THE EFFECT OF GREEN ACCOUNTING AND CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE

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Abstract: Financial Performance (FP) is an assessment of the financial health of an entity, usually measured through financial reports and various ratio. Calculation of this financial ratio analysis is important for investors to find out information about a company in making investment decisions. FP is an analysis carried out to see the extent to which a company has run its business using financial implementation rules properly and correctly. There are several variables that can affect Financial Performance, which are focused on in this study are Green Accounting (GA) and Corporate Social Responsibility (CSR). In this study, the independent variables are Green Accounting which is measured by the proper performance rating and Corporate Social Responsibility which is measured by LN Charitable Donations. The dependent variable in this study is Financial Performance which is measured using ROA. The research test uses the period 2020 - 2023. This research is a quantitative study that uses secondary data, namely the annual report. The population in the study were all companies listed in the LQ45 on the Indonesia Stock Exchange for the period 2020 - 2023. This study offers novelty by integrating Green Accounting and CSR in one analysis model, and examining its impact on the financial performance of companies included in the LQ45. This study also uses a CSR measurement approach based on LN Charitable Donations, Green Accounting with proper performance ratings and a more comprehensive financial performance indicator, namely ROA, thus providing a more holistic understanding of the relationship between sustainability and profitability. Research shows that GA has an effect on FP, but CSR has no effect on FP. GA can be a useful tool to help companies improve efficiency, reduce risk, and increase the company's competitiveness in the market. Although there are initial costs for implementation, the long-term benefits can have a positive impact on the company's financial performance. While CSR, Although CSR can provide many long-term benefits for companies, there is not always a significant direct relationship between the implementation of CSR and the company's financial performance. Implementing CSR programs often requires significant initial costs.

Keywords: Corporate Social Responsibility; Financial Performance; Green Accounting,

1. Introduction

Financial Performance (FP) is a study of the financial health of an entity, usually measured through financial statements and various ratios (Rizal & Yatminiwati, 2019). This calculation of financial ratio analysis is important for investors to know information about a company in making investment decisions. FP is an analysis that is carried out to see the extent to which the company has run its business using the rules of financial implementation properly and correctly (Josephine et al., 2023). There are several variables that can affect *Financial Performance,* which are focused on in this study are *Green Accounting* (GA) and *Corporate Social Responsibility* (CSR).

GA is an accounting practice that considers the environmental impact of business activities (Amor & Asrida, 2022). This includes the measurement of the costs and benefits associated with the use of natural resources and the waste generated. GA can be seen as a tool for acquiring and maintaining legitimacy in the context of legitimacy theory. Legitimacy theory states that companies seek to acquire, maintain, and improve the legitimacy of society (Suchman, 1995). By demonstrating a commitment to sustainability and transparency, companies can meet stakeholder expectations, manage reputational risks, and ultimately improve the performance and sustainability of their business. GA can have a significant impact on a company's financial performance. Despite the challenges in its implementation, long-term benefits such as reduced costs, improved image, and access to financing can lead to better financial performance. Previous research has revealed that GA affects FP (Endiana et al., 2020); (Emmanuel, 2021); (Amor & Asrida, 2022); (Orbaningsih, 2023); (Tanjung & Lestari, 2025). However, different results were found by (Damayanti & Astuti, 2022) which revealed that GA had no significant effect on FP.

The next variable is CSR. CSR is a company's commitment to operate ethically and contribute to economic development while improving the quality of life of its workforce, their families, local communities, and the wider community (Fabiani & Breliastiti, 2020). In line with *Stakeholder Theory* (Freeman, 1984) which emphasizes the importance of companies paying attention to the interests of all parties involved or affected by company activities, CSR is a sustainable business commitment that contributes to the economy where companies are required to act ethically and can improve the quality of sustainability of people's lives (Saputra, 2018). CSR has the potential to have a significant positive impact on the company's financial performance (T. Setiawan et al., 2021). While there are upfront costs to be incurred, long-term benefits, such as improved reputation, customer loyalty, and access to capital, can lead to better financial performance. Previous research has revealed that CSR has an effect on FP (Cho et al., 2019); (Kamatra & Kartikaningdyah, 2015). However, different results were found by (Wibisono & Panggabean, 2019); (Hidayah & Wijaya, 2022) which revealed that CSR does not have a significant effect on FP.

The formulation of the problem in this study is: 1) Does *Green Accounting* have an effect on *Financial Performance*? 2) Does *Corporate Social Responsibility* affect *Financial Performance*?. While the purpose of this study is to prove the influence: 1) *Green Accounting* on *Financial Performance*? 2) *Corporate Social Responsibility* terhadap *Financial Performance*?

In research on the influence of Green Accounting and CSR on financial performance, Legitimacy Theory and Stakeholder Theory work in a complementary manner where GA and CSR are used as legitimacy strategies, as well as as stakeholder relationship management tools (*Stakeholder Theory*), both of which aim to improve the company's financial performance.

Based on the above explanation, the hypothesis in this study is:

H1: *Green Accounting* has a significant effect on *Financial Performance*

H2: *Corporate Social Responsibility* has a significant effect on *Financial Performance*.

2. Research Methods

This study aims to test and provide empirical evidence regarding the influence of independent variables on dependent variables. In this study, the independent variables are *Green Accounting* which is measured by *proper performance rating* (Surahmat et al., 2025) and *Corporate Social Responsibility* which is measured by LN *Charitable Donations* (Josephine et al., 2024). The dependent variable in this study is *Financial Performance* which is measured using ROA (Setiawan et al., 2024). The research test uses the period 2020 – 2023. This research is a quantitative research that uses secondary data, namely *the annual report*. The population in the study is all companies listed in the LQ45 on the Indonesia Stock Exchange for the period 2020 – 2023.

The sampling used *purposive sampling* with the following criteria:

1. Companies listed in LQ45 during 2020 – 2023
2. Companies that consistently publish *annual reports* during 2020 – 2023.

3. Companies that use rupiah currency.
4. Companies that did not suffer losses during 2020 – 2023.

Furthermore, this study will use the SPSS 25 program for data processing using multiple regression analysis. Starting from descriptive statistical testing, clastistic assumption tests and hypothesis analysis tests that refer to (Ghozali, 2018).

3. Results and Discussion

The data used in this study is the company's annual report listed in LQ45 on the Indonesia Stock Exchange for the period 2020 - 2023. Based on the results of data collection used in this study, it shows that there are 23 companies that meet *the purposive sampling* criteria, so that the research data obtained is 79 data.

Table 1. Sample Selection Results

Criterion	Number of Companies	Amount of Data
LQ45 companies listed on the IDX during 2020 - 2023	64	256
Companies that are not registered with LQ45 consecutively in 2020 - 2023	(39)	(156)
Companies that have suffered losses	(2)	(8)
Total selected samples	23	92
Data omitted due to outliers		(13)
Total observation data		**79**

Source: Data processed (2024)

The independent variables used in this study are *Green Accounting* and *Corporate Social Responsibility*. The dependent variable used in this study is *Financial Performance*. The following are the results of descriptive statistics of the variables of this study.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TA	79	.01	.35	.0808	.07007
ROA	79	19.37	28.16	24.5128	2.00481
DER	79	.00	5.00	2.7595	1.96257

Source: Researcher's Results (2024)

Based on the results of table 2, the dependent variable in this study is *Financial Performance* which produces an average value (*mean*) of 0.0808 and a standard deviation of 0.07007. The *mean* value is greater than the standard deviation which can be interpreted as *the Financial Performance* variable in this study is homogeneous data.

Next is the first independent variable in this study, namely *Green Accounting* has an average value or *mean* of 24.5128 and a standard deviation of 2.00481. The *mean* value is greater than the standard deviation which can be interpreted as the *Green Accounting* variable in this study is homogeneous data.

Next is the second independent variable in this study, namely CSR which produces an average value or *mean* of 2.7595 and a standard deviation of 1.96257. The *mean value* is greater than the standard deviation which can be interpreted that the CSR variable in this study is homogeneous data.

3.1 Classic Assumption Test

3.1.1 Normality Test

Table 3. Normality Test

Information	Party Signifikansi	Monte Carlo Sig (2-tailed)	Results
Model Regresi 1	0,05	0,060	Normal distributed data

Source: *SPSS* 25 Data Processing

In Table 3, the results of the normality test with the help of the SPSS 25 program were obtained results showing that the *value of Sig (2-tailed)* in the regression model was 0.060 where this number was greater than the significance level of 0.05. So that the normality test tested using *the One-Sample Kolmogorov-Smirnov Test* shows that the regression model in this study is normally distributed.

3.1.2 Multicollinearity Test

Table 4. Multicollinearity Test

Variabel	Collinearity Statistics		Conclusion
	Tolerance	VIF	
GA	**.988**	**1.012**	Multicollinearity does not occur
CSR	**.988**	**1.012**	Multicollinearity does not occur

Source: *SPSS* 25 Data Processing

Based on the results of the SPSS test for the multicollinearity test in Table 4, it shows that:

1. GA has a *tolerance value* of 0.988 > 0.10 and a *Variance Inflation Factor (VIF)* of 1.012 < 10. Therefore, it can be concluded that in the GA variable

there is no multicollinearity.

2. CSR has a *tolerance value* of 0.988 > 0.10 and a *Variance Inflation Factor (VIF)* of 1.012 < 10. Therefore, it can be concluded that in the CSR variable there is no multicollinearity.

3.1.3 Uji Heteroskedastisitas

Table 5. Heteroscedasticity Test

			Unstandardized Residual	Results
Spearman Rho	GA	Sig. (2-tailed)	.546	Heteroscedasticity does not occur
	CSR	Sig. (2-tailed)	.724	Heteroscedasticity does not occur

Source: data processed from SPSS 25

Based on the results of the SPSS test for the heteroscedasticity test in Table 5, it shows that:

1. GA memiliki nilai signifikansi 0,546 > 0,05. Maka dapat disimpulkan bahwa pada variabel GA tidak terdapat heteroskedastisitas.
2. CSR memiliki nilai *tolerance* 0,724 > 0,05. Maka dapat disimpulkan bahwa pada variabel CSR tidak terdapat heteroskedastisitas.

3.1.4 Autocorrelation Test

Table 6. Autocorrelation Test Results

	DU	**Durbin-Watson**	**4 - DU**	**Results**
Model Regresi 1	1,6867	1,966	2,3133	No autocorrelation occurs

Source: data processed from SPSS 25

Based on table 6 for autocorrelation tests using the cochrane orcutt *test.*In regression model 1, the result shows the value of DU 1.6867 < DW 1.966 < 4 – DU 2.3133. The result of the durbin watson value is greater than DU and less than 4 – DU. So it can be concluded that the data in this study does not occur autocorrelation.

3.2 Coefficient Determination Test (R^2)

Table 7. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.406[a]	.165	.143	0,06488

Source: data processed from SPSS 25

The *SPSS output* display in table 7 shows the magnitude *of Adj. R2 Square* in the study of 0.165 or about 16.5%. This means that 16.5% of the company's value variables can be explained through independent variables, while the rest are explained by other variables outside the model that were not studied in this study.

3.3 *Goodness Of Fit* (Test F)

Table 8. F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.063	2	.032	7.482	.001[b]
	Residual	.320	76	.004		
	Total	.383	78			

Source: data processed from SPSS 25

The *SPSS output* display in table 8 shows a significance value of 0.001 in regression model 1. The significance value is less than 0.05, proving that this research model is worth researching.

3.4 Significant Test of Individual Parameters (Statistical Test t)

Table 9. Test Results t

Model		B	t	Sig.	Hasil
1	(Constant)	-.269	-2.911	.005	
	GA	.014	3.690	.000	Berpengaruh
	CSR	.006	1.559	.123	Tidak berpengaruh

a. Dependent Variable: Y

Sumber: Pengolahan Data *SPSS* 25

3.5 Discussion

3.5.1 The Influence of GA on *Financial Performance*

Based on the *results of the SPSS 25* output in table 9, it shows that the GA variable has a significance value of 0.000 where the significance value is less than 0.05. The *t-statistic* value shows a result of 3.690. This result proves that GA has an effect on *Financial Performance*.

This research is in line with research conducted by (Endiana et al., 2020); (Amor & Asrida, 2022); (Emmanuel, 2021) which proves that GA has a significant effect on *financial performance*. These results are in line with *legitimacy theory*, where GA and *legitimacy theory* are closely related in the context of how companies manage and report their environmental impacts to gain recognition and support from stakeholders, such as the public, customers, regulators, and investors. By adopting GA, companies can more easily gain legitimacy in a society that is increasingly concerned with environmental issues (Dura & Suharsono, 2022). GA gives companies a way to report and manage their environmental impacts, while *legitimacy theory* explains how companies use the report to gain acceptance from the public and other stakeholders. Both serve as tools for companies to maintain a positive image and improve *the company's* financial performance (Josephine et al., 2023).

Overall, GA can be a useful tool to help companies improve efficiency, reduce risk, and increase the company's competitiveness in the market. Although there are initial costs for implementation, the long-term benefits can have a positive impact on a company's financial performance.

3.5.2 The Influence of CSR on *Financial Performance*

Based on the *results of the SPSS 25* output in table 9, it shows that the CSR variable has a significance value of 0.123 where the significance value is greater than 0.05. The *t-statistic* value shows a result of 1.559. These results prove that CSR has no effect on *Financial Performance*.

This research is in line with research conducted by (Wibisono & Panggabean, 2019); (Hidayah & Wijaya, 2022); (Sunarjo et al., 2024) which shows that CSR has no effect on *financial performance*. These results are not in line with *stakeholder theory*. CSR and *stakeholder theory* basically have the same goal, which is to improve the welfare of various company stakeholders. However, in practice, sometimes CSR is not in line with *stakeholder theory* where CSR focuses on the company's contribution to society, the environment, and the wider stakeholders, with the aim of improving social and environmental welfare (Campos-Rasera et al., 2023). CSR is often more related to altruistic actions or those that have a long-term positive impact, without taking into account direct financial benefits (Saputra, 2018). On the other hand, *stakeholder theory* focuses on fulfilling the interests and needs of various parties involved in the company, be it employees, consumers, suppliers, investors, or the general public. CSR often focuses on greater social or environmental impact, while *stakeholder theory* prioritizes a balance between the interests of all stakeholders, including financial gains. Companies may find it difficult to balance between social goals and the need to provide financial value for key stakeholders (such as shareholders or investors). If companies focus more on social impact in CSR programs without considering financial gains, this can lead to tension between social goals and short-term profit expectations held by profit-oriented stakeholders (Breliastiti et al., 2020).

While CSR can provide many long-term benefits to companies, there is not always a significant direct relationship between CSR implementation and a company's financial performance. The implementation of CSR programs often requires significant upfront costs. Companies may have to spend funds on social, environmental, or sustainability activities that don't immediately generate direct revenue. These costs can weigh on a company's finances in the short term, ultimately affecting profitability or financial performance in the near term. CSR that is carried out without good planning or management may not have the expected impact. If a company is unable to manage CSR activities efficiently, such as in terms of resource allocation or measurement, the program does not have a positive impact on the company's image or even on financial performance. Therefore, companies need to consider appropriate and sustainable CSR strategies, as well as ensure that these initiatives are managed properly in order to create a significant impact on their financial performance (Setiawan et al., 2021).

4. Conclusion

The results of this study found that GA has an effect on Financial Performance, but CSR has no effect on Financial Performance. GA has great potential to improve a company's long-term financial performance through cost efficiency, legal compliance, and reputation enhancement. On the other hand, even though CSR has no effect on Financial Performance, it is still relevant to build reputation, long-term sustainability, and relationships with stakeholders. These two concepts influence the way companies manage information and resources to achieve sustainability and efficiency goals, which in turn greatly influence managerial decision-making.

This research not only provides theoretical contributions in the field of accounting and sustainability management, but also has a practical impact on the business world and regulators in designing sustainability strategies that support the achievement of optimal financial performance.

The limitations in research where CSR and GA data rely heavily on annual reports or the existence of inconsistent sustainability reports between one company and another, so that it has the potential to cause bias in research results. In addition, GA and CSR measurement is still limited to a simple quantitative approach that has not been able to describe the overall impact of sustainability on a company's financial performance. Therefore, further research is expected to expand the scope of variables, using a qualitative or longitudinal approach, as well as incorporating external factors to produce more comprehensive findings.

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