INTERNATIONAL STUDENTS' CONFERENCE ON ACCOUNTING & BUSINESS
FORKOMMSA
Magister Sains Akuntansi
Universitas Jenderal Soedirman

THE INFLUENCE OF *GREEN ACCOUNTING* , ENVIRONMENTAL PERFORMANCE AND *CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE* ON PROFITABILITY

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Abstract

This study aims to analyze the effect of green accounting, environmental performance and corporate social responsibility disclosure on profitability in SRI KEHATI Index companies listed on the Indonesian Stock Exchange in 2017-2021. The population in this study were 37 companies with the sampling technique using purposive sampling. This study used a sample of 12 companies. The research method uses multiple linear regression with panel data approach. The results show that green accounting and environmental performance have a significant positive effect on profitability. CSR Disclosure has no effect on profitability. The implication of this research is that companies need to pay attention to factors that can affect profitability, especially those related to the environment, namely green accounting, environmental performance and corporate social responsibility disclosure as considerations in making investments.

Keywords: *Green Accounting, Environmental Performance, Corporate Social Responsibility Disclosure and Profitability.*

INTRODUCTION

The goal of every company is to earn profit (Fuady, 2018). Each company carries out various activities and operates by managing existing resources so that it can achieve optimal results and profit levels (Barus & Leliani, 2013). Profit is a reward for the company's efforts to produce goods and services (Suwardjono, 2008). Meanwhile, according to Hanafi (2010) profit is a measure of the overall performance of the company. The company's ability to generate profits during a certain period by showing a comparison between profits and assets or capital is called profitability (Riyanto, 2011). Profitability has an important meaning for the company because it is one of the bases for assessing the condition of a company. The company's ability to earn this profit shows whether the company has good prospects or not in the future (Putra & Bajra, 2015).

It got worse performance finance company at the time the Covid-19 pandemic went wrong one push did study This. During the Covid-19 pandemic, along with the declining performance of the company's financial performance, performance of non-financial companies increased, including performance which can become a strategy for companies to improve their financial performance (Kusuma, 2020). This non-financial aspect allows companies to produce sustainable *performance*. *Sustainable performance* is performance that is produced by balancing the three aspects in the form of *people-planet-profit* , which is known as the *Triple Bottom Line* (TBL) concept (Tarigan & Semuel, 2014). The *triple* business concept *Bottom Line* is the business objective of the company that not only gains profit (*profit*) but also for community welfare (*people*) and maintains environmental sustainability (*planet*) (Elkington, 1997).

Another phenomenon is that there are still many companies that ignore the impact of o the company's operations, such as the impact on the environment and the surrounding community. Data from the Ministry of Environment and Forestry (KLHK) records that there are dozens of oil and gas companies natural (oil and gas) and mining companies that commit environmental pollution during 2017-2018 (Amelia, 2019). Data from the Regency Environment Service (DLHK) Tangerang, Banten temporarily halted the operation of a factory owned by PT Sinar Logam Indonesia (PT SLI) in Sentul Village, Balaraja District, due to contamination toxic waste dangerous (B3) (Ramadan, 2022). Data from the Kalimantan Environment Service (DLHK) East noted that there were 4 coal mining coal companies in Samarinda given black PROPER status because they failed to manage waste it had an impact on the environment (Ardan, 2022). Cases of environmental pollution committed by these companies show that there are still companies that are only profit - oriented and do not understand the importance of o the management system of the environment companies (Wangi & Lestari, 2019).

Profitability analysis aims to measure the efficiency and profitability of the company achieved by the company concerned. This analysis also aims to determine the relationship between company balance sheet items in order to obtain various indicators that are useful for measuring company efficiency and profitability (Wijaya & Murdijaningsih, 2017).

Currently, many companies are required to run an environmentally friendly business. The application of green accounting by the company is an attempt by the company to fulfill the wishes of stakeholders, because the focus of stakeholders is not only on the company's financial factors, but also related to the company's environmental factors, whether the company pays attention to the environmental impact of the company's operational activities (Chasbiandani , 2019). Under these conditions, one of the factors that affects profitability is the application of green accounting in accounting practice. Green accounting is how a business includes the consequences of an event related to the environment in financial reports (Zulhaimi, 2015). Green accounting is the application of accounting where companies also include costs for environmental preservation or the welfare of the surrounding environment (Aniela, 2012). Companies that deal with environmental problems tend to improve long-term financial performance by enhancing the company's image to stakeholders (Putri, 2019). Of course, this triggers positive developments for industrial development, such as the impact on higher profits (Zulhaimi, 2015).

In addition to the application of green accounting, other factors that can affect profitability are the application of environmental performance. Environmental performance refers to the level of environmental damage caused by company activities (Wati, Kusumawati, Tajuroh A & Trismayadi N, 2019). The more companies are encouraged to adopt an environmental management system, the more it will have a positive impact on environmental protection (Keraf, 2010). The company's environmental performance can be seen using the application of international standard certification such as the ISO Environmental Management System (International Organization of Standardization) 14001 (Fitriaty, 2021). The company's assessment is based on the services provided, especially the company's environmental performance level (Angelina & Nursasi, 2021). Another factor that can affect profitability is Corporate Social Responsibility Disclosure. Many companies are starting to develop social responsibility activities towards the community. This form of corporate social responsibility is called Corporate Social Responsibility (CSR) (Salina & Kartikasari, 2017). If the company does not fulfill its obligations in implementing CSR, it can result in the company experiencing a lot of conflict and pressure from the surrounding community (Shofia & Anisah, 2020). Social responsibility obligations are listed in the Limited Liability Company Law No. 40 of 2007. Article 74 states that companies have an obligation to be socially responsible if the company is doing business related to natural resources (Shofia & Anisah, 2020). Disclosure of CSR offers many benefits for companies. The company's products are becoming more popular among consumers and the company is also becoming more attractive to stakeholders. Information on CSR disclosure can also be used as a new marketing tool for companies if the company continuously implements CSR (Musfirati, Ginting and Hakim, 2021).

Previous research conducted by Putri (2019) provides evidence that green accounting and environmental performance have a significant effect on the profitability of manufacturing companies on the Indonesian Stock Exchange. The results of research conducted by Chasbiandani, Rizal and Satria (2019) show that green accounting and environmental performance have a positive effect on company profitability. Furthermore, a study conducted by Wati et al, (2019) shows evidence that environmental performance has a significant effect on profitability from the ROA value of chemical industry sub-sector companies on the Indonesian Stock Exchange. The results of Musfirati et al's research, (2021) show that CSR disclosure has a significant effect on Return on Assets (ROA). However, previous research conducted by Tisna (2020) showed the results that environmental performance does not affect the profitability of manufacturing companies. Sumiati et al's research, (2022) shows the result that green accounting, which is measured using environmental costs, has a negative effect on profitability and environmental performance has a negative effect on profitability. The results of research by Salina & Kartikasari (2017) show that overall there is no significant effect between CSR on Return On Assets (ROA).

Based on the evaluation of several previous studies, it also showed inconsistent results or there was a research gap. Therefore, this research tries to retest by using the independent variables, namely green accounting, environmental performance and CSR Disclosure, as well as the dependent variable, namely profitability. This study uses companies included in the SRI KEHATI index as research data because companies listed on the SRI KEHATI index are selected by the Kehati Foundation and the Indonesia Stock Exchange based on their level of success in promoting healthy economic growth, while taking into account environmental sustainability. Based on this explanation and background, the purpose of this research is to analyze the effect of green accounting, environmental performance and CSR disclosure on the profitability of SRI KEHATI index companies listed on the Indonesia Stock Exchange 2017-2021.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

This theory is a theory that explains to which party a company is responsible (Freeman, 1984). Stakeholder theory illustrates that companies are not only responsible for maximizing profits for owners and investors, who can be called shareholders, but also have a responsibility for providing benefits to the community, social environment and government, which can be called stakeholders (Freeman, 1984).

In developing stakeholder theory, Freeman (1984) presents the concept of stakeholders in two models, namely: (1) operational model and business plan; and (2) a model of corporate social responsibility from stakeholder management. The application of green accounting, environmental performance and CSR is one way to report an environmentally sound business. The aim is to provide information about the company's ability to operate in an environmentally friendly manner and carry out corporate social responsibility. According to Chasbiandani et al, (2019), the motivation for companies to report environmental problems is dominated by voluntary factors. The better the level of environmental protection is achieved, the better the economic performance.

Stakeholder theory basically states that a company is an entity that not only acts for its own interests, but also has an obligation to provide benefits to its stakeholders or stakeholders. Stakeholders here include creditors, suppliers, shareholders, consumers, communities, governments and other interested parties. The term stakeholder was first introduced in 1963 by the Stanford Research Institute and is defined as a group that can support the existence of an organization (Harmoni, 2013).

Stakeholders are groups or individuals who can affect or be affected by the achievement of organizational goals. Stakeholder theory illustrates that companies are not only responsible for maximizing profits for owners and investors, who can be called shareholders, but are responsible for providing benefits to the community, social environment and government, who can be called stakeholders (Freeman, 1984).

Signalling Theory

Information is an important element for stakeholders and business people because information essentially conveys information, notes or descriptions of past, present and future conditions for the survival of a company and how the market effects are. Complete, relevant, accurate and timely information is needed by stakeholders as an analytical tool for making decisions. Signaling theory is a theory that provides insight into the importance of information published by companies to make decisions. Directions or signals are actions taken by company management to guide stakeholders on how management views the company's plans. (Brigham & Houston, 2004). Signal theory shows that there is information asymmetry between company management and those who have an interest in that information. Signal theory suggests how companies should provide signals to users of financial statements (Wolk et al, 2021).

Profitability

According to Kasmir (2016), profitability is a ratio that measures a company's ability to generate profits. This ratio also provides a measure of the effectiveness of the company's management. According to Sulistiawati and Dirgantari (2016), profitability is the final result of net profit from various company policies and decisions where this ratio is used as a tool to measure a company's ability to earn profits. There are many measures of profitability, namely the performance of each company related to the sale of assets, capital or share value. The rate of return has goals and benefits not only for internal parties but also for external parties, especially those who own shares in the company.

Green Accounting

Green accounting is a process of recognizing, measuring value, recording, summarizing, reporting, and disclosing information on objects, transactions, events, or the impact of corporate economic, social and environmental activities on society and the environment, as well as the corporation itself in one reporting package. integrated accounting information so that it can be useful for users in assessing and making economic and non-economic decisions (Lako, 2018).

Environtmental Performance

According to Lako (2018), environmental performance is a company's way to make the environment better in order to reduce the environmental damage caused. Environmental performance is guided by environmental damage caused by company activities.

CSR Disclosure

Gray et al., (2001) stated that CSR Disclosure is an information provider process designed to raise issues around social accountability, which typically can be accounted for in media such as annual reports or in the form of socially oriented advertisements.

Green accounting is an effort to prevent, reduce and or avoid impacts on the environment, starting from repairing the impacts arising from the activities carried out (Ikhsan, 2008). Based on stakeholder theory, companies must provide information about how company management is responsible to their owners for the use of financial resources entrusted to them. The publication of environmental accounting or green accounting results is expected to be effective and meaningful for companies in carrying out accountability and transparency for stakeholders, as well as being very meaningful for the certainty of evaluating environmental preservation activities (Ikhsan, 1998). So that companies implementing green accounting can have a positive impact on the company's financial performance, namely increasing stakeholder positive perceptions of the company’s which leads to increased revenue and profits (Homan, 2016). Soome of the companies included in the KEHATI SRI Index include banking companies. Therefore, with regard to the development of environmentally friendly financial institutions and capital market systems, there are several bank companies that take advantage of excellent opportunities to develop green banking. Green banking is a concept of activity in a financial institution that always gives priority to environmental sustainability in carrying out its business practices. This allows banks to only extend credit to companies that do not have environmental problems and will avoid companies with environmental problems (Keraf, 2010). Putri's research (2019), revealed that green accounting has a significant impact on profitability (ROA). The results of Dura & Suharsono's research (2022), reveal that green accounting assessments affect the financial performance projected by Return On Assets. Benson et al's research (2021) revealed that environmental costs have a significant effect on financial performance. Abdullah's research (2021), reveals that green accounting has a positive effect on profitability in PD. Various Businesses of Kolaka. The results of this study are supported by Chasbiandani et al, (2019) which explains that green accounting has a positive effect on profitability. Both profitability is measured using ROE and ROA.

H1: Green Accounting has a positive effect on profitability

According to Sulistiawati (2016), environmental performance is the company's performance in preserving the company's environment due to damage caused by the company itself. Environmental performance is defined as the company's activities in creating a good environment. As a business, environmental performance is used to create a green environment that meets stakeholder expectations. The environmental protection and management award system can encourage companies to implement their business development in environmentally friendly ways (Keraf, 2010). Environmental performance in this study was measured using ISO 14001 certification, which is the application of a company's environmental management system. The ISO 14000 standard is a system for achieving good and voluntary environmental management (Ramadhanti, 2013). According to Dirgantara (2019), the benefit of ISO 14001 is to improve the company's image and credibility. Therefore, this will be followed by an increase in positive attitudes from stakeholders, and can increase loyalty to the business, so that it will increase company profitability (Dura & Suharsono, 2022). This is in line with signal theory showing that stakeholders will interpret the signals or information received to make the right decisions. Thus, decision making can be done appropriately (Devy, 2018). Research by Endiana et al, (2020) revealed that environmental performance has an effect on financial performance. The results of the study explain that environmental performance affects the level of company profitability as measured by Return on Assets (Wangi & Lestari, 2019). The results of the study (Sulistiawati, 2016), show that partially environmental performance has a positive effect on profitability. Kusuma's research (2020) shows that environmental performance affects company profitability.

H2: Environmental Performance has a positive effect on profitability

Disclosure of CSR is a mechanism where organizations voluntarily integrate environmental and social concerns into their activities and interactions with stakeholders outside of their legal responsibilities (Darwin, 2007). Signaling theory explains that the disclosure of CSR information by companies is a signal to attract stakeholders in order to reduce information asymmetry associated with CSR activities (Sari et al., 2016). A good CSR report that meets stakeholder expectations will provide a signal in the form of good news from management to the public that the company has good prospects in the future and ensures sustainable development. (Apriyanti & Budiasih, 2016). By carrying out CSR activities, the company can increase public trust in the company's products there by increasing the company's reputation in the public eye. As a result, people are increasingly aware of the company's products and are ready to use their products

(Fatah & Haryanto, 2016). The research results of Suciwati, Pradnyan and Ardina (2016) reveal that CSR disclosure has a positive and significant effect on ROA. Research by Musfirati et al. (2021) shows the results that CSR Disclosure has a significant effect on Return on Assets (ROA). Research by Okafor et al. (2021) found that CSR disclosure was found to be positively correlated with profitability. The results of research by Odetayo et al., (2014) show that Nigerian banks are aware of the importance of CSR and they carry out their obligations to stakeholders, both internal and external, as well as the wider community. Increasing spending on CSR has a positive impact on bank profitability.

H3: CSR Disclosure has a positive effect on profitability

RESEARCH METHOD

This research is quantitative research. Quantitative research is sourced from annual financial reports and sustainability reports obtained from the official website of the related company. The population in this study are all SRI KEHATI index companies listed on the IDX (Indonesian Stock Exchange) for the 2017-2021 period. The secondary data needed in conducting this research was obtained by the documentation method, which was carried out by collecting financial reports and sustainability reports as well as other data needed based on the previous explanation. While the supporting data was obtained through the literature study method from scientific journals and discussion literature related to this research. The data analysis technique is a panel data regression analysis model to see the direction of influence and analyze the impact of independent variables on the dependent variable (Sugiyono, 2015). There are three kinds of approaches, namely through the least squares approach (common effect), the fixed effect approach (fixed effect) and the random effect approach (Baltagi, 2005). To select the most appropriate model, there are several tests that can be carried out, namely, the Chow test, Hausman test and Langrange multiplier test. The classic assumption tests used in panel data analysis are multicollinearity and heteroscedasticity tests (Basuki & Prawoto, 2017). The panel data regression equation in this study is as follows:

$$Y = \alpha + b_{1.}GA_{it} + b_{2.}KL_{it} + b_{3.}CSRD_{it} + e \text{.....................}(1)$$

Information:

Y = profitability using ROA
GA = green accounting
KL = environmental performance
CSRD = CSR Disclosure
i = cross section (company i)
t = time series (t-th year)
α = constant
b1 = regression coefficient of the Green Accounting variable
b2 = regression coefficient of the Environmental Performance variable
b3 = regression coefficient of the CSR Disclosure variable
e = errors

Equation

Profitability

Profitability in this study uses Return On Assets. The Return On Assets in question is the ratio used to measure the ability of management of SRI KEHATI Index companies listed on the Indonesia Stock Exchange for the 2017-2021 period in managing existing assets to earn profits. Return On Assets is calculated using the following formula (Kasmir, 2013):

$$ROA = \frac{Net\ profit\ after\ tax}{Assets} x\ 100\% \quad \text{.......(2)}$$

Information :

ROA = Return On Assets

Net Profit After Tax = Profit after tax is deducted

Assets = all assets owned by the company, both tangible and intangible

Green Accounting

Green accounting is measured using the ratio between costs incurred on environmental costs and net profit (Ramadhani, 2022):

$$Green\ Accounting = \frac{Cost}{Profit} \quad \text{.......(3)}$$

Information :

Cost = costs incurred on environmental costs

Profit = net profit for the year

Environmental Performance

Environmental performance in this study can be seen from the ISO 14001 certification award. Environmental performance variables are measured using a dummy variable, where the number 1 is given to companies that have received ISO 14001 certification and the number 0 to companies that do not yet have ISO 14001 certification (Sueb and Keraf, 2014).

CSR Disclosure

CSR Disclosure is measured by the Corporate Social Disclosure Index based on the Global Reporting Initiatives (GRI) indicator, which totals 91 indicators. The indicators for measuring CSR disclosure in this study use the formula (Heryanto, 2017):

$$CSRI = \frac{\sum Xi}{91} \quad \text{.......(4)}$$

Information :

CSRI = Disclosure

∑Xi = Total CSR Disclosures

RESULTS AND DISCUSSION

Table 1.
Multiple Linear Regression Analysis

Variable	Result	
	Coefficient	Prob.
C	3.935392	0.0000
GA	0.160687	0.0093
KL	1.083523	0.0001
CSRD	-0.925707	0.2817

Source: Regression Results, 2023

Based on panel data regression analysis using the Eviews 10 program, the model chosen is the Common Effect Model so that the following equation results are obtained:

Yit = 3,935392+ 0,160687*GA + 1,083523*KL -0,925707*CSRD+ e................(5)

The regression model equation gives the following meaning:

A constant of 3.935392 indicates that if green accounting, environmental performance and CSR disclosure do not change or are constant, then the profitability of SRI KEHATI Index companies listed on the Indonesia Stock Exchange in 2017-2021 averages 3.935392 or 3.93 percent.

The green accounting regression coefficient of 0.160687 indicates that green accounting has a positive value on profitability. This can be interpreted that if green accounting increases by 1, then the profitability of the SRI KEHATI Index companies listed on the Indonesia Stock Exchange in 2017-2021 will increase by 0.160687 percent assuming other variables are constant.

The regression coefficient of environmental performance is 1.083523 indicating that environmental performance has a positive value on profitability. This can be interpreted that if environmental performance increases by 1, then the profitability of the SRI KEHATI Index companies listed on the Indonesia Stock Exchange in 2017-2021 will increase by 1.083523 percent assuming other variables are constant.

CSR disclosure coefficient of -0.925707 shows that CSR disclosure has a negative value on profitability. This can be interpreted that if CSR disclosure increases by 1, then the profitability of the SRI KEHATI Index companies listed on the Indonesia Stock Exchange in 2017-2021 will decrease by -0.925707 percent assuming other variables are constant.

Test of the coefficient of determination

Based on the calculation of the panel data regression analysis, the adjusted R Square coefficient of determination is 0.390614 or 39.06%. This shows that the percentage variation in profitability that can be explained by the variation of the three independent variables namely green accounting, environmental performance and CSR disclosure is 39.06%, while the remaining 60.94% is explained by other variables outside the research variables.

F test

The F statistic test produces an Fcount of 13.60624. The F table with degrees of freedom: df1=k-1 and df2=n-k(n=60, k=4) or df1=3 and df2=56 with a confidence level of 95% shows the number 2.7694. So Fcount is bigger than Ftable (13.60624>2.7694). Thus, the regression model of the influence of green accounting variables, environmental performance and CSR disclosure on profitability is feasible to use.

T test

First hypothesis

The results of the t test show that the tcount value is greater than the ttable value (2.695464>1.672) and significantly less than 0.05 (0.0093<0.05). This shows that green accounting has a positive and significant influence on profitability. Thus, the first hypothesis which states that green accounting has a significant positive effect on profitability in SRI KEHATI Index companies listed on the Indonesia Stock Exchange, is accepted.

Second hypothesis

The results of the t test show that the tcount value is greater than the ttable value (4.227646>1.672) and significantly less than 0.05 (0.0001<0.05). This shows that environmental performance has a positive and significant influence on profitability. Thus, the second hypothesis which states that environmental performance has a significant positive effect on profitability in SRI KEHATI Index companies listed on the Indonesia Stock Exchange, is accepted.

Third hypothesis

The results of the t test show that the tcount is smaller than the ttable (-1.086885<1.672) and significantly greater than 0.05 (0.2817>0.05). This shows that CSR Disclosure has no effect on profitability. Thus, the third hypothesis which states that CSR Disclosure has a positive effect on profitability in SRI KEHATI Index companies listed on the Indonesia Stock Exchange, is rejected.

The Effect of Green Accounting on Profitability

Based on the results of hypothesis testing, it can be seen that the green accounting variable has a coefficient value of 0.160687 and a significant level of 0.0093, which is less than α = 0.05. The results of this study prove that green accounting has a positive and significant effect on profitability at SRI KEHATI Index companies, so that the first hypothesis is accepted. This means that green accounting is one of the factors influencing the increase in the profitability of the SRI KEHATI Index companies in 2017-2021. This is because green accounting publications show that SRI KEHATI Index companies have implemented accountability and transparency for stakeholders. This publication is very meaningful for the company's assessment in terms of environmental preservation and is clear evidence that the company's activities operate in an environmentally friendly manner. In addition, the publication of green accounting realized through community development programs, social investment and environmental costs published in annual reports and company sustainability reports The SRI KEHATI Index can enhance positive company reputation and image so that it influences competitive advantage and is used as a company strategy in increase company profitability.

The results of this study are in accordance with the stakeholder theory, where this theory is used as the basis that a company is responsible to its stakeholders by providing information about how to manage the economic resources that have been entrusted to it. The results of this study are in line with research conducted by Putri (2019), Chasbiandani et al, (2019) and Anggi Choirun Nisa (2020) which states that green accounting has a significant positive effect on profitability.

Effect of Environmental Performance on Profitability

Based on the results of hypothesis testing, it can be seen that the environmental performance variable has a coefficient value of 1.083523 and a significant level of 0.0001, which is less than $\alpha = 0.05$. The results of this study prove that environmental performance has a positive and significant effect on profitability at SRI KEHATI index companies, so the second hypothesis is accepted. This means that environmental performance through awards obtained by companies through ISO 14001 environmental management system certification is one of the factors that influence the increase in company profitability for the SRI KEHATI Index in 2017-2021. This is because the ISO 14001 certified SRI KEHATI Index companies have carried out activities to meet internationally recognized standards in the field of environmental management systems. This shows the company's commitment to implementing good environmental protection standards. Management feels the need for information about the company's environmental performance in the financial statements, one of which is the implementation of environmental audits, because this will affect profitability. In addition, the company has obtained an ISO 14001 certificate to get a good image and is shown through a positive response from stakeholders through increased sales which can affect profitability.

The results of this study are in accordance with signal theory, where signal theory is used as the basis that stakeholders will assess a company based on the signals or information received to make a business decision. The results of this study are in line with research conducted by Kusuma (2021), Fitriaty (2021) and Sulistiawati and Dirgantari (2016) which state that environmental performance has a significant positive effect on profitability.

The Effect of CSR Disclosure on Profitability

Based on the results of hypothesis testing, it can be seen that the CSR disclosure variable has a coefficient value of -0.925707 and a significant level of 0.2817 is greater than $\alpha = 0.05$. The results of this study prove that CSR disclosure has no effect on profitability at SRI KEHATI Index companies, so the third hypothesis is rejected. This means that CSR Disclosure is not a factor influencing the increase in the profitability of the SRI KEHATI Index companies in 2017-2021. This is because companies tend to only disclose good news and cover up things that according to the company do not provide benefits presented in the annual report or corporate sustainability report so that the quality of the company's CSR Disclosure is still doubted by stakeholders so that the effect is not significant. In addition, the media used by companies to disclose CSR is still inefficient in reaching all levels of society because it is a partnership pattern and is only carried out for certain parties, thus affecting the delivery of CSR signals that are not well targeted to stakeholders. The SRI KEHATI Index is a combination of several companies that have different business fields so that CSR activities in companies on the SRI KEHATI Index do not overall affect each stakeholder.

The results of this study are in line with research conducted by Celvin and Gaol (2015), Fatah and Haryanto (2016) and Lestari (2019) which state that CSR disclosure has no positive effect on profitability. However, the results of this study are in contrast to that of Musfirati et al. (2021), Suciwati et al, (2016) and Okafor et al. (2021) which states that CSR disclosure is positively correlated with profitability.

CONCLUSION

Green Accounting has a significant effect in a positive direction on profitability in SRI KEHATI Index companies on the IDX in 2017-2021. Environmental Performance which is proxied by ISO 14001 certification has a significant influence in a positive direction on profitability of SRI KEHATI Index companies on the IDX in 2017-2021. CSR Disclosure proxied by the Global Reporting Initiatives (GRI) has no effect on the profitability of SRI KEHATI Index companies on the IDX in 2017-2021.

Suggestion

Future research is expected to be able to examine sectors other than the SRI KEHATI Index companies which also affect the environment such as the technology and mining sectors, increase the number of samples and expand the criteria to be studied and use proxies other than Return On Assets to measure profitability.

Implications

This research supports the research results of Putri (2019), Lestari and Kusuma (2021) and Chasbiandani et al, (2019) which state that green accounting and environmental performance have a positive effect on profitability. Companies should pay more attention to non-financial aspects, namely the application of green accounting and environmental performance which can be used as a strategy to increase profitability. Companies should present CSR activity reports not only reporting good things so that they can be used as evaluation material for stakeholders and not appear to be just advertisements. Companies should pay more attention to the media used to convey information related to CSR activities so that the delivery of CSR signals can be right on target and reach more stakeholders, for example the use of social media for CSR media.

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