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The Influence of Green Accounting and Firm Size on Financial Performance

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ABSTRACT

The purpose of this study is to investigate the relationship between financial performance and firm size and green accounting. For sample determination, the purposive sampling technique was selected. There were 120 samples collected between 2020 and 2022. The SPSS version 27.0 was used to process the data. Descriptive analysis is used in this study by passing the traditional assumption tests, including the autocorrelation, heteroscedasticity, and normalcy tests. Financial performance is significantly impacted by green accounting, according to the study's findings. Financial Performance is not much impacted by Firm Size but, when combined, the Green Accounting and Firm Size variables significantly impact Financial Performance.

KEYWORDS: Firm size, green accounting, ROA

I. INTRODUCTION

Green accounting implementation in businesses can improve the performance environment for businesses that wind up improving the performance finance environment with a profit environment that can be controlled and maintained with good compliance with law. Current events In other words, balanced development of the environmental, economic, and social facets is the goal of sustainable development. The role of accounting as a source of information for decision-making is one of the functions of the accounting environment in improving a company's performance (Damayanti, 2022). Trust the public in the business the company's beneficial impact on society and the environment is equally as important as its own positive impact on level profit.

Environmental pollution lawsuits continue to be common, according to Yuliani (2022). A coal mining company is one of them. People mostly choose coal mining goods for a variety of purposes, including power plant fuel. In addition to increasing the consumption of natural resources, the growing demand for coal mining goods has the potential to harm the environment. A number of coal mining businesses, including PT. Jambi Resource, are still listed as red in the decision letter about the 2020–2021 environmental management assessment results. This rating indicates that the company's environmental management initiatives fall short of the legal and regulatory criteria. Because the wastewater management failed to perform maintenance and extend the permit for hazardous and toxic waste, PT. Jambi Resource was given a red grade.

Businesses of a large scale There is little chance that you will easily make a lot of money and have the flexibility to adjust to shifting market conditions and stay steady. Stability finance is provided by the entity company in the background by internal parties capable of maintaining market equilibrium. Knowledge that a business has when it doesn't fully comprehend the solution more detached from the pursuit of profit. Large companies can easily access investors and finances by entering the capital market (Putra&Gantino, 2021) in (Rahmawati, 2024). This is what motivates the business that ought to be in charge of protecting investors' trust so that not just profit but also a sustainable class of business is being pursued.

A good company's financial success is one that can be sustained. One ratio that can be used to gauge a company's performance is return on assets (ROA). As Dita (2021) shows, a ratio can also be used to gauge a company's total profitability. Financial performance is therefore not a sufficient response from the issuer. Financial performance is typically used by investors as a metric. Investors analyze the state of the economy and make investment decisions. For the issuer to secure more funding, financial performance is a critical factor. A company's financial success can be affected by a variety of things. According to the aforementioned description, the author is interested in the subject The Influence of Green Accounting and Firm Size on Financial Performance.

II. LITERATURE REVIEW AND HYPOTHESIS

A new paradigm in accounting is called "green accounting," which focuses on connected social and environmental issues as well as financial transactions. The process of identifying, measuring, recording, summarizing, reporting, and disclosing information about an object, transaction, event, or impact activity on the economy, society, and environment, as well as a company that is alone in a package reporting information accounting integrated that can help users make both economic and non-economic decisions, is known as "green accounting." Green accounting contains three fundamental pillars, which are based on Elkington's (1997) three-pillar framework (Lako, 2018). To generate information, the first pillar is the accounting environment, which is an accounting process that identifies, measures, records, summarizes, and reports associated objects with the environment. Accountancy Social, the second pillar, is an accounting process that identifies, quantifies, documents, summarizes, and reports accounting-related information pertaining to public events and transactions from a firm or organization in order to generate information about accountancy social. The third pillar that is accountancy finance is an accounting process acknowledge, measure value, record, summarize and report transaction or incident finance from an organization or company in order to be able to produce information accountancy finance. So that can conclude that the basic pillars from *green accounting* relate with financial, social and environmental. These three pillars each other related One with each other. With thus *green accounting* can interpreted as a process of recognition, measurement, recording, summarization, reporting as well as related disclosures with transactions and events, so can produce relevant information about financial, social and environmental as accountability towards stakeholders and as reference in taking decision.

As explained by Dita (2021), PROPER (Property Assessment Program) Company Performance Rating in Management Environment) is an assessment of compliance and obedience as well as performance that surpasses compliance and guarantees business or as well as control pollution or damage environment and management of hazardous and toxic waste materials. (Ministry of Environment). When used properly, color can be used to measure a company's performance environment. Gold indicates the top ranking, followed by green, blue, red, and black for the lowest. The public can then be consistently informed of the colors so that they can understand how a company performs based solely on the color.

III. RESEARCH METHOD AND HYPOTHESES

This research employs a descriptive methodology. A study using a descriptive technique addresses issues using current data from a population in order to address theories about the present circumstances of the persons under investigation. According to the hypothesis that has been developed, this study is an example of associative causality, which looks for a relationship or causal influence from variable x to variable y. The sample was determined using the Purposive sampling approach. From a total sample of 211, 120 observation data were acquired and analyzed using the SPSS version 27.0 computer application. The sample was drawn from the Top GRC Awards winning company and was observed for three years, from 2020 to 2022.

Firm size and green accounting are the independent variables considered in this study. The dependent variable, however, is financial performance. To ensure that the regression model produces a BLUE (Best, Linear, Unbiased, Estimator) estimate, a classical assumption test is conducted prior to the model's creation. The three tests that make up this assumption test are the autocorrelation, heteroscedasticity, and normality tests. Firm size and green accounting are independent variables considered in this study. However, the dependent variable is financial performance. The goal is to predict or estimate the value of the dependent variable in a causal relationship with the value of other variables.

IV. RESULT AND DISCUSSION

4.1 Result

Before the regression model is formed, a classical assumption test is first carried out so that the model formed provides a *BLUE* (*Best, Linear, Unbiased, Estimator*) estimate. This assumption test consists of three tests, namely the normality test, the heteroscedasticity test, and the autocorrelation test. The SPSS output obtained the Sig. value of the normality test using the Kolmogorov-Smirnovs method of 0.200. Because the *p-value* is greater than *alpha* (0.200 > 0.05), it can be concluded that the residual data is normally distributed. A good regression model is one that is homoscedasticity or does not have heteroscedasticity. The method used to determine the presence or absence of heteroscedasticity symptoms is to use the Glejser test. The Durbin Watson value is 2.245, the comparison uses a significance value of 5%, the number of samples is 120 (n), and the number of independent variables is 2 (k = 2), then in the DurbinWatson table the du value will be 1.71889. Because the DW value of 2.245 is greater than the upper limit (du) of 1.71889 and less than 4 - 1.71889 (2.28111), it can be concluded that there is no autocorrelation.

Table 4.1 Results of Calculation of Regression Equation Coefficient Values

Coefficients [a]

Model	Unstandardized Coefficients B	Std. Error	*Standardized Coefficients Beta*	*t*	*Sig.*
1 (Constant)	4.476	4,960		.903	.369
Green Accounting	.627	.213	.264	2,939	.004
Firm size	-1.058	1,456	-.065	-.727	.469

a. Dependent variable: Financial Performance

Based on table 4.1, the constant value and regression coefficient can be known so that a multiple regression equation can be formed as follows:

$Y = 4.476 + 0.627X_1 - 1.058X_2$

The equation above can be interpreted as follows:

a = 4.476 means that if *Green Accounting* and Firm Size has a value of zero (0), then Financial Performance will be worth 4,476 units .

$b_1 = 0.627$ means if *Green Accounting* increases by one unit, then Financial Performance will increase by 0.627 units assuming other variables are constant .

$b_2 = -1.058$ means if Firm Size increases by one unit, then the Financial Performance will decrease by 1,058 units assuming other variables are constant .

The hypothesis in this study is:

H_1 : Green Accounting has a significant impact on Financial Performance

H_2 : Firm size Size has a significant impact on Financial Performance

4.2 Discussion

4.2.1 The Influence of *Green Accounting* on Financial Performance

This study found that green accounting significantly affects financial performance by 6.8%. This supports research showing that green accounting affects financial performance, as reported by Dita (2021), Yuliani (2022), Sukmadilaga et al. (2023), Adikasiwi et al. (2024), and Ningsi et al. (2024). Efficient and responsible resource management lowers operational costs and boosts profitability for businesses using environmentally friendly accounting techniques. Furthermore, investors' favorable opinions of a company's worth brought about by open and sustainable business practices promote enterprises' access to finance, lower capital costs, and boost investor confidence. Thus, the company can gain value and improve its financial performance by incorporating corporate values and green accounting into business management. According to studies by Dita (2021), Prijayanti (2023), Salim et al. (2023), and Rahmawati (2024), green accounting has no discernible impact on financial performance. This finding contrasts with their findings.

4.2.2 The Influence of Firm Size on Financial Performance

According to this study, firm size has a 0.2% impact on financial success, but it is not statistically significant. According to Salsabila (2022), Salim et al. (2023), and Wijayanti et al. (2024), the company is now taken into account by stakeholders when making decisions. This study supports their views. Due to the fact that larger companies are more likely to survive and compete in their market, they will have greater access to huge sources of outside capital. in order for the company's economic worth to rise in tandem with its growing size. It will be advantageous for the business to increase its financial performance through outside investment and income as it grows in size. The public and many consumers have greater faith in the goods produced by huge corporations than in those of small businesses. Outside investments and profits are increased as a result.

5.1. CONCLUSION

Based on the results of the analysis and discussion carried out in the previous chapter, it can be concluded that:

1. *Green Accounting* has a significant impact on Financial Performance
2. Firm Size does not have a significant effect on Financial Performance
3. Together, the variables *Green Accounting* and Firm Size has a significant impact on Financial Performance .

5.2 SUGGESTION

1. Company

It is envisaged that businesses that have not yet adopted green accounting would do so in the future due to the long-term advantages it will provide.

2. Further researchers

This research still has numerous limitations for future researchers; in order to make it more comprehensive and wide-ranging, research objects, samples, and years of study might be added.

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