

The Effect of Green Accounting And Environmental Performance on Financial Performance

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Abstract: This study aims to analyze the influence of green accounting and environmental performance on the financial performance of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. This study uses a descriptive quantitative approach with secondary data from the company's annual and sustainability reports. Green accounting is measured by the ratio of CSR expenditure to net profit, environmental performance using the PROPER score, and financial performance is measured by the Return on Assets (ROA) ratio. The results of multiple linear regression analysis showed that green accounting had a positive and significant influence on financial performance, while environmental performance had no significant influence. The limitations of this study lie in the limited scope of sectors and time and have not considered other relevant variables. This research contributes to the ongoing accounting literature by highlighting the importance of green accounting disclosure as a strategy to improve financial performance and company reputation. The novelty of this study lies in the financial approach in the measurement of green accounting and the evaluation of the effectiveness of the PROPER score in explaining the financial performance of the company.

INTRODUCTION

Global warming continues to be a much-discussed issue across various sectors, given its far-reaching impact on human survival and the well-being of other living beings. Despite the efforts of international institutions and governments, existing policies have not effectively mitigated this ongoing global crisis. Among the factors that contribute to global warming are corporate activities, especially business practices that ignore environmental consequences (Sapulette & Limba, 2021).

In today's competitive industry landscape, companies are under increasing pressure to improve performance to maintain sustainability and achieve profit-oriented goals. However, this pursuit often comes at the expense of environmental integrity, as some businesses choose to prioritize financial results over ecological responsibility (Gustari & Sisdianto, 2024). The urgency of this problem grows along with the rapid advancement of technology, which while

offering efficiency, also poses challenges such as environmental degradation, eco-efficiency problems, and industrial pollution that directly impacts the surrounding environment.

Public awareness of the environmental impacts caused by corporate operations has grown, prompting calls for greater transparency and accountability. The accounting profession plays an important role in addressing this issue through voluntary disclosure of environmental costs in financial reporting. This practice, commonly referred to as environmental or green accounting, serves as a bridge between financial performance and ecological sustainability.

Green accounting, which has been developing in Europe since the 1970s, involves the systematic collection, analysis, estimation and reporting of environmental and financial data. It focuses on recording phenomena and activities related to environmental assets such as soil, carbon emissions, and water resources. Its main goal is to minimize environmental damage and provide a financial framework to address ecological problems.(E. M. A. Dita & Ervina, 2021), the implementation of green accounting encourages companies to face environmental challenges more proactively. Managing environmental costs today can also help reduce the financial burden in the future.

Stakeholders increasingly expect companies to act on environmental issues and disclose relevant information transparently. However, many industries still have a limited understanding of the practical application of green accounting. While it has the potential to improve long-term sustainability, it is often considered an expensive obligation. Nonetheless, for sectors such as agriculture—which inherently generate waste and carry a high risk of pollution, environmental management is an important corporate responsibility (Wahyuni et al., 2020).

To address these concerns, businesses are not only adopting green accounting but also focusing on improving their environmental performance. It refers to a company's ability to manage and control the ecological impacts of its operations, including emissions, waste, and consumption of natural resources. The use of Environmental Management Systems based on the ISO 14001 standard offers a framework for monitoring and reporting key environmental indicators (Abbas et al., 2025) helping companies maintain sustainability commitments.

In Indonesia, the Ministry of Environment and Forestry (MoEF) has introduced the PROPER program since 2002 to evaluate a company's environmental performance. The program encourages corporate participation in environmental conservation by publicly assessing companies based on compliance and performance. While financial metrics especially profitability remain the dominant measure of a company's success, many companies still ignore social and environmental consequences to maximize returns. (Tunggali et al., 2019).

To strengthen accountability, the government has implemented several regulations. Law No. 40 of 2007 mandates companies operating in or related to natural resources to uphold social and environmental responsibility. This is supported by Government Regulation No. 47 of 2012, which requires these obligations to be reflected in the annual report. Additional enforcement has come through Ministerial Regulation No. 14 of 2024, which strengthens supervision and sanctions related to environmental violations, as well as Regulation No. 5 of 2024, which amends previous rules and offers legal protection for environmental advocates (Ministry of Environment and Forestry, 2024).

Given the growing importance of sustainability practices, green accounting and environmental performance key elements of sustainability reporting have become relevant topics for further research. Therefore, this study aims to explore the extent to which these two variables affect the financial performance of manufacturing companies in the infrastructure sector listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The reason for this research

stems from the belief that companies that integrate environmental values into their operations not only improve public perception but also enjoy increased sales and profits. Achieving social legitimacy by being seen as environmentally responsible improves a company's reputation, attracts investors, and contributes to the long-term sustainability of the business.

Research objectives

1. Analyze whether green accounting has an impact on the financial performance of infrastructure sector companies listed on the IDX for the 2022-2024 period.
2. Analyzing whether environmental performance affects the financial performance of infrastructure sector companies listed on the IDX for the 2022-2024 period.

LITERATURE REVIEW

Stakeholder Theory

According to Freeman (1984), as quoted in (Zalukhu et al., 2022) Stakeholder theory is an ethical framework in business and management that emphasizes the importance of values in corporate governance. It explains how managers are expected to address and meet the expectations of stakeholders. This theory asserts that companies should not operate solely for their own benefit but should also consider the interests and well-being of all parties involved. Similarly, the company's activities are intended to generate value not only for shareholders, but also for the broader stakeholder group. Includes individuals or groups, both internal and external, that can affect or be influenced by the company's operations, either directly or indirectly.

Stakeholders encourage companies to be responsive and accountable to the needs and concerns of their stakeholders. One of the practical implications of this is the publication of high-quality sustainability reports, which reflect the company's commitment to managing its economic, social and environmental responsibilities. In essence, stakeholder theory positions companies as an integral part of a broader network of interests, highlighting the importance of transparency, accountability, and ethical decision-making in business practices.

Legitimacy Theory

The theory of legitimacy suggests that organizations must operate in harmony with the norms, values, and expectations of the society in which they belong. It emphasizes the importance of adapting to the prevailing social value system to maintain public approval. This theory provides a framework for understanding how companies ensure the continuity of their operations by adhering to socially accepted standards and regulations.

To gain legitimacy, businesses are encouraged to actively communicate their environmental and social initiatives. One common way to achieve this is through the disclosure of the company's social and environmental responsibility activities, such disclosure not only meets public expectations but also helps the company build a favorable image among its stakeholders. (Kamalia et al., 2).

Green Accounting

Accounting holds a vital function in conveying information related to the environment, especially regarding the environmental costs incurred by companies through what is known as environmental or green accounting. Green accounting involves documenting activities, resources, and events that occur in the surrounding environment and are related to assets such as land, water, and carbon (Abbas et al., 2025).

This form of accounting serves both internal and external stakeholders. Internally, it equips management with environmental data that supports strategic decision-making in areas

such as pricing, overhead management, and capital investment planning. Externally, it facilitates the disclosure of environmental information relevant to the interests of the public and financial stakeholders, thereby promoting transparency and accountability.

$$\text{Green Accounting} = \frac{\text{Biaya CSR}}{\text{Laba Bersih}} \times 100\%$$

Environmental Performance

The company's environmental performance is centered on the management and mitigation of the adverse effects of its operations on the environment. This performance reflects the effectiveness of the company's environmental management system, which involves monitoring various environmental aspects of its business activities. Improved environmental performance often leads companies to increase the transparency of their environmental practices by sharing more information with external stakeholders (Devi Puspita Sari, 2025)

Organizations that demonstrate strong environmental performance typically also maintain strong social disclosure, contributing to the increase in their company's overall value. In Indonesia, the Ministry of Environment evaluates a company's environmental performance through PROPER (Performance Rating Assessment Program). When companies view environmental responsibility as a strategic tool to build a favorable reputation among the public and investors, they are more likely to invest in environmental protection rather than avoid the associated costs.

Financial Performance

Angelina and Nursasi (2021) describe financial performance as a measure used to evaluate a company's financial condition, especially in relation to its capital structure. It involves analyzing how effectively the company adheres to financial policies and applying them appropriately in its operations. Evaluating financial performance is essential, as it not only serves as an indicator of the organization's health but also as a motivator for employees to align their behavior with the company's operational goals and guidelines.

In this study, financial performance was assessed using a profitability ratio known as return on assets (ROA), which reflects a company's ability to generate profits from its total assets (Efria et al., 2023). ROA is considered particularly relevant in this context due to its comprehensive nature and alignment with environmental factors, such as investment in waste management infrastructure and a broader scope of environmental performance.

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Aset}} \times 100\%$$

Frame of mind

Based on theoretical studies, the research paradigm can be described as follows.

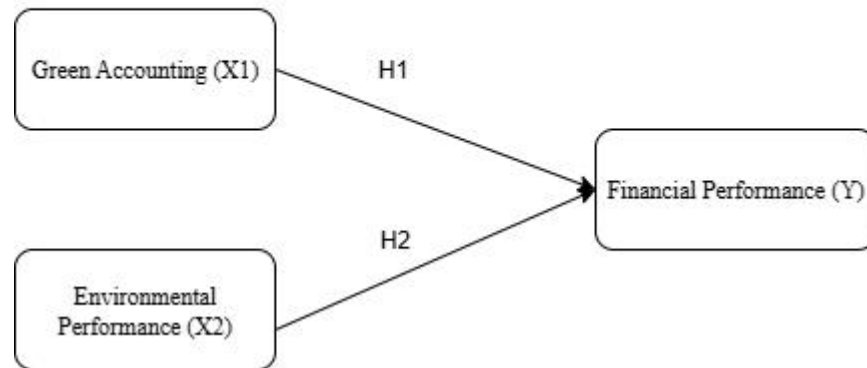


Figure 1. Frame of mind

Hypothesis Development

The Influence of *Green Accounting* on Financial Performance

(Amal & Kholmi, 2025) suggests that the implementation of green accounting practices can improve the environmental performance of companies, which in turn contributes to better financial results, as environmental benefits are managed and maintained in accordance with regulatory standards. Companies are increasingly considering environmental responsibility as part of their strategic efforts to build a strong reputation among the public and investors. As a result, they are more willing to allocate resources to environmental protection initiatives.

One of the key roles of environmental accounting is to communicate environmental costs to stakeholders. By reporting these costs, stakeholders are encouraged to explore strategies to minimize or avoid environmental expenditure, which ultimately aims to improve environmental quality.

Environmental accounting serves both internal and external users. For internal stakeholders, particularly management, it generates valuable information to support decision-making in areas such as pricing, overhead control, and capital budgeting. For external stakeholders including the general public and the financial community, it offers transparent disclosure of environmental issues relevant to their interests.

The hypothesis in this study is:

H1: It is suspected that *Green Accounting* has a significant influence on Financial Performance.

The Impact of Environmental Performance Implementation on Financial Performance

Implementing strong environmental performance allows companies to reduce operational risks, such as pollution, and helps them avoid potential backlash or protests from stakeholders. It also shows the company's accountability and commitment to the interests of stakeholders. As noted by (Anita Novianti et al., 2024) Environmental performance is considered a reflection of corporate social responsibility. Companies that achieve high scores in environmental performance evaluations often benefit from improved public image and public recognition. One of the main tools used in Indonesia to assess environmental performance is the PROPER (Program for Rating Company Performance in Environmental Management) program initiated by the Ministry of Environment. The program not only evaluates compliance with environmental regulations but also measures efforts that go beyond minimum standards, including pollution

control and hazardous and toxic waste management.

PROPER uses a color-coded rating system to reflect the company's environmental performance, starting from gold (highest rank), followed by green, blue, red, and black (lowest). These color ratings are publicly announced to ensure transparency, allowing the public to easily understand the company's environmental position at a glance. The detailed criteria for the PROPER assessment are outlined in the Regulation of the Minister of Environment No. 5 of 2011. The five-color system serves as a standard method for evaluating and communicating a company's environmental responsibility.

1) Gold; Score 5; It is very good for activities or activities that have been in accordance with the application of environmental excellence in production or service activities and have carried out business activities ethically and socially responsible.

2) Green; Score 4; Both for business actors who have implemented environmental management beyond what is required by regulations (beyond compliance) by implementing 4R 4R (Reduce, Reuse, Recycle, and Recovery) and making good social responsibility efforts.

3) Blue; Score 3; It is sufficient for companies that have carried out environmental management work as required in accordance with the stipulated regulations.

4) Red; Score 2; The poor environmental management that has been carried out does not meet regulatory requirements and is in the stage of implementing administrative sanctions.

5) Black; Score 1; Very Bad For companies or activities that deliberately ignore actions that cause environmental pollution, damage, and violate laws and regulations or do not apply administrative sanctions.

The hypothesis in this study is:

H2: Environmental Performance Impacts Financial Performance

RESEARCH METHODS

Types of research and data sources

The researcher used a descriptive quantitative approach to investigate the relationship between the variables studied in the study. This method is also applied to describe the procedures for data collection, processing, analysis, and interpretation, as well as to evaluate the relationships between variables through statistical hypothesis testing. The descriptive elements of the research aim to explore how green accounting, environmental performance, and financial performance are applied to infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period.

The study relies on secondary data, including financial and sustainability statements published by infrastructure sector companies listed on the IDX from 2022 to 2024. This report is sourced from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official website of each company.

Population and Sample

This study uses a quantitative approach. The target population consists of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period, with a total of 69 companies. From this population, a sample of 13 companies was selected using purposive sampling.

Sampling is based on the following criteria:

1. Companies operating in the public infrastructure sector during the 2022–2024 period.
2. Companies in the infrastructure sector that publish annual reports for the 2022–2024 period.
3. Companies that participate in the PROPER program and are categorized in the infrastructure sector in the 2022–2024 period.

Table. 1 Sample and Selection Criteria

No	Criterion	Number of companies
1	Public Companies in the Infrastructure Sector for the 2022-2024 Period	69
2	Infrastructure Sector Companies for the 2022-2024 period that do not publish annual financial statements	(14)
3	Companies that do not follow PROPER	(42)
4	Number of final companies	13
5	Observation Period	3
6	Number of samples used	39

Variable Definition

3.3.1 Green Accounting (X1)

Green accounting is an accounting practice that incorporates elements of environmental costs into a company's financial management. This concept reflects the company's efforts to take into account the social and environmental impact of its operational activities.

In this study, green accounting was measured by a financial approach, which uses the ratio between Corporate Social Responsibility (CSR) expenditures to the company's net profit. This ratio shows how much profit a company allocates to social and environmental responsibility activities, and reflects the company's level of commitment to environmental issues (Bei, 2025) The measurement formula is as follows:

$$\text{Green Accounting} = \frac{\text{CSR Cost}}{\text{Net Profit}} \times 100\%$$

Although some studies use environmental disclosure indices such as the Global Reporting Initiative (GRI) to assess the transparency of environmental information, this study places more emphasis on financial indicators that are immediately visible and measurable. GRI remains widely recognized as an international standard in sustainability reporting, and can be used as a reference or complement in future research, especially if it uses a content-based or qualitative approach. (Kamalia et al., 2025)

3.3.2 Environmental Performance (X2)

Environmental performance is measured using the PROPER score issued by the Ministry of Environment and Forestry (KLHK). This score is given in the category of color change forms to the number of marks as follows:

Table. 2 PROPER Score

The right color	Score	Information
Gold	5	Excellent, innovative and sustainable performance in environmental management
Green	4	Beyond regulatory compliance, apply the 4R (Reduce, Reuse, Recycle, Recovery)

		principle
Blue	3	Comply with minimum environmental regulations
Red	2	Not meeting the requirements, but not causing serious environmental damage
Black	1	Violating regulations and causing serious environmental damage

Although PROPER is an official and standard measurement tool, its use has a number of limitations. Not all companies are PROPER participants and the nature of the assessment is aggregate and annual. Therefore, for the future of studies, it is possible to consider alternative approaches such as:

1. Analysis of the content of GRI (Global Reporting Initiative) indicator reports based on sustainability,
2. Certification system management environment such as ISO 14001,
3. Or environmental indices based on Environmental Performance Indicators (EPI).

However, in this context study, PROPER is used because of its relevance, data availability, and suitability with quantitative approaches.

3.3.3 Financial Performance (Y)

Financial performance is measured using the Return on Assets (ROA) ratio. ROAs evaluate how efficiently a company utilizes its assets to generate profits. This is one of the profitability ratios commonly used in accounting and financial research. (Saifi, 2019)

ROA measurement formula:

$$ROA = \frac{\text{Net Profit}}{\text{Total Aset}} \times 100\%$$

RESULTS AND DISCUSSION

Descriptive Statistics Analysis

Table. 3 Descriptive Statistics Analysis

	N	Minimum	Maximum	Mean	Standard Deviation
Green Accounting	39	-.26	3.17	.5961	.96293
Environmental Performance	39	3.00	4.00	3.3333	.47757
Financial Performance	39	-.12	.10	.0188	.04464
A valid N (towards the list)	39				

Source: Processed Secondary Data (2025)

Based on SPSS analysis of 39 samples collected in 2024, descriptive statistics summarize the mean values and standard deviations for each of the variables examined. These mean values offer an overview of how independent variables relate to dependent variables in the context of this study.

For the Green Accounting variable, the observed values ranged from -0.26 to 3.17, with an average of 0.5961 and a standard deviation of 0.96293. The Environmental

Performance variables show a minimum of 3.00 and a maximum of 4.00, with an average value of 3.3333 and a standard deviation of 0.47757. Meanwhile, the Corporate Financial Performance variable measured by Return on Assets (ROA) ranged between -0.12 and 0.10, with an average of 0.0188 and a standard deviation of 0.04464.

4.2 Classical Assumption Test

4.2.1 Normality Test

Tabel. 4 Kolmogorov-Smirnov Test One Sample

		Non-Standard Residue
N		39
Normal Parameters ^{a,b}	Mean	.0000000
	Standard Deviation	.04152069
The Most Extreme Differences	Absolute	.132
	Positive	.092
	Negative	-.132
Test Statistics		.132
Asymp. Sig. (2 tails)		.083 ^c

a. The distribution of the test is Normal.

b. Calculated from data.

c. Correction of Lilliefors Significance.

Source: Processed Secondary Data (2025)

As shown in Table 2, the results of the normality test conducted using SPSS show the presence of Asymp. Value (2 heads) 0.083. Since this value is greater than the standard significance level of 0.05, it can be concluded based on the Kolmogorov-Smirnov test that the data is distributed normally. Thus, the normality assumptions required to perform regression analysis are met.

4.2.2 Multicollinearity Test

Tabel. 5 Multicollinearity Test
Coefficient ^a

		Collinearity Statistics	
		Tolerance	CL EA R
1	(Constant)		
	Green Accounting	.938	1,0 66
	Environmental Performance	.938	1,0 66

a. Dependent Variables: Financial Performance

Source: Processed Secondary Data (2025)

Referring to the results of the multicollinearity test presented in the table above, the Green Accounting variable showed a tolerance value of 0.938 and a VIF of 1.066. The same value was observed for the Environmental Performance variable. Because the independent variables Green Accounting (X1) and Environmental Performance (X2) have tolerance values above 0.10 and VIF values below 10, they meet the standard criteria to rule out multicollinearity. Therefore, it can be concluded that the regression model does not suffer from multicollinearity problems and is considered statistically sound in this regard.

4.2.3 Heteroscedasticity TestPicture

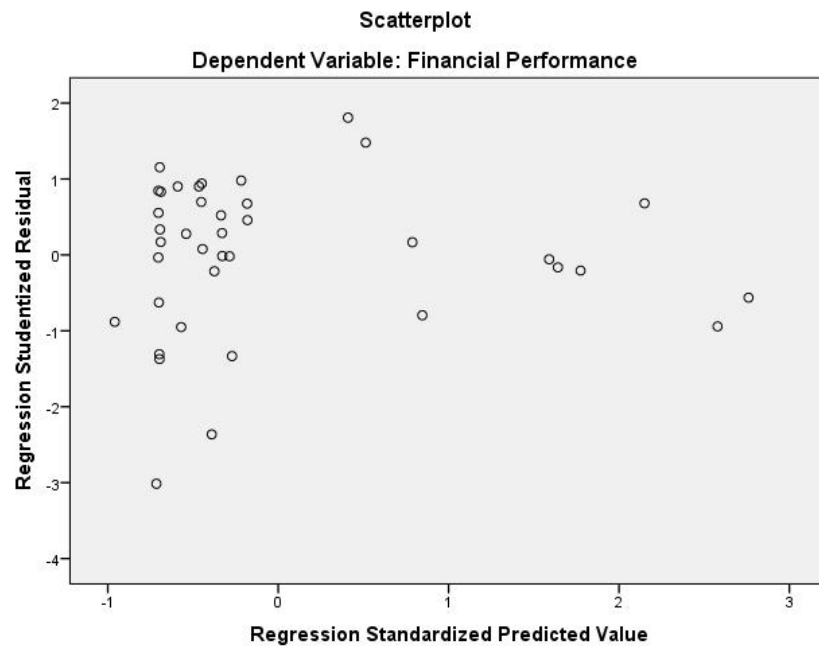


Figure. 2 Heteroscedasticity Test

Source : Processed Secondary Data (2025)

Based on the scatterplot of the heteroscedasticity test for the Financial Performance (Y) dependent variable, the residues appear to be randomly scattered without forming a visible pattern, such as funnel shapes or other systematic arrangements. The data points are relatively evenly distributed around the zero axis, both above and below it. This random distribution shows that the residual variance remains consistent across the predicted range of values. Therefore, the assumption of homoscedasticity is met, suggesting that the regression model does not show a significant heteroscedasticity problem.

4.3 Analysis Of The Multiple Linear Regression

Table 6. Analysis Of The Multiple Linear Regression

Pattern	Non-Standard	Standard	t	Sig.
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		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.011	.049		-.219	.828
	Green Accounting	.016	.007	.346	2,159	.038
	Environmental Performance	.006	.015	.065	.403	.689

a. Dependent Variables: Financial Performance

Source : Process Secondary Data (2025)

Based on the data analysis presented in the table above, the regression equation produced is as follows: Financial Performance = $-0.011 + 0.016$ (Green Accounting) + 0.006 (Environmental Performance).

The regression output shows that the coefficient for the Green Accounting variable is 0.016, which means that a one-unit increase in Green Accounting is associated with an increase in Financial Performance by 0.016 units, assuming Environmental Performance remains constant. Similarly, the Environmental Performance coefficient is 0.006, indicating that for every one unit of Environmental Performance improvement, Financial Performance increases by 0.006 units, maintaining Green Accounting Stability.

4.4 Hypothesis testing

4.4.1 T-test

Table. 7 T-test

		Non-Standard Coefficients		Standard Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.011	.049		-.219	.828
	Green Accounting	.016	.007	.346	2,159	.038
	Environmental Performance	.006	.015	.065	.403	.689

a. Dependent Variables: Financial Performance

Source : Process Secondary Data (2025)

1. The Influence of Green Accounting on Financial Performance

The results showed that the Green Accounting variable had a p value of 0.038, which was below the standard significance threshold of 0.05. This shows a statistically significant and positive relationship between Green Accounting and financial performance. As a result, the first hypothesis (Ha1) is accepted. These results show that, when viewed independently, Green Accounting has a meaningful and beneficial impact on the financial

performance of infrastructure companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period.

2. The Impact of Environmental Performance on Financial Performance

The Environmental Performance variable yields a t-value of 0.403, which is below the critical t-table value, and a p-value of 0.689 greater than the significance level of 0.05. These findings suggest that Environmental Performance does not have a statistically significant effect on financial performance. As a result, the second hypothesis (Ha2), which posits a relationship between Environmental Performance and Financial Performance, is not supported. This shows that, if assessed independently, Environmental Performance does not have a significant effect on the financial performance of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period.

4.4.2 Feasibility Mode (F Test)

Table. 8 Feasibility Mode (F Test)

Pattern	Number of boxes	Df	Square Average	F	Sig.
1 Regression	.010	2	.005	2,804	.074 ^b
Remnant	.066	36	.002		
Entire	.076	38			

a. Dependent Variables: Financial Performance

b. Predictors: (Constant), Environmental Performance, Green Accounting

Source : Process Secondary Data (2025)

According to the F-test results shown in the table, the regression model has a significance value of 0.074 and an F-statistic of 2.804, using a significance level of 0.05 as a benchmark. Since the p-value (0.074) is greater than 0.05, the third hypothesis (Ha3) is not accepted—even though the F-statistic exceeds the F-table value ($2.804 > 0.74$). These results show that Green Accounting and Environmental Performance, when evaluated together, do not have a statistically significant influence on the Financial Performance of infrastructure companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Therefore, regression models are considered inadequate to predict dependent variables. This study is designed to investigate the influence of green accounting and environmental performance on Return on Assets (ROA) among infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period.

4.4.3 Dual Determination

Table 9. Dual Determination

Model b Summary

Pattern	R	R Square	Customized R Box	Estimate Standard Errors	Durbin- Watson
1	.367 ^A	.135	.087	.04266	.854

a. Predictors: (Constant), Environmental Performance, Green Accounting

Source : Process Secondary Data

Source : Process Secondary Data (2025)

Referring to the table above, the Adjusted R-squared value is 0.087, or 8.7%. This shows that the independent variables Green Accounting (X1) and Environmental Performance (X2) together account for only 8.7% of the variation in Financial Performance (Y). The remaining 91.3% were associated with other factors beyond the scope of this study.

CONCLUSION

Conclusion

This study aims to assess the influence of Green Accounting and Environmental Performance on the Financial Performance of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. Green Accounting has a significant impact on the financial performance of infrastructure companies listed on the IDX between 2022 and 2024.
2. Environmental performance did not have a significant effect on the financial performance of infrastructure companies in the same period.
3. When viewed together, Green Accounting and Environmental Performance do not show a significant combined effect on the financial performance of infrastructure sector companies listed on the IDX from 2022 to 2024.

Limitations

The study has several limitations that must be considered when interpreting the results:

1. The observation period is limited to 2022–2024, and the analysis focuses exclusively on infrastructure sector companies listed on the Indonesia Stock Exchange (IDX). As a result, these findings may not be fully generalizable to other sectors or time periods.
2. Although classical assumptions such as normality, multicollinearity, and heteroscedasticity are met, the F-test results suggest that the overall regression model is not statistically significant. This shows that the explanatory power of independent variables (Green Accounting and Environmental Performance) in predicting Financial Performance is relatively weak, accounting for only 8.7% of the variation. This implies the presence of other influencing factors that are not included in the model.
3. The Durbin-Watson statistic of 0.854 indicates the potential for positive autocorrelation, which can compromise the reliability of statistical conclusions drawn from the model.

Suggestions

Based on the limitations and findings of the identified studies, the following

recommendations are proposed for future studies:

1. Expanding the Scope of Independent Variables: Given the limited capacity of the model to explain financial performance, future research is recommended to include additional independent variables such as company size, leverage, or other indicators of profitability that can offer a more comprehensive understanding of the factors that influence financial results.
2. Extending Research Period and Sector Coverage: To improve the generalization of findings, future studies may consider longer observation periods or include companies from various industry sectors. It will provide a more holistic perspective on how Green Accounting and Environmental Performance affect financial performance in various business contexts.
3. Refining Environmental Performance Measurements: Because Environmental Performance did not produce significant effects in these studies, future research may adopt alternative or more robust methods to assess environmental performance. This can involve moving beyond the PROPER score to capture other relevant dimensions that may better reflect the company's environmental impact.
4. Incorporating Qualitative or Mixed Methods: To gain deeper insight into the underlying reasons behind the unimportance of certain variables or the overall limitations of the model, future researchers can adopt qualitative approaches such as interviews with company executives or apply mixed method designs to complement quantitative findings with contextual understanding.

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