bell, F., & Lehman, G. (1999). Recent trends in environment accounting: how green are your accounts? *Accounting Forum*, *23*(2), 175–192. https://doi.org/10.1111/1467-6303.00010

CNN Indonesia. (2019). *10 Perusahaan Migas Hasilkan 30 Ribu Ton Limbah Beracun*. CNN Indonesia.

Dura, J., & Suharsono, R. S. (2022). Application Green Accounting To Sustainable Development Improve Financial Performance Study In Green Industry. *JURNAL AKUNTANSI*, *XXVI*(02), 192–212.

Faizah, B. S. Q. (2020). PENERAPAN GREEN ACCOUNTING TERHADAP KINERJA KEUANGAN. *JURNAL RISET AKUNTANSI KONTEMPORER*, *12*(2), 94–99.

FM, S. M. S., & Yuhertiana, I. (2023). Green Economy and Green Accounting: A Bibliometric Analysis. *International Journal of Innovative Science and Research Technology*, *8*(5), 3055–3060. www.ijisrt.com

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman Publishing. https://books.google.co.id/books?id=4PUJAQAAMAAJ

Fuadah, L. L., Safitri, R. H., & Yuliani, Y. (2019). Factors Influencing Financial Performance Through Sustainability Reporting in Indonesia. *Sriwijaya International Journal of Dynamic Economics and Business*, *3*(1), 53–72. https://doi.org/10.29259/sijdeb.v3i1.53-72

Gray, R., & Bebbington, J. (2001). *Accounting for the Environment*. SAGE Publications Ltd. https://doi.org/10.4135/9781446220849

Hardi, E., & Chairina, C. (2019). The Effect of Sustainibility Reporting Disclosure and Its Impact on Companies Financial Performance. *Journal of Wetlands Environmental Management*, *7*(1), 67. https://doi.org/10.20527/jwem.v7i1.188

Lako, A. (2018). *Akuntansi Hijau: Isu, Teori, dan Aplikasi*. Salemba Empat.

Meiyana, A., & Aisyah, M. N. (2019). Pengaruh Kinerja Lingkungan, Biaya Lingkungan, Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Dengan Corporate Social Responsibility Sebagai Variabel Intervening (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2014-. *Nominal: Barometer Riset Akuntansi Dan Manajemen*, *8*(1), 1–18.

Mustofa, U. A., Edy, R. N. A. P., Kurniawan, M., & Kholid, M. F. N. (2020). Green Accounting Terhadap CSR pada Bus di Indonesia dengan Kinerja Keuangan Sebagai Variabel Intervening. *Jurnal Ilmiah Ekonomi Islam*, *6*(3), 508. https://doi.org/10.29040/jiei.v6i3.1372

Novia, J., & Candy, C. (2023). Pengaruh Green Investment Dalam Financial Performance: Efek Moderasi dari Environmental Policy. *Widya Cipta: Jurnal Sekretari Dan Manajemen*, *7*(2), 65–73. https://doi.org/10.31294/widyacipta.v7i2.15567

Putri, A. Y., Wibowo, A. S., & Rosel, R. (2023). Pengaruh Penerapan Green Accounting Terhadap Kinerja Keuangan dengan Good Corporate Governance Sebagai Pemoderasi (Studi Empiris Pada Perusahaan Sektor Manufaktur yang Terdaftar di

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa

JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi)
Vol. 8 No. 2 / August 2024
ISSN 2550-0732 print / ISSN 2655-8319 online
DOI;10.36555/jasa.v8i2.2552

Bursa Efek Indonesia Periode 2016-2020. *Jurnal Manajemen Sains Dan Organisasi*, *3*(3), 221–231. https://doi.org/10.52300/jmso.v3i3.7543

Putri, R. F., Tiara, S., & Putri, R. F. (2023). Pengaruh Pengungkapan Sustainability Reporting Terhadap Kinerja Keuangan Perusahaan Pertambangan. *Bisnis-Net Jurnal Ekonomi Dan Bisnis*, *6*(1), 349–356. https://doi.org/10.46576/bn.v6i1.3279

Riyadh, H. A., Al-Shmam, M. A., Huang, H. H., Gunawan, B., & Alfaiza, S. A. (2020). The analysis of green accounting cost impact on corporations financial performance. *International Journal of Energy Economics and Policy*, *10*(6), 421–426. https://doi.org/10.32479/ijeep.9238

Rosaline, V. D., & Wuryani, E. (2020). Pengaruh Penerapan Green Accounting dan Environmental Performance Terhadap Economic Performance. *Jurnal Riset Akuntansi Dan Keuangan*, *8*(3), 569–578. https://doi.org/10.17509/jrak.v8i3.26158

Sabrina, & Hendi. (2019). Pengaruh Sustainability Report Terhadap Kinerja Keuangan Perusahaan Perbankan. *Jurnal Paradigma Akuntansi*, *1*(2), 477. https://doi.org/10.24912/jpa.v1i2.5018

Setiawan, D., Hapsari, R. T., & Wibawa, A. (2018). Dampak Karakteristik Dewan Direksi Terhadap Pengungkapan Corporate Social Responsibility Pada Perusahaan Pertambangan Di Indonesia. *Mix: Jurnal Ilmiah Manajemen*, *8*(1), 1. https://doi.org/10.22441/mix.2018.v8i1.001

Shabbir, M. S., & Wisdom, O. (2020). The relationship between corporate social responsibility, environmental investments and financial performance: evidence from manufacturing companies. *Environmental Science and Pollution Research*, *27*(32), 39946–39957. https://doi.org/10.1007/s11356-020-10217-0

Sugiyono. (2019). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Alfabeta.

Suryani, S. M. (2023). *ANALISIS IMPLEMENTASI GREEN ACCOUNTING DALAM UPAYA PEMBANGUNAN BERKELANJUTAN UNTUK MENINGKATKAN KINERJA KEUANGAN PERUSAAHAN (STUDI KASUS GREEN INDUSTRY DI BURSA EFEK INDONESIA)*. UPN Veteran Jawa Timur.

Sutopo, B., Kot, S., Adiati, A., & Ardila, L. (2018). Sustainability Reporting and Value Relevance of Financial Statements. *Sustainability*, *10*(3), 678. https://doi.org/10.3390/su10030678

Tanasya, A., & Handayani, S. (2020). Green Investment Dan Corporate Governance Terhadap Nilai Perusahaan: Profitabilitas Sebagai Pemediasi. *Jurnal Bisnis Dan Akuntansi*, *22*(2), 225–238. https://doi.org/10.34208/jba.v22i2.727

Undang-Undang Republik Indonesia. (1997). *Undang-Undang Republik Indonesia Nomor 23 Tahun 1997 Tentang Pengelolaan Lingkungan Hidup, Lembaran Negara Republik Indonesia Tahun 1997 Nomor 68,Tambahan Lembaran Negara RI. 1997 No. 3699*. 1–59.

Undang-Undang Republik Indonesia. (2007). *Undang-Undang (UU) Nomor 25 Tahun 2007 Pasal 3 Ayat (1) Tentang Green Investment*.

Zhang, Y., & Berhe, H. M. (2022). The Impact of Green Investment and Green Marketing on Business Performance: The Mediation Role of Corporate Social Responsibility in Ethiopia's Chinese Textile Companies. *Sustainability (Switzerland)*, *14*(7). https://doi.org/10.3390/su14073883

Submitted: May 20, 2024; Revised: July 14, 2024; Accepted: July 31, 2024;
Published: August 26, 2024; Website: http://journalfeb.unla.ac.id/index.php/jasa