The Application of *Green Accounting* and *Corporate Social Responsibility* (CSR) to The Profitability of Companies Receiving the *National Center for Sustainability Reporting* (NCSR) Indonesia Award

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Abstract. The purpose of this research is to test the influence of green accounting and corporate social responsibility on the company's profitability. Green accounting and Corporate Social Responsibility (CSR) as a benchmark for the company's awareness and concern for the aging earth. This research uses a sample of 33 data from companies that received the National Center of Sustainability Reporting Indonesia award in 2019-2021. Testing uses partial testing and simultaneous testing with SPSS version 20. Profitability is calculated one year after the company applies green accounting and CSR because the impact of green accounting and CSR is not direct on performance. The results of the research show that the implementation of employee relations, community, product and environment (CSR) simultaneously has a significant impact on profitability. CSR with partial product proxy has a significant effect. Variable green accounting and CSR have a significant effect simultaneously on profitability.

Keywords: Green accounting, CSR, profitability, PROPER.

1 Introduction

1.1 Background

The short-term goal of a company in general is to generate as much profit as possible, and the long-term goal is to increase the value of the company. One of the efforts made to maximize profitability is to increase efficiency and productivity, including producing using cost reduction, conducting mergers and acquisitions, and using cheaper resources which can result in a decrease in environmental quality (Murniati & Sovita, 2021). The decline in environmental quality requires handling from the company to meet the wishes of both internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities), because stakeholder interests are not only related to the company's financial factors, but also environmental factors. The company's environmental factor is whether the company pays attention to the environmental impact of its business activities. Green accounting is a positive thing that the company has as an effort to overcome the consequences of an event concerning the environment that is included in the financial statements. Green accounting is a means

F. Arif Rahman et al. (eds.), *Proceedings of the Sixth International Conference on Applied Economics and Social Science (ICAESS 2024)*, Advances in Economics, Business and Management Research 312,
https://doi.org/10.2991/978-94-6463-640-6_10

of reporting related to the environment, this is in order to achieve good company performance so as to increase profitability (Chasbiandani et al., 2019).

Agency theory is the most popular way to articulate this reference based on three main groups of theories. The first group's objectives lead to a short-term profit orientation, measured by stock prices. The second group of theories focuses on strategic objectives to achieve competitive advantage, which will result in long-term profits and the third is about cause-and-effect marketing which can be explained as a win-win situation as a mutual benefit between the company and society. This is a dramatic way to build brand equity as it creates the most value and directly increases profitability (Ho et al., 2019).

Shafnir (2018), as the Director of Economy at the West Pasaman Regional Secretariat, revealed that in 2018, there were 21 oil palm plantation companies and banks that did not implement CSR. The local government has issued a warning calling for the immediate implementation of CSR activities. In accordance with West Pasaman Regional Regulation No. 3/2017 on Corporate Social and Environmental Responsibility, all companies are obliged to carry out CSR for the surrounding community. The mention of local regulations in the chapter, on the contrary, for companies that have submitted CSR reports, we will evaluate how many reports actually need to be submitted (Shabrina, 2021).

Based on this data, in its implementation, there are still many companies that tend to be reluctant to run CSR programs. This is because many companies consider CSR as an extra expense that is not profitable in the short term. CSR also requires companies to allocate their resources in the implementation and management of CSR programs. On the other hand, there are also companies that do not understand CSR programs and therefore do not implement them. This attitude tends to occur in traditional companies that have not been able to adjust to environmental and community accountability (Egsa.geo.ugm.ac.id, 2022).

The application of CSR is not far from the use of renewable energy, companies that make good CSR efforts usually spend more on assets used to support CSR. For example, Pertamina brings renewable energy from the waterfall to remote communities. The turbines can generate 10 kWh of electricity, enabling a decent livelihood for more than 165 local residents in 37 households. The installation of the turbines has reduced the utility costs that each household has to bear by buying kerosene, and the maintenance and management of the turbines are more economical because they provide clean energy without pollution (Pertamina.com, 2022). This is also the background of the relationship between CSR and profitability, in this case associated with ROA (Return on Asset). Where the company incurs more costs that are used to support CSR and environmental management for assets in the form of sophisticated tools as an investment, whether this can generate returns from the assets it owns.

The sample in this study uses companies that are members of NCSR (National Center for Sustainability Reporting) Indonesia. The reason for selecting this sample is because these companies have actively and consistently disclosed CSR. NCSR is a pioneering independent organization in Indonesia that presents the idea of sustainability reporting. The organization organizes awards as a form of recognition for issuers that are committed to implementing CSR, so NCSR was chosen. This is expected to expand opportunities to access more detailed implementation information.

Based on this exposure, where there are differences in conclusions obtained both based on data in the field and the reasons for selecting samples, it is interesting for researchers to examine the various problems that have been described to be used as research with the title "Application of Green Accounting and Corporate Social Responsibility (CSR) to the Profitability of NCSR Indonesia Award Recipient Companies".

2 Literature Review

2.1 Grand Theory

Agency Theory

According to Jensen and Meckling (1976), agency theory is a design to explain the contextual relationship between principals and agents, namely between two or more people, groups, or organizations. The principal is the party who has the right to make decisions about the future of the company and transfer responsibility to another party (agent). Agency theory is the most popular way to articulate this reference based on three main groups of theories. The first group aims at short-term profit orientation, measured by stock prices. The second group of theories focuses on strategic objectives to achieve competitive advantage, which will result in long-term profits and the third is about cause-and-effect marketing which can be explained as a win-win situation as a mutual benefit between the company and society. This is a dramatic way to build brand equity as it creates the most value and directly increases profitability (Ho et al., 2019).

Green Accounting

Green accounting is the process of adding environmental costs in making financial statements for businesses, organizations, or institutions. Environmental costs are prices that must be paid as a result of business operations that have an impact on environmental quality both financially and non-financially (Risal et al., 2020).

Corporate Social Responsibility (CSR)

CSR refers to the body of knowledge around social, limited liability, and environmental responsibility. It centers on the idea that an organization, especially a company, has operational responsibilities towards consumers, employees, shareholders, communities, and the environment (Budget et al., 2019).

Profitability

According to Yuni (2022) profitability is the ability of a business to generate profits in relation to sales, total assets, and own capital. One of the tools to measure profitability is Return on Assets, according to Sunaryo (2022) Return on Assets (ROA) means measuring the capacity of the company's assets to generate profits. The higher the ROA, this shows that the company is more efficient in using assets to generate net profit after tax, the more effective the performance of the organization.

2.2 Hypothesis Development

The relationship between environmental performance and profitability

Based on agency theory there are three main groups of theories. The first group aims at short-term profit orientation measured using stock prices. The second group, the theory focuses on strategic objectives to achieve a competitive advantage that will result in long-term profits and the third is cause and effect related marketing which can be explained as a win-win situation as a mutual benefit between the company and society. The existence of awards given by the government for the good environmental performance of a company has an impact on the amount of success in increasing competitive advantage, strengthening brand equity, and increasing profitability, this is in line with the research of Chasbiandani et al. (2019). With this, it is increasingly believed that performance has a significant effect on profitability. From this basis, the hypothesis is formulated as below:
H1: Environmental performance has a significant effect on profitability.

The relationship of environmental disclosure to profitability

Environmental disclosure is accounting information that identifies, measures, evaluates, and discloses costs associated with the company's activities related to the environment. Based on agency theory, this environmental disclosure illustrates a company's efforts in environmental management and is a strategy to achieve a competitive advantage that has an impact on the amount of success in strengthening brand equity, and increasing profitability, this is in line with the research of Murniati & Sovita (2021). With this, it is increasingly believed that environmental disclosure has a significant effect on profitability. From this basis, the hypothesis is formulated as below:
H2: Environmental disclosure has a significant effect on profitability.

The relationship of environmental performance and environmental disclosure (green accounting) to profitability

Green accounting is an effort on how the consequences of an event concerning the environment are included in financial statements. Green accounting is a means of reporting with respect to the environment. This is done in order to provide information on the company's operational performance that refers to environmental protection in this case, namely in the form of environmental performance and environmental disclosure. The voluntary factor is the dominant factor that motivates the company to report these environmental problems. The existence of good environmental performance and environmental disclosures that illustrate the concern for this company is strategic to achieve competitive advantage has an impact on the magnitude of success in strengthening brand equity and increasing profitability. As explained in agency theory, three main theories, namely the first group of goals leads to short-term profit orientation, measured by stock prices. The second group of theories focuses on strategic goals to achieve competitive advantage, which will result in long-term profits and the third is about marketing related to cause and effect which can be explained as a win-

win situation as a mutual benefit between the company and the company community. Things with research by Andries & Stephan (2019). With this, it is increasingly believed that green accounting has a significant effect on profitability. From this basis, the hypothesis is formulated as below:
H3: Environmental performance and environmental disclosure (green accounting) together have a significant effect on profitability.

The relationship between employee relations and profitability
Employee relations is a social responsibility (CSR) variable related to employee training, satisfaction, health, and safety. According to Tarzani & Sumarni, (2023) employee relations is a technical means of managing human resources internally in the company and so on in order to achieve organizational goals. Disclosure of employee relations social responsibility aims to provide information on how employee management or internal relations are found in the company. Disclosure of employee relations in the company's annual report describes the concern for this company is a strategy to achieve competitive advantage has an impact on the magnitude of success in strengthening brand equity and increasing profitability. From this basis, the hypothesis is formulated as below:
H4: Employee relations have a significant effect on profitability.

Relationship between community and profitability
Community is a social responsibility (CSR) variable related to public projects, scholarship programs, donations, charities, sports programs. According to Rizal & Kharis, (2022) community or community is a quality in social relations that explains community development, namely as a scientific approach that focuses on improving human living standards and can bridge the resolution of social problems faced by society. Disclosure of social responsibility regarding the community aims to provide information on how the company's social relations regarding community development. Based on agency theory, the three main groups of theories with the disclosure of the community are strategies to achieve competitive advantage, which has an impact on the magnitude of success in strengthening brand equity and increasing profitability. From this basis, the hypothesis is formulated as below:
H5: Community has a significant effect on profitability.

The relationship between product and profitability
Product is a social responsibility (CSR) variable that includes matters related to product quality, product safety, product development, product safety, and customer service. According to Dahliani & Ahwal (2021) product is the level of satisfaction of customer needs expressed or implied based on the characteristics of the product or service provided. Disclosure of social responsibility regarding products aims to provide information on how the company's efforts in things related to its products. Disclosure of the product is then a strategy to achieve a competitive advantage that has an impact on the magnitude of success in strengthening brand equity, and increasing profitability, as in accordance with the explanation of the agency theory of the three main theory groups. From this basis, the hypothesis is formulated as below:

H6: Product has a significant effect on profitability.

The relationship between environment and profitability

Environment is a variable of social responsibility (CSR) environment is a variable related to improvement programs, pollution control, and prevention, as well as recycled materials carried out by the company. According to Mutakin (2018) the environment or environment in general is all the conditions around in this case, namely the company, which affect the growth and character of the company. Disclosure of social responsibility regarding the environment aims to provide information on how the company's efforts in environmental management in the company. Based on the agency theory of the three main groups of theories with the disclosure of the environment as a strategy to achieve competitive advantage has an impact on the magnitude of success in strengthening brand equity, and increasing profitability, the hypothesis is formulated as below:

H7: Environment has a significant effect on profitability.

The relationship of employee relations, community, product, environment (CSR) to profitability

CSR is the coverage of information about social, limited liability, and environmental responsibilities related to business. CSR controls or impacts natural resources and is not limited to its contributions or the information they include in the financial statements. The disclosure of social responsibility regarding employee relations, community, product and environment aims to provide information on social efforts undertaken by the company such as human resource management, community development, product development, and environmental management efforts undertaken. Involvement in CSR reflects "altruism" and "strategic" motives. According to Friedman in Ho et al. (2019), the altruistic purpose of implementing CSR is not to do so to increase profits. Altruistic CSR does not generate profits due to higher costs, sacrifice of profits for social benefits, and reduce shareholder wealth. However, the application of altruistic CSR can differentiate products and products attract more internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities). However, according to Wu and Shen in Ho et al. (2019), strategic CSR tends to pursue profit maximization by promoting their reputation and brand name through CSR activities that include environmental protection, charitable behavior, and integrity to customers. CSR disclosure is then a strategy to achieve competitive advantage, which has an impact on the magnitude of success in strengthening brand equity, and increasing profitability, as in accordance with the explanation of agency theory. This is in line with research conducted by Ho et al. (2019). So, it is increasingly believed that CSR has a significant effect on profitability from this basis, the hypothesis is formulated as below:

H8: Employee relations, community, product, environment (CSR) together has a significant effect on profitability.

The relationship between environmental performance and environmental disclosure (green accounting) and employee relations, community, product, environment (CSR) together has a significant effect on profitability.
Green accounting and CSR are the scope of business-related information about social and environmental responsibility. CSR and green accounting control or impact natural resources or human resources and are not limited in their contributions or the information they include in annual reports. Green accounting disclosures regarding environmental performance, environmental disclosures, and CSR regarding employee relations, community, product and environment aim to provide information on the efforts made by the company in the areas mentioned. Based on the agency theory of the three main groups of theories with the disclosure of green accounting and CSR, including the strategy of achieving competitive advantage has an impact on the amount of success in strengthening brand equity where the emergence of beliefs related to certain brands, symbols and / or names, which are able to reduce or increase the value provided by a product or service to increase profitability so that it has a good impact on marketers / companies. From this basis, the following hypothesis is formulated:
H9: Environmental performance and environmental disclosure (green accounting) and employee relations, community, product, environment (CSR) together has a significant effect on profitability.

3 Research Method

3.1 Operational Variable

Independent Variable

1) Green Accounting

The first independent variable or independent variable is green accounting. Which is proxied in this study in accordance with the research of Chasbiandani et al. (2019) which is as follows:

a. Environmental Performance (X1)

PROPER rating is a measurement for environmental performance variables. PROPER itself is a program against the coordinator's efforts in managing waste and preventing environmental damage or pollution. The PROPER rating consists of 5 color levels which include the following:

Table 1. Proper Rating

Score 5	= Gold	: Excellent
Score 4	= Green	: Good
Score 3	= Blue	: Simply
Score 2	= Red	: Bad
Score 1	= Black	: Very Bad

Source: Chasbiandani et al. (2019)

b. Environmental Disclosure (X2)

The environmental disclosure variable itself is measured using the dummy method. Companies receive a score of 1 if they have components of environmental activities, costs related to land restoration and reclamation, and costs related to community development. If the company does not have components related to these costs, the company scores 0 (Chasbiandani et al., 2019).

1) Corporate Social Responsibility (CSR)

CSR disclosure itself for each proxy is calculated on the basis of variable indicators using CSRD Score as follows:

c. Employee Relations (X3) The scores and indicators on the employee relations variable are as below:

Table 2. Employee Relations Variable Indicators

CSRD Assessment Criteria			
Employee Relations			
Category	**Score = 0**	**Score = 1**	**Score = 2**
Seminars and Training	Item not disclosed	Revealed	Detailed information with number
Education	Item not disclosed	Revealed	With numbers and costs
Compensation	Item not disclosed	Brief information	Detailed information with numbers, implementation
Awards for employees	Items not disclosed	Revealed	Quantitative and qualitative information
Student Recruitment Scheme and cooperation with higher education	Item not disclosed	Revealed	Specific programs implemented with Higher Education
Financial support to families of low-income students	Item not disclosed	Revealed	With figures and costs, implemented under the project
Internship program	Item not disclosed	Revealed	With payment

Source: Ho et al. (2019)

d. Community (X4)

The scores and indicators for the community variable are as below:

Table 3. Community Variable Indicators

CSRD Assessment Criteria			
Community			
Category	**Score = 0**	**Score = 1**	**Score = 2**
Sponsorship of activities such as sports, arts and culture	Item not disclosed	Brief information	Quantitative and qualitative information
Donation and charity to an orphanage	Item not disclosed	Revealed	Quantitative and qualitative information
Social commitments such as job creation, special education programs	Item not disclosed	Brief information	Quantitative and qualitative information applied in the project
Participation in government social activities	Item not disclosed	Revealed	Quantitative and qualitative information applied in the project
Partnership with the National council on CSR and sustainable development	Item not disclosed	Revealed	With International partners, project philanthropy
CSR awards from domestic institutions and government agencies or from world ranking organizations	Item not disclosed	Revealed	From government or international partners

Source: Ho et al. (2019)

e. Product (X5)

The scores and indicators on the product variable are as below:

Table 4. Product Variable Indicators

CSRD Assessment Criteria			
Product			
Category	**Score = 0**	**Score = 1**	**Score = 2**
English version of the company website and annual reporting	Item not disclosed	The website has an English version	English version of the annual report
Rural and urban branch expansion	Item not disclosed	Urban branches	Rural branches

CSRD Assessment Criteria **Product**			
Category	**Score = 0**	**Score = 1**	**Score = 2**
New product glossary	Item not disclosed	Short definition	Clear Definition
Compliance with social requirements	Item not disclosed	Products and services are in line with consumer needs	Products contribute to the social economy and cooperation with local or international institutions
Domestic and international awards for product or service quality	Item not disclosed	Revealed	From government or international partners
General and detailed types of loan activities	Item not disclosed	General information	Detailed information with percentage

Source: Ho et al. (2019)

Environment (X6)
The scores and indicators on the environment variable are as below:

Table 5. Environment Variable Indicators

CSRD Assessment Criteria **Environment**			
Category	**Score = 0**	**Score = 1**	**Score = 2**
Conservation of natural resources and recycling activities	Item not disclosed	Revealed	Quantitative and qualitative information applied in the project
Transparency of environmental reporting	Item not disclosed	Brief information	Quantitative and qualitative information
Promoting green environment or tree planting	Item not disclosed	Revealed	Quantitative and qualitative information

CSRD Assessment Criteria

Environment

Category	Score = 0	Score = 1	Score = 2
Promoting carbon emission reduction	Item not disclosed	Brief information	Quantitative and qualitative information applied in the project
Energy efficiency	Item not disclosed	Revealed	Project implementation
General and detailed types of loan activities	Item not disclosed	General information	Detailed information with percentage

Source: Ho et al. (2019)

For each variable, the disclosure score per year can be expressed in the calculation method as below:

$$CSRRD = \frac{\sum t \frac{DJ}{n}}{N} \tag{1}$$

Source: Ho et al. (2019)

Where the score of the disclosure of the company's annual report is termed CSRRD, t indicates year t, for the total score of each indicator contained in each independent variable CSR is indicated by Dj (score provisions according to the value criteria 0 to 2), n for the maximum expected value for the score of each category (= score 2), and N for the number of indicators. Below is the calculation of the CSR formula in total of the four variables described as follows:

$$\left[\frac{\text{CSR score of employees}}{7} + \frac{\text{CSR score of community}}{6} \quad \frac{\text{CSR score of products}}{6} + \frac{\text{CSR score of environments}}{5} \right] : 4 \tag{2}$$

Source: Data Processed by Researchers, (2024)

Dependent variable

The dependent variable or dependent variable in this study is profitability and is proxied by ROA. The capacity to generate returns and profits on assets owned by the company is called Return on Assets (ROA). With the formula:

$$ROA = \frac{\text{Profit for the period t}}{\text{Total Assets}} \quad (3)$$

Source: Erlangga et al. (2021)

Sample size determination technique

The sample determination technique used in this research is purposive sampling technique. The following criteria for purposive sampling used include, the company is an NCSR awardee. The criteria for companies that received the NCSR award itself are companies that have developed Sustainability Reports, or also called CSR Reports, which means that companies that get awards for consistently caring about the environment are seen in the presence or absence of sustainable reports or sustainability reporting made. The sample criteria in this study are that the company presents a complete sustainability report for the 2019-2021 period and financial statements for the 2020-2022 period, the sustainability report and financial statement period are not selected based on the same year, because the long-term effects of introducing CSR are not immediately visible in the financial performance of the year it is adopted, so the financial statement data one year after CSR implementation is the choice of researchers. And there is complete data related to the implementation of green accounting, CSR, and profitability. The following is a list of the companies in question:

Table 6. List of Sample Selection Criteria

No.	Description	Total
1	Population: NCSR Indonesia Awardee Companies in 2019-2021	67
2	Companies that do not have the data needed by researchers in the 2019-2021 financial statements	
	- The company is not listed on the Indonesia Stock Exchange (IDX)	42
	- The company is not listed in the 2019-2021 PROPER ranking	14
	Total Company	**11**
	Total sample for 3 years (3x11)	**33**

Source: Data Processed by Researchers, (2024)

A total of 67 companies receiving NCSR awards from 2019-2021 were reduced by 42 companies that did not meet the sample criteria, namely not listed on the IDX and 14 companies not listed in the PROPER ranking in 2019-2021 so that the total companies that met the criteria were 11 companies multiplied by the total research year of 3 years from 2019 to 2021 (11 x 3), so the data processed was 33 data.

Data Processing Technique

Data processing using statistical analysis with the SPSS version 20 computer program.

Data Analysis Technique

Descriptive analysis aims to record symptoms or events that are concise, organized, and unambiguous to get conclusions from data analysis (Ghozali, 2016). The next stage is to conduct a classic assumption test. The stages of conducting a classic assumption test are normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. This analysis is used to determine whether the independent variable and the dependent variable have a positive or negative relationship. The multiple regression model in this study is:

$$\text{Profitability} = \alpha \pm \beta 1\ KL \pm \beta 2\ PL \pm \beta 3\ EmRe \pm \beta 4\ Com \pm \beta 5\ Pro \pm \beta 6\ Env + {}_{e} \tag{4}$$

Where:

Profitability	=	Company Profitability
A	=	Constant
β1 β2 β3 β4 β5 β6	=	Regression coefficient of each independent variable
KL	=	Environmental performance
PL	=	Environmental disclosure
EmRe	=	Employee relations
Com	=	Community
Pro	=	Product
Env	=	Environment
e	=	Standard error

Coefficient of Determination (R^2) Analysis

The use of this analysis is to evaluate how much the dependent variable is influenced by the independent variable by looking at the R^2 value. The range of the coefficient of determination is 0 to 1 ($0 \leq R^2 \leq 1$), where in the range of these numbers it means that it shows the strength of the dependent variable influenced by the independent variable in explaining all information (Ghozali, 2016).

F test statistics

According to Ghozali (2016) the hypothesis test (F test) is used to determine whether there is a significant influence between the independent variables simultaneously on the dependent variable. The F table value can be calculated at a significant level of 5% (0.05).

Hypothesis Test (t Test)

According to Ghozali (2016) the hypothesis test (t test) is used to determine whether there is a significant influence between each independent variable on the dependent variable. The t test with $\alpha = 5\%$ can be used to determine whether or not the previous chapter hypothesis is accepted.

4 Result and Discussion

4.1 Results

Descriptive Statistics

The results of the descriptive analysis are as follows:

Table 7. Descriptive Statistics Test

Descriptive Statistics Test					
	N	Min	Max	Mean	Std. Deviation
Environmental Performance	33	3	5	3.87	0.78
Environmental Disclosure	33	0	1	0.9	2.9
Employee Relations	33	0.43	0.79	0.6	0.1
Community	33	0.33	0.75	0.55	0.12
Product	33	0.17	0.75	0.46	0.13
Environment	33	0.7	1	0.9	0.094
Profitability	33	-9.86	45.45	8.5	10.36
Valid N	33				

Source: Data Processed SPSS 20, (2024)

Based on table 7 above, it shows that the average value of environmental performance is 3.87 with a standard deviation of 0.78. Then the maximum value is 5 and the minimum value is 3. Then the average value of environmental disclosure is 0.9 with a standard deviation of 2.9. Then the maximum value is 1 and the minimum value is 0. Then the average value of employee relations (ER) is 0.6 with a standard deviation of 0.1 with a maximum value of 0.79 and a minimum value of 0.43. Then the average value of community (C) is 0.55 with a standard deviation of 0.12 with a maximum value of 0.75 and a minimum value of 0.33. Then the average value of product (P) is 0.46 with a standard deviation of 0.13 with a maximum value of 0.75 and a minimum value of 0.17. Then the average value of the environment (E) is 0.9 with a standard deviation of 0.09. Then the maximum value is 1 and the minimum value is 0.7. And the average value of profitability is 18.5 with a standard deviation of 10.36. Then the maximum value is 45.45 and the minimum value is -9.86.

Normality Test

The results of the Kolmogorov-Smirnov normality test are as follows:

Table 8. Normality Test

Kolmogorov-Smirnov Test Normality Test Results	
Description	Unstandardized Residual
N	33
Asymp. Sig. (2-tailed)	0.885

Source: Data Processed SPSS 20, (2024)

Based on table 8 above shows the value of Asymp. Sig. (2-tailed) value obtained is 0.885, this figure is> 0.05 so it can be concluded that the data is normally distributed.

Multicollinearity Test

The multicollinearity test results are as follows:

Table 9. Multicollinearity Test Results

Multicollinearity Test			
Variables	Tolerance Value	Vif Value	Description
Environmental Performance	0.754	1.326	No multicollinearity
Environmental Disclosure	0.466	2.147	No multicollinearity
Employee Relations	0.496	2.015	No multicollinearity
Community	0.67	1.493	No multicollinearity
Product	0.842	1.188	No multicollinearity
Environment	0.582	1.719	No multicollinearity

Source: Data Processed SPSS 20, (2024)

Based on table 9 above shows that there is no multicollinearity that occurs, this is because the tolerance value is less than 0.10 and VIF is greater than 10.

Heteroscedasticity Test

Result of heteroscedasticity test as follows:

Table 10. Heteroscedasticity Test

Heteroscedasticity Test Using the Glesjer Test		
Variables	**Sig.**	**Description**
Environmental Performance	0.628	No heteroscedasticity
Environmental Disclosure	0.939	No heteroscedasticity
Employee Relations	0.816	No heteroscedasticity
Community	0.826	No heteroscedasticity
Product	0.074	No heteroscedasticity
Environment	0.313	No heteroscedasticity

Source: Data Processed SPSS 20, (2024)

Based on table 10 above, it shows that no heteroscedasticity occurs, this is because the significant value is more than 0.05.

Autocorrelation Test

The results of the autocorrelation test are as follows:

Table 11. Autocorrelation Test

Durbin Watson	dL	dU	4-dL	4-dU	Results
1.205	1.0607	1.8999	2.9393	2.1001	No autocorrelation

Source: Data Processed SPSS 20, (2024)

Based on table 11 above, it shows that no autocorrelation occurs, this is because the value obtained is appropriate, namely dl (1.0607) < dw (1.205) < 4-du (2.1001).

Hypothesis Test

Multiple Linear Regression Test

The hypothesis test results are as follows

Table 12. Hypothesis Test

Variables	**Coefficients**	**T**	**Sig.**	**Ket.**
(Constant)	0.804	0.029	0.977	
Environmental Performance	-1.305	-0.555	0.584	Not Significant
Environmental Disclosure	2.83	0.354	0.727	Not Significant
Employee Relations	-13.551	-0.614	0.545	Not Significant
Community	1.014	0.068	0.947	Not Significant
Product	-38.78	-3.028	0.005	Significant
Environment	39.318	1.782	0.087	Not Significant
F Count (Green Accounting)			0.675	Not Significant
F Count (CSR)			0.01	Significant
Sig.			0.036	Significant
R^2			0.384	
Adjusted R^2			0.242	

Source: Data Processed SPSS 20, (2024)

Based on table 12 above, it shows that the multiple linear regression analysis is as follows:

Profitability= 0.084 - 0.1.305 KL + 2.83 PL - 13.551 EmRe + 1.014 Com - 38.78 Pro + 39.318 Env + e (5)

Coefficient of Determination (R^2) Analysis

From Table 12 above, the effect of green accounting and CSR on profitability is 38.4%, and the remaining 61.6% is influenced by other factors. Although financial performance is very likely to be influenced by financial factors as well, this value of 38.4% is important enough to include non-financial factors as one of the considerations in making management decisions regarding the value of a company's financial policies.

F test

Based on table 12 above, the explanation is as follows:

a. The results of the simultaneous test (F test) show that the environmental performance variable and environmental disclosure (green accounting) have no significant effect on profitability because the significance (0.675) > 0.05. then the third hypothesis Ho is accepted, H3 is rejected.
b. The results of the simultaneous test (F test) show that the employee relations, community, product, environment (CSR) variable has a significant effect on profitability because the significance (0.010) <0.05. then the eighth hypothesis Ho is rejected, H8 is accepted.
c. The results of the simultaneous test (F test) show that the variables of environmental performance and environmental disclosure (green accounting) and employee relations, community, product, environment (CSR) have no significant effect on profitability due to significance (0.036) > 0.05. then the ninth hypothesis Ho is accepted, H9 is rejected.

Test t

Based on table 12 above, the explanation is as follows:

a. The partial test results show that the environmental performance variable has no significant effect on profitability because the significance (0.584) > 0.05. In this case the first hypothesis Ho is accepted and H1 is rejected.
b. Partial test results show that the environmental disclosure variable has no significant effect on profitability because the significance (0.727) > 0.05. In this case the second hypothesis Ho is accepted and H2 is rejected.
c. The partial test results (t test) show that the employee relations variable has no significant effect on profitability because the significance (0.545) > 0.05. In this case the fourth hypothesis Ho is accepted and H4 is rejected.
d. The partial test results (t test) show that the community variable has no significant effect on profitability because the significance (0.947) > 0.05. In this case the fifth hypothesis Ho is accepted and H5 is rejected.
e. The partial test results (t test) show that the product variable has no significant effect on profitability because the significance (0.005) <0.05. In this case the sixth hypothesis Ho is rejected and H6 is accepted.
f. The partial test results (t test) show that the environment variable has no significant effect on profitability because the significance (0.087) > 0.05. In this case the seventh hypothesis Ho is accepted and H7 is rejected.

The following table 13 below contains a summary of the significance values of the ANOVA t test and F test.

Table 13. Summary of Hypothesis Results

Hypothesis		Sig	Results
H1	Environmental performance has a partially significant effect on profitability	0.584	Rejected
H2	Environmental disclosure has a partially significant effect on Profitability	0.727	Rejected
H3	Environmental performance and environmental disclosure (green accounting) have a significant effect simultaneously on profitability.	0.675	Rejected
H4	Employee relations have a significant partial effect on profitability	0.545	Rejected
H5	Community has a significant partial effect on profitability	0.947	Rejected
H6	Product has a significant partial effect on profitability	0.005	Accepted
H7	Environment has a significant partial effect on profitability	0.087	Rejected
H8	Employee relations, community, product, environment (CSR) have a significant effect simultaneously on profitability.	0.01	Accepted
H9	Green accounting and CSR simultaneously have a significant effect on profitability.	0.036	Accepted

Source: Data Processed SPSS 20, (2024)

4.2 Discussion

The effect of environmental performance on profitability

The hypothesis that environmental performance has a significant effect on profitability is rejected. The existence of awards given by the government for the good environmental performance of a company does not have an impact on the amount of success in increasing competitive advantage where it is not enough to add value to the product so that it has not attracted consumer interest in the product, because it does not provide direct benefits so that an increase in profitability has not been achieved, as evidenced by the absence of a significant influence between environmental performance and profitability. The existence of this failure has not fulfilled the basis of agency theory where the proxy for environmental performance does not have a direct beneficial effect on society, the benefits felt do not come from the product, but only in the form of a company image so that it has not created a competitive advantage, and consumers are less interested so that it cannot increase company profitability. It can be concluded that there is no significant influence between environmental disclosure on profitability because the community does not feel benefited by the environmental disclosure and as a result the community is also not interested in buying the product so that it cannot increase profitability. This is in line with the research of Murniati & Sovita (2021).

The effect of environmental disclosure on profitability

The hypothesis that environmental disclosure has a significant effect on profitability is rejected. Environmental disclosure is accounting information in which identifies, measures, assesses, and discloses costs related to company activities. The existence of environmental disclosure has no impact on the amount of success in increasing competitive advantage such as adding product value so that it is felt that it does not provide direct benefits to consumers and has not attracted consumers to buy products so that an increase in profitability is not achieved. The unsuccessful increase in profitability has not fulfilled the basis of agency theory where the proxy for environmental disclosure does not have a direct beneficial effect on society. The benefits felt are only in the form of the company's image, so that it has not created a sufficient competitive advantage, and consumers are less interested so that it cannot increase the company's profitability. It can be concluded that there is no significant influence between environmental disclosure on profitability because the community does not feel benefited by the environmental disclosure and as a result the community is also not interested in buying the product so that it cannot increase profitability. This is in line with research conducted by Kholmi & An Nafiza (2022).

The effect of environmental performance and environmental disclosure together (green accounting) on profitability

The hypothesis that environmental performance and environmental disclosure together (green accounting) have a significant effect on profitability is rejected. Green accounting is an effort to make the consequences of an environmental event included in the financial statements. The voluntary factor is the dominant factor that motivates companies to report these environmental problems. The existence of green accounting has not shown success in achieving competitive advantage has an impact on the amount of success in strengthening brand equity and increasing profitability. The existence of the unsuccessful increase so that it does not fulfill the basis of agency theory where environmental performance proxies and environmental disclosures together (green accounting) do not have a direct beneficial effect on society. The benefits felt are only in the form of the company's image, so that it has not created a sufficient competitive advantage, and consumers are less interested so that it cannot increase the company's profitability. It can be concluded that there is no significant influence between environmental performance and environmental disclosure together (green accounting) because the community does not feel benefited by the environmental disclosure and as a result the community is also not interested in buying the product so that it cannot increase profitability. This is in line with research conducted by Kholmi & An Nafiza (2022).

The effect of employee relations on profitability

The hypothesis that employee relations have a significant effect on profitability is rejected. Employee relations aim to provide information on how employee management or internal relationships exist in the company. The existence of such a disclosure in the company has not shown success in achieving competitive advantage and increasing profitability. The application of CSR can differentiate products and products attract more internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities). However, for the application of employees alone is not enough because there are still many other aspects of support needed to achieve the goal of making a profit such as product development or benefits so that it cannot add value to a product and cannot attract consumers to buy a product and increase profitability. This is evidenced by the absence of this failure related to the non-fulfillment of the basis of agency theory where disclosures related to employee management, or internal relations alone have not provided direct benefits to the community because this will only improve the company's image and cannot add added value to a product so that it does not attract consumer interest and cannot increase profitability. It can be concluded that there is no significant influence between employee relations and profitability because the community does not feel benefited by the existence of employee relations and as a result the community is also not interested in buying the product so that it cannot increase profitability. This is in line with Sumarna & Muzakir's research (2022).

The effect of community on profitability

The hypothesis that community has a significant effect on profitability is rejected Community is a social responsibility variable (CSR) related to donations, charities, scholarship programs, sports programs, and public projects. Disclosure of social responsibility regarding the community aims to provide information on how the company's social relations regarding community development. The existence of these disclosures in the company has not shown success in achieving competitive advantage and increasing profitability. The implementation of CSR can differentiate products and products attract more internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities). However, for the type of community alone without other aspects, it is not enough to provide direct benefits to consumers such as good product quality so that it cannot add value to the product and cannot attract consumers to buy a product. The existence of this failure is related to the non-fulfillment of the basis of agency theory where disclosures related to charity, assistance and donations so on alone have not provided direct benefits to the community because this will only improve the company's image and cannot add added value to a product so that it is less attractive to consumers and cannot increase profitability. It can be concluded that there is no significant influence between community and profitability because the community does not feel benefited by the community and as a result the community is also not interested in buying the product so that it cannot increase profitability. This is in line with research conducted by Pratiwi et al. (2020).

The effect of product on profitability

The hypothesis that product has a significant effect on profitability is accepted. Product is a proxy for social responsibility (CSR) which includes matters related to product development, product safety, product quality, and customer service. According to Dahliani & Ahwal (2021) product is the level of satisfaction of customer needs expressed or implied based on the characteristics of the product or service provided. Disclosure of social responsibility regarding products aims to provide information on how the company's efforts in things related to its products. Disclosure of the product is a strategy to achieve a competitive advantage that has an impact on the magnitude of success in strengthening brand equity. The existence of product disclosure will certainly provide brand trust because it is related to the product itself so that it will be able to increase or decrease the value provided by a product. This happens because product disclosure has a direct impact on the benefits obtained by consumers so that it can affect profitability, the existence of this success is in accordance with agency theory where disclosures related to product development, customer satisfaction can provide direct benefits to the community because of the benefits that are directly felt from the product, of course it is an added value to a product so that it attracts consumer interest and can increase profitability. It can be concluded that there is a significant influence between product and profitability because the public feels benefited by product disclosure and as a result the public is also interested in buying these products so as to increase profitability. This is in line with research conducted by Ho et al. (2019).

The effect of environment on profitability

The hypothesis that the environment has a significant effect on profitability is rejected. Environment is a proxy for social responsibility (CSR) environment is a proxy related to pollution control, repair and prevention programs, and recycled materials carried out by the company. The existence of these disclosures in the company has not shown success in achieving competitive advantage and increasing profitability. CSR implementation can differentiate products and products attract more internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities). However, the application of environment alone without the support of other aspects is not enough to add value to a product and provide direct benefits to consumers so that it cannot attract consumers to buy a product. This is evidenced by the absence of a significant influence between the environment and increased profitability. Agency theory where disclosures related to environmental improvement and prevention alone cannot add value to a product so that it does not attract consumer interest and cannot increase profitability. It can be concluded that there is no significant influence between the environment and profitability because people do not feel benefited by the environment and as a result people are also not interested in buying the product so that it cannot increase profitability. This is in line with research conducted by Pratiwi et al. (2020).

The effect of employee relations, community, product, and environment (CSR) together on profitability

The hypothesis that employee relations, community, product, and environment together (CSR) have a significant effect on profitability is accepted. CSR is the scope of information about social responsibility, limited liability companies, and the environment related to business. CSR controls or impacts natural resources and is not limited to its contributions or the information they include in the financial statements. The disclosure of social responsibility regarding employee relations, community, product and environment aims to provide information on social efforts undertaken by the company such as human resource management, community development, product development, and environmental management efforts undertaken. Involvement in CSR reflects "altruism" and "strategic" motives. According to Friedman in Ho et al. (2019), the altruistic purpose of implementing CSR is not to do so to increase profits. Altruistic

CSR does not generate profits due to higher costs, sacrifice of profits for social benefits, and reduce shareholder wealth. However, the application of altruistic CSR can differentiate products and products attract more internal and external stakeholders (employees, customers, non-governmental organizations, and public authorities). However, according to Wu and Shen in Ho et al. (2019), strategic CSR tends to pursue profit maximization by promoting their reputation and brand name through CSR activities that include environmental protection, charitable behavior, and integrity to the magnitude of success in strengthening brand equity where the emergence of brand trust associated with a particular brand, a product or service, is good for marketers/companies and increases profitability as in accordance with the explanation of agency theory where CSR disclosures related to employee relations, community, product and community simultaneously become added value to a product so as to attract consumer interest and can increase profitability. It can be concluded that there is a significant influence between CSR and profitability because people feel benefited by CSR disclosure and as a result people are also interested in buying the product so that it can increase profitability. This is in line with research conducted by Ho et al. (2019).

The effect of green accounting and CSR together on profitability

The hypothesis that green accounting and CSR together have a significant effect on profitability is accepted. Green accounting and CSR are the scope of business-related information about social and environmental responsibility. CSR and green accounting control or impact natural resources or human resources and are not limited in their contributions or the information they include in annual reports. The disclosure of green accounting regarding environmental performance, environmental disclosure, and CSR regarding employee relations, community, product and environment aims to provide information on the efforts made by the company in the areas mentioned.

The existence of green accounting and CSR disclosures simultaneously reflects the achievement of competitive advantage and adds or reduces the value of the products produced, as evidenced by the significant influence between the application of green accounting and CSR on profitability. This is in accordance with agency theory where disclosures related to green accounting and CSR simultaneously become added value to a product so as to attract consumer interest and can increase profitability. It can be concluded that there is a significant influence between green accounting and CSR on profitability because the public feels benefited by the disclosure and as a result the public is also interested in buying the product so as to increase profitability. This is in line with research conducted by Erlangga et al. (2021).

5 Conclusion and Suggestions

The conclusion of this study is that green accounting variables, both environmental performance proxies and environmental disclosure proxies, partially and simultaneously do not affect profitability. CSR variables that affect profitability partially are product, while for the other three proxies, namely employee relations, community and environment in this study partially do not affect profitability. While simultaneously all CSR variables also have a significant effect on profitability. Green accounting and CSR variables simultaneously also have a significant effect on profitability. The expected suggestions for future researchers are to add the number of years of the research population from 2023 onwards and to add independent variables such as environmental audits because these variables have not been examined in this study.

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