Green Accounting and Corporate Social Responsibility on Company Performance to Mining Companies in Indonesian

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ABSTRACT

Objective - The research aims to analyze company performance by applying corporate social responsibility and green accounting.

Methodology/Technique – This study employs a descriptive quantitative method with secondary sources originating from mining companies' financial statements on the Indonesian Stock Exchange 2019-2021 period. The instance is selected using the method of purposeful sampling. The analytical tool in this study uses simple and multiple regression analysis.

Findings - The application of green accounting partially does not affect company performance, while Corporate social responsibility affects financial performance. It shows that green accounting has not been considered in improving the company’s financial performance, and social responsibility at work has been taken into consideration in improving its performance. A positive corporate image will increase the interest of stakeholders in businesses with increased performance. Simultaneously corporate social responsibility and green accounting impact the company's performance. It shows that CSR combined optimizing environmental costs can enhance company performance in concert.

Novelty - The results indicate that CSR combined optimizing environmental costs can synergistically boost the performance of the business. Companies must boost the quality and quantity of social responsibility in business projects because it has been demonstrated that these projects benefit the community and the company financially. Companies can use this research to manage the environmental cost and fulfill their social obligations to build environmentally friendly businesses.

Type of Paper: Empirical.

JEL Classification: F64, L50, M14, Q52, Q56

Keywords: Green Accounting, Corporate Social Responsibility, Company Performance

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1. Introduction

Humans consume to fulfill life resources’ needs from elements in their super-durable climate. However, the ability to be exploitative comes from taking resources to fulfill life's requirements. quantity for industry, which has the potential to damage the environment.

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One kind of business is the mining industry, with great potential and negatively impacts the environment. The Mining Network Coordinator revealed at the end of 2020 that activities for mining exploration caused contaminants and environmental companies (Jatam, 2021). As a result, today's public and business Environmental sustainability awareness is a serious issue. The company is an exploration actor. hold a big responsibility for preserving the environment through its corporate social responsibility. As a result, public and company awareness of the importance of environmental sustainability. This is better if supported by environmental budget allocation to increase the financial performance of the company (Gaio, C., & Henriques, 2020).

Industry's existence is a support of a country's economy. However, on the other side, the industrial environment is also impacted by development. As a result, a mechanism for environmental responsibility within the company must be implemented. The effects of this activity cause the community to demand environmental preservation system. The connection with the accounting system is that allocations of environmental costs are known as Green Accounting (GA). Green accounting (GA) aims for company activity and organization environment for the benefit of the company (Astuti, 2012). GA implementation indicators are 1) waste management cannot damage the environment; 2) raw materials that are kind to the environment; 3) Taking part in corporate social responsibility to enhance positive perception of the company among stakeholders.

CSR is an accounting concept that can direct companies to execute their environmental and societal responsibilities. Therefore, companies must balance external and internal interests. CSR disclosure influences company performance. Research CSR on how well the company conducted (Gaio, C., & Henriques, 2020); (Maqbool, S., & Zameer, 2018), that CSR has a beneficial impact on business performance, namely increasing CSR will affect increasing Dividend Per Share (DPS). Because sustainability reporting takes a variety of forms and formats depending on the requirements of an organization, CSR reporting is voluntary. An evaluation of the results of CSR disclosure companies’ lack of commitment to revealing its duties in the eyes of stakeholders and the neighborhood to affect the company's operation. Previous studies of GA and CSR on company performance, such as research (Zulhaimi, 2015), show no significant effect on company performance before and after the implementation of GA. Another research (Sulistiwati & Dirgantari, 2017) found that partial GA positively impacts business performance. This study aims to achieve different due outcomes than in past research arding the application of CSR and GA disclosure and how it affects business performance by looking at the mining industry on the IDX for the 2019-2021 period as the research object. The mining sector was chosen for this study because the mining industry is a key component of economic growth. and cannot be separated from the natural environment. Based on the above phenomena, this study aims to analyze and determine the effect of green accounting and corporate social responsibility on company performance.

2. Literature Review and Hypotheses Development

Green Accounting an implementation of accounting as a form of the company's commitment to the impact of operational activities by incorporating environmental costs into the company's expenses (Indrawati & Intan Saputra Rini, 2018). GA is the recognition, measurement, recording, summarization, disclosure, and reporting of information about events, transactions, or the effects of the economic, social, and environmental company in reporting accounting information so that it can provide information relevant to users of accounting information in the decision-making process (Lako, 2018).

GA has an important role in overcoming environmental and social problems, and has goals that impact sustainable development and the environment, which influences corporate behavior in dealing with social responsibility issues. GA incorporates environmental management and conservation principles into reporting practices that include an analysis of costs and benefits. The concept of GA is measured using earnings, and earning is the net profit received by the company (Dewi & Edward Narayana, 2020). The purpose of implementing GA to reduce operational activity adverse environmental effect by disclosing environmental costs (Sunarmin, 2020). So the goal of GA is to reduce environmental impact costs or social costs so that
companies no longer need to incur these costs if they have been anticipated at the start. As a result, social and environmental accounting are also areas of focus for accounting. The importance of implementing GA for businesses to manage environmental costs for the industry to become more ecologically friendly. Handling of environment costs is referred to as eco-efficiency.

CSR is the disclosure of the Sustainability Reporting report, which includes writing about social, environmental, and economic issues that limits on the performance of the organization (Mulpiani, 2019). The following are aspects of corporate social reporting: 1) Environment, including the control of pollution, protecting nature, preventing or ameliorating damage to the environment and other environmental-related disclosures, 2) Energy, including conserving energy and energy conservation, 3) Best practices in business include supporting minority-owned businesses, social responsibility, and the empowerment of women and minorities. 4) Human resources include community-based activities like arts, education, and health care service. 5) Offerings includes safety and less pollution, and other topics (Initiative, 2013). By communicating CSR activities, expected people will know about the company's social activities and reduce the risk of social unrest (Suryani & Ariayani, 2022).

Disclosure of CSR is a form of corporate social responsibility to stakeholders. By ensuring the sustainability of the company in improving its performance and value of the company requires support from stakeholders (Wijayanti & Dondoan, 2022). The responsibility program requires results that reflect the effect of implementing the Corporate Social Responsibility program on the progress of company performance (Diatmika, Adi Yuniarta, 2011 (Gede, et al., 2017). CSR disclosures based on the GRI (Global Reporting Initiative) guidelines for sustainability reporting include three main groups: social, environmental, and performance in the economy. The three types of are 9, 34, and 48, all of which are given a value of 1 if disclosed, and 0 if then; each item's value is rounded up to get the company's total value CSR and compared to the GRI-G4 reporting standard for each category. So that accepted CSR for the type of economic CSR for environmental performance, and CSR for social performance (Initiative, 2013).

According to Aisyah and Meiyana (2019), an analysis of a company's financial performance is called "financial performance". Company performance is a description of a company’s financial condition, which is analyzed with financial analysis tools so that it can be known about the good and bad economic situation of a company that reflects work performance in a certain period. This is very important so that resources are used optimally in dealing with environmental changes.

2.1 Green Accounting affects company performance

GA is the recognition, measurement, recording, summarization, disclosure, and reporting of information about events, transactions, or the effects of the economic, social, and environmental company in reporting accounting information so that it can provide information relevant to users of accounting information in the decision-making process (Lako, 2018). Companies that implement GA will enhance a good image for the company to attract investors to invest so that the company can develop its business which has the potential to increase profits. Research (Hilton & Platt, n.d.) shows a significant relationship between the application of GA with company performance. Meanwhile, research (Murniati & Sovita, 2021) indicates that GA does not affect company performance as seen through ROA. Utilizing the explanation above, the following can be concluded:

H1: Green accounting influences company performance.

2.2 Corporate Social Responsibility affects company performance.

CSR is a consequence that must be paid by the company due to decisions taken. The company's ways to gain profits sometimes harm others, either unintentionally or intentionally, so companies must restore these conditions (Prastowo, J., & Huda, 2011). Through this, the company can raise the price and image of the business and is able to attract stakeholders to be competent invest maximize company performance because
CSR is a company's business strategy in long-term investment. Explains that CSR is in line with research conducted by (Sabri, & Sweis, 2019), (Tanod et al., 2019), (and Dewi & Edward Narayana, 2020), which states CSR influences the performance of the company. (C. Gaio and Henriques, 2020); S. Maqbool and Zameer (2018) that CSR positively influences company performance. Utilizing the explanation, the conclusion that can be drawn from the H2 is:

**H2: Corporate Social Responsibility affects company performance.**

2.3 Green Accounting and Corporate Social Responsibility have an impact on how well a company performs.

Research by (Elangga et al., 2021) application of GA and CSR disclosure on Firm Value through Profitability shows that the use of GA and disclosure about CSR has a significant and positive impact on business performance. Effects of GA implementation on environmental performance research was also carried out by (Princess et al., 2019). The results of actualizing GA and Performance in the Environment have a significant effect on business performance. The findings of a study by Giannarakis et al., 2016) how disclosure of CSR affects company companies' performance in the United States demonstrate that CSR disclosure significantly impacts company execution and is one of the things stakeholders should consider. Based on the explanation above, it can be concluded that the H3 is:

**H3: Accounting for the environment and social responsibility at work influences how well the company does.**

3. Research Methodology

Using secondary data, this study employs a quantitative descriptive method. Mining companies' financial reports on the Indonesian stock exchange for the 2019-2021. The sample was selected based on purposive sampling so that 20 sample companies were chosen with the following criteria: (1) mining companies that are constantly registered for the 2019-2021 period, (2) mining companies that consistently have environmental costs (green accounting) during the 2019-2021 period, (3) mining companies that consistently disclose CSR programs during the 2019-2021 period. The analysis tool uses multiple linear regression tests and performs classic assumption and hypothesis tests (t-test and F-test).

In this study, the independent variables are Green Accounting (X1) and Social Responsibility in the Workplace (X2), and the dependent variable is the Efficacy of the Company (Y). The conceptual framework can be seen below.

![Conceptual framework](image)

**Figure 1: Conceptual framework**
Here are the operational research variables.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Accounting (X₁)</td>
<td>The concept of green accounting is measured using earnings. Earning is the net profit received by the company (Dewi &amp; Edward Narayana, 2020)</td>
<td>ΔEj,t = Ej,t − Ej,t−1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ej,t = earnings of company j in period t Ej,t−1 = earnings of company j in period t−1</td>
</tr>
<tr>
<td>Corporate Social Responsibility (X₂)</td>
<td>CSR is the publication of a report that includes information about how organizational performance affects the economy, the environment, and society (Mulpiani, 2019)</td>
<td>CSRI = ( \sum_{i=1}^{n} x_{yi} ) / n_i |</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CSRI = Social responsibility disclosure index ∑xyi = Value 1, If item y is expressed; 0 = if item y is not disclosed ni = total CSR disclosure items ni ≤ 91</td>
</tr>
<tr>
<td>Company Performance indicator Dividend Per Share (Y)</td>
<td>Company Performance Indicator Dividend Per Share (Y) = Dividend per share is the distribution of company profits to shareholders whose amount is proportional to the number of shares owned (Chandra et al., 2017).</td>
<td>DPS = Divide Paid Share outstanding</td>
</tr>
</tbody>
</table>

4. Results and Discussion

Before evaluating the data, the traditional assumption test was used in this study. And result was that all classical assumptions were met, meaning that all data were normally distributed, and there was no autocorrelation, or heteroscedasticity. Then proceed with hypothesis testing using multiple linear regression, can be seen in table 2 below.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T_count</th>
<th>T_table</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>412.487</td>
<td>331.217</td>
<td>1.245</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>GA_X₁</td>
<td>-.506</td>
<td>275.530</td>
<td>-.105</td>
<td>-.789</td>
<td>1.671</td>
</tr>
<tr>
<td>CSR_X₂</td>
<td>1.980</td>
<td>402.245</td>
<td>.650</td>
<td>1.490</td>
<td>1.670</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Company Performance (DPS), Source: Data processed, 2022

Based on table 2, it shows the GA (X₁) on company performance with the Dividend Per Share (DPS) indicator is negative 0.504, meaning that if there is an increase of 1 point in GA, the company performance will decrease by 0.504. These results indicate that greater application of GA, lower the financial performance and vice versa, and when viewed from the t-count (-0.789) is greater than t-table (1.670649), with a sig value of 0.433 > 0.05, meaning that the GA has no significant effect on the company performance. Based on the results above, shows that GA has no effect company performance, so the H₁ is not accepted, Because is GA show additional costs incurred by the company. (I. Camilia, 2016), (Murniati & Sovita, 2021), that there is no effect of GA on company performance. And (Zulhaimi, 2015), shows that there is no significant effect company performance before and after the implementation of GA. Costs to the company's environment that are assessed by external participants do not have direct financial advantages for The company or its products cannot be taken into consideration by the community in purchasing goods from the company. For external parties, the company environmental costs are considered have no direct economic benefits for the company, so that they cannot be considered in buy the company products.
While the CSR (X2) has a positive effect of 1.980. These results indicate that greater disclosure of the level of CSR company performance will rise, and the other way around. Judging from the t-count (1.490) smaller than t-table (1.670), with a sig value of 0.003 < 0.005, it means that variable X2 has a significant effect on the company performance. Based on the results above, it shows that the Performance of a company is influenced by CSR., so the H2 is accepted. The results of this study are in line with research (Rafianto, 2015) that investors tend to be interested in investing in companies that implement social responsibility, and research (Tanod et al., 2019), (Sabri, & Sweis, 2019), (Dewi & Edward Narayana, 2020) that CSR affects the company performance. Investors will respond positively to the company's request for additional capital to support its financial and operational operations. The company's involvement in CSR demonstrates its concern for the community and the surrounding environment. The problem that the company has is because the social setting can grow. Its picture and reputation. If the company’s vision is improving, stakeholder loyalty will be higher. With increased commitment, sales for the company will increase so that CSR can increase the business’s profitability. Will also get bigger.

Utilizing the results of research into the use of GA and disclosure of CSR, which simultaneously affect company performance, based on the result obtained, the F-count value is 13.980, the value of the F-table is 2.76. This condition indicates that the GA and CSR variables simultaneously significantly affect company performance. This study's findings suggest that the H3, which declares GA and CSR together have a significant influence on company performance, is accepted. These results are in line with research (Princess et al., 2019), which states that GA and CSR affect company performance. This is because CSR is a means by which an organization can combine its responsibilities towards the society and environment due to its operational effects. Companies impose costs on the environment for social responsibility, which are reported in the sustainability report and the company's annual report. It is because CSR is a way for a business to integrate its various forms of obligation to society and the surroundings because of the effects it has on operations. The company's sustainability report turns out to be a concern for stakeholders when making decisions, and To carry out, the company incurs environmental costs. The social responsibility was mentioned in the annual report of the business.

The magnitude of the combined effect of GA and CSR on company performance is 47.1% which is influenced by research variables, while other variables outside of this study exploit the remaining 52.9%.

5. Conclusion

Based on the result of the research, it can be concluded that GA affects negative and is not significant to company performance. These results have implications for GA which has yet to be fully considered to improve the company’s performance. CSR affects company performance. This has implications for CSR to be considered in improving the business performance. An advantage of corporate image can pique the interest of stakeholders so that financial performance will increase. Simultaneously, GA and CSR significantly affect the company’s performance. This shows that when CSR is used in conjunction with optimizing environmental costs, it can enhance company performance in concert. This study can increase the number and quality of CSR-related activities because can offer advantages to the company and society. The information gleaned by researchers shows that CSR disclosures or actions fall into the moderate group, which includes very good. Still, it needs improvement to ensure companies are envisioned to be able to fulfill their social and environmental responsibilities better. Companies must disclose CSR in sustainability reporting by applicable international standards as outlined by the Global Reporting Initiative. Set by the government, stricter rules for carrying out business activities related to environmental management, and the government should aggressively carry out the Socialization of environmental management. Regulations to businesses so that information can be distributed effectively, and environmental management is better understood by companies.

It is suggested that the government can implement stricter environmental management regulations for operating companies, so that environmental pollution does not occur; the government must also actively socialize environmental management regulations for businesses to ensure optimal information distribution and
growth companies' comprehension of environmental administration. And further research to expand the sample and include additional variables that can have a significant impact on the company's performance.

References


