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WORD COUNT

1555 Words

CHARACTER COUNT

8744 Characters

PAGE COUNT

4 Pages

FILE SIZE

279.5KB

SUBMISSION DATE

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ICSAT INTERNATIONAL PROCEEDING
ISBN: 978-623-7496-62-5
Vol, 11 Issue 6

Green Accounting and Company Performance

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Abstract
This study aims to measure the impact of green accounting and company performance. The sampling is about 13 companies who have part of stock exchange. The population in this study are manufacturing companies in the consumer goods sector which are listed on the Indonesia Stock Exchange, while the sample is some companies which were taken using a purposive sampling technique. data collection was carried out using documentation techniques. Data analysis was performed by simple linear regression analysis, partial significance test and coefficient of determination test.

Keywords*: Green accounting and company performance*

A. INTRODUCTION

Lately, environmental issues have become a major problem in corporate competition. UN member countries intensively apply the green concept in all sectors including the economic and financial sectors. In 2001, the United Nations published a procedure and principle regarding environmental management accounting or what is popularly known as Environmental Management Accounting (Rahma Lilati, 2022).

In an effort to preserve the environment, accounting has an effect on financial recording and reporting. The concept of green accounting has internal and external functions. The internal green accounting function is so that management is able to manage environmental preservation costs in making financial reports for decision making. The external function of green accounting is management in influencing stakeholder decisions in collaboration with business partners, investors and the public (Bina, 2013).

Green accounting or commonly called environmental accounting contains a description of collaborative efforts in utilizing the environment and the budget that will be issued in deciding financial allocation choices. Green accounting can be a tool for environmental management and public correspondence with respect to the company's functional activities. Green accounting is able to provide information about which companies contribute positively or negatively to the environment

Based on the background above, the author intends to conduct research with the title The Effect of Green Accounting Implementation on Company Performance in Manufacturing

ICSAT INTERNATIONAL PROCEEDING
ISBN: 978-623-7496-62-5
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Companies in the Consumer Goods Sector on the Stock Exchange Indonesia.

B. THEORETICAL STUDY

1. Legitimacy Theory

Legitimacy is a form of corporate management that is oriented to the interests of society and government. Therefore, with a system that prioritizes the interests of the community, company activities must be in accordance with the wishes of the community. The basis of legitimacy theory is that a company will be able to survive if the public is aware that the company works according to the standards that apply in the eyes of the public. Legitimacy theory puts forward companies to prove that their activities and performance are acceptable to society. With their acceptance by the community, it is expected to be able to increase the value of a company's performance so as to increase company profits. This will accommodate investors in making decisions to invest in companies (Burlea, & Popa, 2013).

2. Stakeholder Theory

A company must be responsible to its stakeholders in carrying out its business activities, not only for investors but also for all stakeholders, both internal and external to the company. The information provided by stakeholders regarding the company's activities is correct because it relates to supporting the company's operations or business activities (Laplume, Sonpar, & Litz, 2008)

3. Green Accounting

Green accounting is the sharing of costs carried out by a company in carrying out environmental preservation in the company's business activities. The cost of preserving the environment in this activity will be borne by the company. Green accounting can also be defined as a standard quantitative concept of environmental preservation activities carried out by companies (Moorthy& Ya cob, 2013).

4. Company performance

Company performance is the result of individual or organizational work to achieve goals and describes the condition of the company and can be measured by predetermined standards over a certain period of time (Avlonitis & Gounaris, 1997).

Measurement of company performance can be done by paying attention to the company's financial performance. A company's ability to increase profits every year will help the company survive in increasingly fierce competition (Falshaw, et.al., 2006). For this study, the company's performance will use the profitability ratio. According to Kasmir (2014: 196) the profitability ratio is able to measure how much management's level of effectiveness is in managing the company. Of the various types of profitability ratios, what will be used in this study is Return on Assets.

C. RESEARCH METHOD

This study uses a quantitative descriptive method, which uses data from annual reports of manufacturing companies in the consumer goods sector for the 2019-2021 period which are listed on the Indonesia Stock Exchange (IDX). The effect of applying green accounting as an independent variable (X) is measured using the PROPER rating. Company performance as the dependent variable (Y) with the ROA ratio measurement. The population used in this study are all manufacturing companies in the consumer goods sector that are listed on the Indonesia Stock Exchange for the 2019-2021 period. And a sample of 13 companies. The research sample was taken using a purposive sampling method. With the suspected hypothesis that green accounting has a significant influence on company performance. By using documentation techniques in data collection and data analysis techniques using simple linear regression analysis, partial specification test, and test the coefficient of determination.

D. RESULTS AND DISCUSSION

Based on the data analysis that has been carried out using the SPSS version 25, the results of simple linear regression analysis obtained the equation Y = -3.044 +1.000X. The simple linear regression equation above is known to have a constant value of -3.044. So the magnitude of the constant indicates that if the proportion of green accounting (PROPER rating) is assumed to be zero, then the company's performance (ROA) in manufacturing companies in the consumer goods sector for the 2018-2020 period will be -3.044. The regression coefficient value of 1,000 in this study means that if Green Accounting has increased by 1%, then the company's performance in manufacturing companies in the consumer goods sector on the Indonesia Stock Exchange for the 2018-2020 period will increase by 1,000. This shows that if Green Accounting is implemented in a company, there will be an influence on company performance.

Partial significance test can be calculated by observing the variable significance value. A variable is said to be significant if its significance value is less than 5% or α = 0.05. Based on the results in table 6, a significance value of 0.007 is obtained, which is less than 0.05, or (0.03 <0.05) carried out found the results *t*!"#$%& > *t*#'()* and based on the significant test that has been (0.03 <0.05) which means that green accounting has a significant effect on the performance of manufacturing companies in the consumer goods sector on the Indonesia Stock Exchange for the 2018-2020 period. So it can be concluded that the proposed hypothesis is declared "accepted".

The test results for the coefficient of determination/R square is 0.144. This figure means that the green accounting variable simultaneously influences the company's performance variable by 14.4%. While the rest (100% -14.4% = 85.6%) is influenced by other variables that are not processed by researchers.

E. CONCLUSIONS AND SUGGESTIONS

5 It concludes that based on the results of the research and discussion that have been presented, it can be concluded that if green accounting is implemented in a company there will be a significant influence on company performance so that the hypothesis that has been proposed is declared accepted. Then green accounting has the ability of 14.4% in predicting an increase in company performance.

It is suggessted that:

a. Investors are expected to make investment decisions, this research can be used as information material. Because 8 the results of this study state that the application of green accounting has a significant influence and is able to predict an increase in company performance, so that green accounting also needs to be applied for company sustainability which can be taken into consideration by investors.

b. Companies need to increase awareness of the importance of implementing green accounting in a corporation. Companies need to understand that corporate concern for the environment and surrounding communities can provide many benefits, both economic and non-economic benefits.

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