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# Unveiling the Nexus between Green Accounting, Environmental Performance and Corporate Social Responsibility Disclosure for Profitability Maximization

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## Abstract

This research aimed to investigate the impact on profitability that Green Accounting, Environmental Performance, and Disclosure of Corporate Social Responsibility may have. This research examined the relationship between green accounting, environmental performance, CSR disclosure and ROA as a proxy of profitability. The research sample comprised 44 mining and industrial enterprises on the Indonesia Stock Exchange (IDX) for 2017-2020. The data analysis method used in this study is the panel data regression test. In this study, sample determination was carried out by purposive sampling method, namely sample determination using specific criteria to produce the sample as needed. Based on the model selection test that used the Chow and Hausman tests, it is possible to conclude that the most suitable fixed effect model is utilized in this research. According to the findings, only environmental performance and CSR disclosures were shown to have no substantial influence on the company's profitability. The research showed that investors and companies still had low perceptions of environmental performance and CSR disclosures and did not affect the company's financial performance. It was expected to increase the company's motivation to care more about its environment. In addition, investors were also expected to become more aware of the importance of environmental issues to increase the company's awareness to carry out CSR activities to maximize the positive impact and minimize the negative impact of such activities.

**Keywords:** Green Accounting; Environmental Performance; Corporate Social Responsibility; Disclosure; Profitability

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## Introduction

Profitability is one of the essential things for the company. According to Gustin (2017), profitability is essential to maintain company stability in the long run because profitability can show whether the company has good prospects in the future. Every company indeed expects higher profitability every year. Currently, there are more industrial companies, including Indonesia's mining and manufacturing industry. The abundant natural resources of mining make many companies use mining as a source of income and manufacturing. The development of the industrial sector produces positive impacts, such as opening job opportunities that can help the Indonesian economy. However, on the other hand, the more companies in the industrial sector, the more significant the negative impact on the environment. In addition, companies that continue to strive to increase their profitability will undoubtedly have more natural resources overexploited, even though these natural resources will take a long time to be renewed again.

Therefore, to overcome the problem of environmental pollution, green accounting emerged as one of the solutions between economic actors who carry out activities that impact the environment and communities that experience the impact of these activities. The concept of green accounting has been developed since the 1970s in Europe (Denovis &; Rahmawati, 2019). This concept is also proliferating with many regulations related to the environment. In Indonesia itself, Law No. 11 of 2020 regulates Job Creation in the third paragraph regarding environmental approvals, which, if violated, can be subject to sanctions until a company's operating license is revoked. According to Yuliana and Sulistiawati (2021), "Green accounting" is an accounting process that not only incorporates environmental costs into a business but also recognizes, measures, records, summarizes and reports financial, social, and environmental information in an integrated manner in one accounting reporting package. The primary role of green accounting is to overcome environmental problems due to the impact of sustainable development and its environment that can influence the company's behaviour to be socially responsible and the environment itself.

Currently, company awareness in implementing green accounting is still lacking because, on the one hand, the company will spend excess money on environmental costs. However, the costs incurred will benefit all parties, the company, stakeholders, and the community in the long run. The sacrifices incurred by the company will potentially reduce costs incurred in the future due to sanctions from the government and demands from communities who feel disadvantaged over environmental pollution (Zulhaimi, 2015). Every individual company is always required to protect the environment and industries, which are the largest group that causes environmental damage. Environmentally friendly industrial practices are implemented by applying eco-efficiency in management practices or green accounting in accounting practices (Zulhaimi, 2015). According to Khoirina (2016), Green accounting identifies, measures, and allocates environmental costs, integrates them into a business decision, and conveys them to stakeholders. Throughout the 1970s, the idea of green accounting, sometimes known as environmental accounting, first started to take shape in Europe. Companies are encouraged to conduct commercial operations and undertake environmental management in response to pressure from non-government entities and an increased environmental consciousness among the general public.

Environmental accounting aims to determine how much environmental costs are incurred in managing waste by using the accounting system to minimize costs (Purnawati et al. 2018). As

a result, the corporation can keep tabs on its environmental obligations and provide an environmental cost report to use as a decision-making aid. Environmental accounting is used to keep tabs on how much cash is being spent on environmental costs in waste management through the implementation of an accounting system that can help reduce those costs, regulate the extent to which the company is responsible for protecting the environment surrounding it, and generate reports detailing those costs for use as internal decision-making guidelines. To achieve these objectives, it is essential to keep environmental expenditures as low as possible, put the firm in charge of protecting the environment, and regularly report on these expenses.

In previous studies, there were contradictory results between each other's research, such as in research (Putri et al., 2019), whose research results stated that green accounting had a positive and significant effect on profitability. However, it does not align with research conducted by Rosaline and Wuryani (2020), which states that green accounting does not affect company profitability. These contradicting results highlight the need for more study to resolve these discrepancies and provide a complete knowledge of the connection between green accounting and business success. Additionally, owing to worries about losing extra environmental expenses, businesses are unaware of the benefits of embracing green accounting. However, the research is expected to close this gap and acknowledge the potential long-term advantages of green accounting for the business, stakeholders, and the critical environment. Further study is required to fill these knowledge gaps and clarify the underlying influence of green accounting on business profitability.

In Indonesia, the Ministry of Industry (Kemenperin) is making ongoing efforts to promote the growth of environmentally responsible industries, intending to prioritize efforts to increase the productivity and effectiveness of sustainable resource use. It is done to ensure that industry growth is compatible with the preservation of environmental functions and that it may be helpful to the community. Currently, 152 industrial companies are participating in the Green Industry award in 2021, making energy savings of IDR 3.2 trillion and water savings of IDR 169 billion. (Ade Miranti at www.kompas.com). Meanwhile, environmental performance is the company's performance in maintaining the sustainability of the company's environment due to the impact of damage caused by the company itself (Sulistiawati, 2017). Companies with a high environmental performance often have a low level of environmental pollution. If a firm has a good image in the eyes of stakeholders and shareholders, this is likely because it has a low level of environmental pollution.

Therefore, based on the argument above, companies in the industrial sector must demonstrate some level of environmental responsibility by participating in a program known as ‘Proper’ (Company Performance Rating Assessment Program in Environmental Management), which was developed by the Indonesian government and administered by the Ministry of Environment. The standards ratings evaluate the firm's environmental performance and motivate the company to improve its level of concern for the environment (Son & Utami, 2017). The ‘Proper’ performance rating system assigns a score based on a company's ranking in one of five different colour categories. Using colour in correct assessment serves as a communication method of providing performance to the community. Gold, Green, Blue, and Red scale from best to worst, with Black colour representing the poorest possible performance. Compliance with standards governing water pollution management, air pollution control, B3 waste control, Amdal, and marine pollution control are all included in this component of the ‘Proper’ assessment see table 1.

**Table 1. PROPER indicator**

| Colour Indicator | Information | Score |
|---|---|---|
| Gold | Has consistently demonstrated environmental excellence in its production processes and conducts ethical and responsible business towards society. | 5 |
| Green | Have carried out environmental management than required in regulations. | 4 |
| Blue | Have made the required environmental management efforts under the provisions. | 3 |
| Red | Environmental management efforts that are not per the required provisions. | 2 |
| Black | They are given to the person responsible for a business and activity that intentionally commits acts or omissions that cause pollution and environmental damage. | 1 |

(Source: Ministry of Environment)

When examining how a corporation interacts with its surroundings, legitimacy is crucial. The theory of legitimacy, associated with the idea of legitimacy, is described as a state or status that arises when an entity's value system aligns with the larger society in which the entity is placed (Dowling and Pfeffer, 1975). Organizations must not only seem to respect investor rights but also generally respect public rights (Mousa & Hassan, 2015). According to Chariri and Ghozali, Imam. (2007), the social compact between the corporation and the society in which it works and draws resources from the economy is based on the principle of legitimacy. The corporation's survival is essentially dictated by society since the two are interdependent. In order to get future support from the community, the firm must be able to place itself inside that ecosystem. The business's credibility will be in jeopardy if a discrepancy between its values and the community's. The legitimacy gap, as defined by Chariri and Ghozali, Imam (2007), was the distinction between corporate ideals and societal norms. It can make it more difficult for the firm to continue its operations.

The company's responsibility is not limited to maximizing profits for the benefit of shareholders but, more broadly, to create welfare for the interests of stakeholders, namely all parties with a relationship with the company. In carrying out their activities, companies must convey their business activities transparently as a form of communication with shareholders and stakeholders (Sekarwigati and Effendi, 2019). Stakeholders are all external and internal parties with good relationships that influence or even influence directly or indirectly (Pradita and Suryono, 2017). Stakeholders are divided into 2: internal stakeholders are the organization/industry, shareholders, business owners, and employees, while external stakeholders are consumers, suppliers, investors, government, the general public and the environment. According to the stakeholder theory, a business must help its stakeholders and serve its interests (Alfaiz & Aryati, 2019). Because the company's sustainability relies on support from stakeholders, corporate responsibility, which was previously exclusively assessed as an economic indicator, must change by considering internal and external social issues (Yanti et al., 2019).

One theory, known as the triple bottom line (3P), is used in applying environmental accounting. According to this theory, in addition to profit (profit), society and the environment (environment) are also considered. In a book titled "Cannibals with Forks: the Triple Bottom Line of 21st Century Business", John Elkington (1997) introduced the idea. In the book, Elkington

demonstrates that accounting information that reflects profits and satisfies obligations to the environment (planet) and society (people) may be used to identify a successful firm. The triple bottom line is used to measure the success of a company that was once only fixated on financial benefits; with the triple bottom line concept, companies can do other things and assess business impacts on the environment (Setiawan, Larasati & Sugiarto, 2021).

Disclosure of corporate social responsibility, also known as environmental disclosure, corporate social reporting, social accounting (Zadek et al., 2013), or Corporate Social Responsibility (Reverte, 2009), is the process of communicating the social and environmental impacts of an organization's economic activities to particular groups of interest and society as a whole (Aini, 2015). Sari et al. (2019) said the importance of environmental disclosure is related to social contracts. Contracts between companies and communities, both explicit and implicit, arising from the company's interaction with the environment, have the consequence that companies must be responsible not only for the welfare of shareholders but also have a social responsibility, namely the responsibility to maintain the sustainability of the environment. In measuring CSR disclosure, a checklist is needed containing disclosure items that will later be matched with disclosures in the company's annual report. This disclosure is measured using the CSR index. The Sustainability Reporting Guidelines (SRG), created by the Global Reporting Initiative (2013), are the source of the reference data in the CSR report.

The capacity of a business to make a profit using all of its resources is known as profitability. According to Gustin (2017), profitability is crucial to ensuring a company's long-term existence since it may indicate if the corporate entity has promising future possibilities. The analysis of profitability ratios, such as return on assets (ROA), return on equity (ROE), profit margin (profit margin ratio), and return on investment (ROI), may reveal the profitability of the organization. According to Wartono (2018), Return on Asset (ROA) is a profitability ratio used to gauge a company's capacity to create profits from all the money spent in activities utilized for its operations. The company's ability to generate profits increases with the ROA value attained. It is used to forecast earnings and investment risks in addition to being a factor for investors when deciding whether to invest their shares in a firm (Sanjaya & Sipahutar, 2019). The net profit ratio to total assets, or ROA, may be computed and expressed as a percentage. The neighbourhood and its surroundings are essential to the company's survival. Environmental harm brought on by the company's operating activity concerns the neighbourhood residents. The Sustainability Reporting Guidelines (SRG), created by the Global Reporting Initiative (GRI), are the source of the reference data in the CSR report.

According to Cashmere (2014:198), employing profitability ratios has several advantages, which may be summed up as follows: First, profitability ratios provide insightful data on the pra firm's profits specific period. It enables stakeholders to evaluate the company's profitability and financial performance, giving them information about its profits potential. Second, profitability ratios make it possible to compare a company's profit situation over the years, making it easier to comprehend how its finances have grown or declined. This comparison study offers crucial context for evaluating the organization's performance and spotting trends or patterns. Thirdly, profitability ratios assist in observing how earnings change over time. Stakeholders may learn more about the company's capacity to produce consistent profits and spot possible improvement areas by examining the variations in profitability ratios over time. Profitability ratios show the link between net profit after taxes and the firm's capital.

This data makes it possible for stakeholders to assess the firm's profitability concerning its financial and investment structure and the effectiveness of its capital allocation. Finally, profitability ratios may be used to evaluate the effectiveness of a company's financial resources, including both owned and borrowed capital. Stakeholders may assess the efficacy and efficiency of the company's financial management and resource allocation by looking at the return on investment and the use of financial resources. In order to help stakeholders make wise choices and assess the company's financial performance, profitability ratios provide a thorough knowledge of a company's profit levels, financial growth, capital use, and overall profitability.

## Research Design and Method

The research used four years (2017–2020) of industrial enterprises in the mining and manufacturing sectors listed on the Indonesia Stock Exchange. The financial statements posted on the Indonesia Stock Exchange are used to compile the data. This scientific research methodology is based on quantitative descriptive statistical methods, which use statistics to analyze data by describing or describing the data that has been collected as it is without intending to draw conclusions that apply to the whole or generalization (Sugiyono, 2019). In this particular research, there was one dependent variable and three independent factors. Profitability is the dependent variable, while environmental performance, corporate social responsibility disclosure, and green accounting are independent factors. Table 2 shows the list of the metrics for each variable option. Because the data being analyzed is panel data, which consists of both time series and cross-sectional data, the researchers used the program known as EViews. In this research, descriptive statistical tests and traditional assumption tests were used. Some examples of these tests are normality, multicollinearity, heteroscedasticity, and autocorrelation testing. The panel data regression model, specifically the Chow, Hausman, and Lagrange Multiplier tests, validate the regression equation model. The t-test, the F-test, and the determination coefficient test were used in this investigation to conduct the subsequent step of evaluating the hypothesis.

**Table 2. Operational Variables**

| Code | Variable | Variable Definition | Measurement | Scale |
|---|---|---|---|---|
| X1 | Green Accounting | Green accounting identifies, measures, and allocates environmental costs, integrates a business decision, and conveys theme holders. | Green Accounting can be measured using the dummy method. That is, if a company has one of the components of environmental costs, operational costs. | Dummy |
| | | | Environment, product recycling costs in development costs and environmental research in the annual report (Annual Report) will be given a number of 1 (one), but if not given a number of 0 (zero). (Desy Mariani, 2017) | |
| X2 | Environmental Performance | The company's performance in maintaining the sustainability of the company's environment | The indicator used is PROPER, which is categorized into five colours, namely: | Interval |
| | | | 1. Gold: Score 5 | |
| | | | 2. Green: Score 4 | |

| | | | | |
|---|---|---|---|---|
| | | is a result of the impact of damage caused by the company. | 3. Blue: Score 3<br>4. Red: Score 2<br>5. Black: Score 1<br>www.menlhk.go.id | |
| X3 | CSR Disclosure | Collection of information related to the company's past, present and future social responsibility activities. | Social responsibility disclosure is measured by CSRDI (corporate social responsibility disclosure index) proxy based on GRI (global reporting initiative) indicators.<br>The CSRDI formula is as follows:<br>$\text{CSRij} = \frac{\sum \text{Xij}}{Nij}$<br>CSRij = Corporate Social Responsibility Disclosure Index of the company<br>∑Xij = number of corporate CSR disclosures<br>Nij = Total number of items of 91 items | Ratio |
| Y | Profitability | The company's ability to generate profits from all the resources it has | $\text{ROA} = \frac{\text{Earning} - \text{taxes}}{Assets}$ | Ratio |

Based on the presentation and results of previous research, the neighbourhood and its surroundings are essential to the company's survival. Environmental harm brought on by the company's operating activity concerns the neighbourhood residents. To have public trust, companies must have the good environmental performance to create a better image and company reputation in the eyes of the public (Asjuwita and Agustin, 2020). By protecting the environment, the company will benefit from long-term efforts to continue to exist and always try to protect stakeholders' interests. The company's quality will influence investors to invest their capital in the company, which will later be a determinant of increasing profitability (Sulistiawati et al., 2017). Research on environmental performance has been conducted by (Saadah and Nurleli, 2017) found that environmental performance positively affects profitability. The research also aligns with Supadi & Sudana (2018) and Dita & Ervina (2019).

Meantime, the following assertion may be made in light of the given investor signals that are anticipated to be able to be provided through the company's CSR disclosure. Companies with more significant environmental disclosures will have a great company image and gain the general public's and investors' confidence. By showing care for the environment, a company may invest in the future by winning over customers, creditors, and investors. It will increase the firm's credibility and make it simpler for businesses to raise money to boost their long-term financial success. The presentation is consistent with studies showing that environmental disclosure increases profitability (Ningtyas and Triyanto, 2019; Faisal &; Nurleli. (2016).

Currently, company awareness in implementing green accounting is still lacking because, on the one hand, the company will spend excess money on environmental costs. (Zulhaimi, 2015). However, the costs incurred will benefit all parties, the company, stakeholders, and the community in the long run. The sacrifices incurred by the company will potentially reduce costs incurred in the future due to sanctions from the government and demands from communities who feel

disadvantaged over environmental pollution (Zulhaimi, 2015). The presentation is in line with the results of research (Putri et al., 2019) and Faisal &; Nurleli. (2016) that green accounting positively affects profitability. Based on the description above, the following hypothesis can be formulated:

**$H_1$:** Environmental Performance Affects the Profitability of the Company
**$H_2$:** CSR disclosure impacts the company's profitability.
**$H_3$:** Green Accounting affects the Profitability of the Company.

## Results and Discussion

### *Statistical Result*

The object of this study is mining and manufacturing companies that meet predetermined criteria. The data is obtained through documentation methods, namely collecting and analyzing secondary data. Data is obtained from mining and manufacturing companies listed on the Indonesia Stock Exchange for 2017-2020 and publishes annual and sustainability reports. Furthermore, data analysis starts with managing data using the Microsoft Excel application, which then continues with data panel statistical analysis. The data analysis method used in this study is the panel data regression test. In this study, sample determination was carried out by purposive sampling method, namely sample determination using specific criteria to produce the sample as needed. Using this method, eleven companies were obtained, see table 3.

**Table 3. Purposive Sampling Results**

| Information | Number of Companies |
|---|---|
| Mining and Manufacturing Companies were listed consecutively on the Indonesia Stock Exchange (IDX) in 2017-2020. | 199 |
| Criterion: | |
| Mining and Manufacturing Companies that did not consecutively participate in PROPER activities in 2017-2020. | (137) |
| Mining companies that did not publish annual and sustainability reports consecutively from 2017 to 2020. | (51) |
| Number of companies sampled | 11 |
| Data samples for four years | 44 |
| Outliers | (14) |
| The final sample for four years | 30 |

The descriptive statistics shown below show statistical measures used in this study, from environmental performance variables, CSR disclosure and green accounting to profitable return on assets. Profitability ROA, CSR Disclosure, Green Accounting, and environmental performance factors were shown against time in Figure 1. Corporations owning CSR Disclosure were more likely to be favourable if the annual report (Annual Report) included information on environmental costs, operating costs environment, product recycling costs in development expenses, and environmental research. The table also showed that the company's effectiveness in preventing further harm to the company's environment has resulted in a rating of "GOLD or 5." The 'Profitability ROA' was much more significant in Green Accounting, where 'Environment Performance' was measured.

Meanwhile, it was unfortunate that the sampled firms tended to be the least profitable regarding ROA. Company CSR disclosure frequencies were dispersed across businesses at

random. This research analyzed the patterns and possible links between ROA profitability, environmental performance indicators, and CSR disclosure by analyzing the charts in Figure 1. Helpful in assessing the efficiency of CSR policies in boosting profits and the influence of CSR disclosure on a company's financial performance.

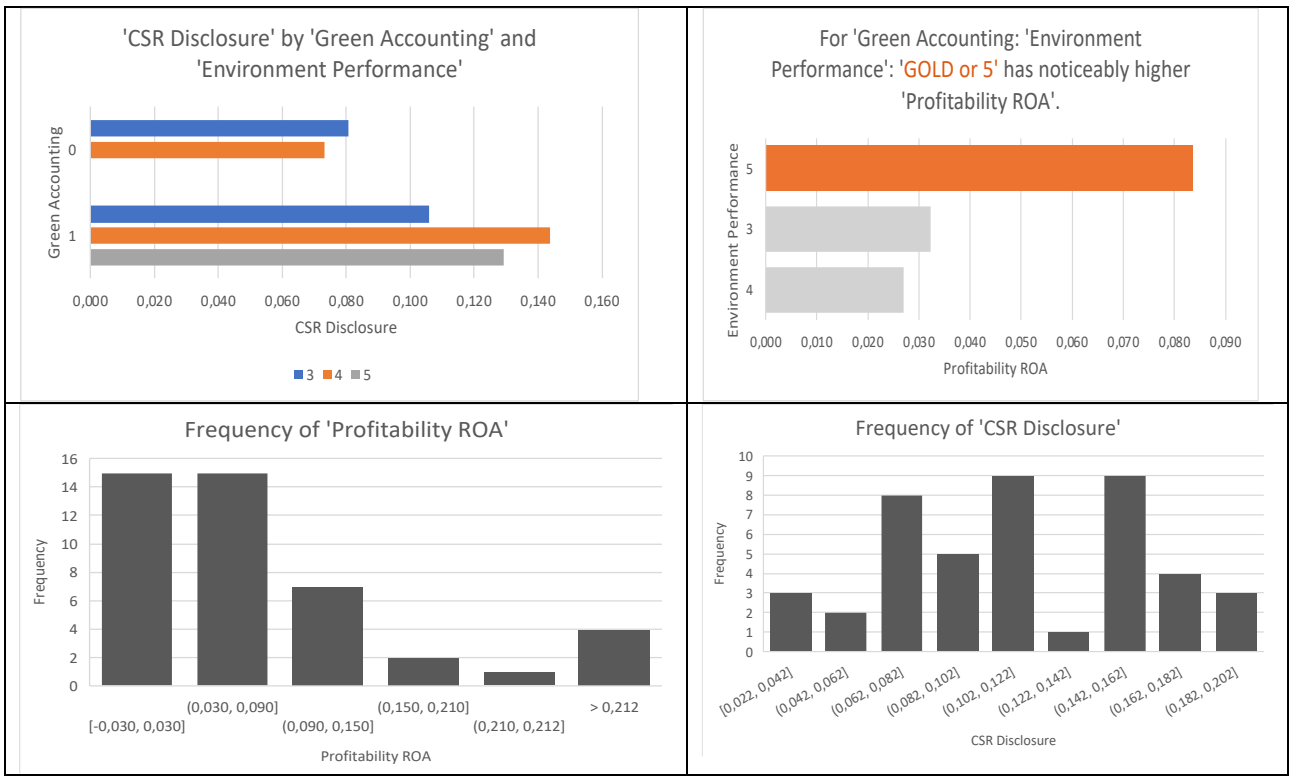


**Figure 1. The descriptive statistics**

The research performed a testing model for three models of panel data analysis methods, namely the Common Effect Model, Fixed Effect Model and Random Effect Model. The best model selection test in this research was carried out to find out the most suitable panel data model used to test the hypothesis of the research model that has been developed. Choosing a better model among the three models has carried out the Chow, Hausman, and Lagrange Multiplier Test. If the results of the Chow test in the table that were just shown reveal that the probability value of the cross-section is 0.0004 or less than 0.05, then the null hypothesis H0 must be rejected and replaced with one that uses a fixed effect model method. If the Hausman test results indicate that the cross-section's probability value is 0.0260 or less than 0.05, then hypothesis H1 is accepted. It indicates that a fixed effect model method should be used. Based on the model selection test that used the Chow test and Hausman, it concluded that the most suitable fixed effect model is utilized in this research. The following are the outcomes of doing regression on panel data using the Fixed Effect model:

**Table 4. Multiple Regression Results**

| Variables | Coefficient | Std. Error | t-statistic | Prob |
|---|---|---|---|---|
| C | 0.094449 | 0.061628 | 1.532572 | 0.1419 |
| Environmental Performance | 0.003860 | 0.014801 | 0.260780 | 0.7971 |
| CSR Disclosure | 0.022003 | 0.320664 | 0.068618 | 0.9460 |
| Green Accounting | -0.058955 | 0.022849 | -2.580138 | 0.0183 |

The multiple linear equations of the panel data regression model may be constructed as follows, based on the findings shown in the table that is located above:

Profitability ROA = 0.094449 + 0.003860 Environmental Performance + 0.022003 CSR Disclosure + (0.058955) Green Accounting + ε

***Discussion***

There was an environmental performance variable with a value of 0.260780 for the t-statistic. When the value of t was determined as 0.260780 1.69726, with a probability level of 0.7971 > 0.05, this suggests that H1 is rejected, which shows no partial influence of environmental performance indicators on the company's profitability. The value of the independent variable reveals a t-statistic value of 0.260780 when evaluated in light of the findings of the tests conducted on the Environmental Performance variable. Because the estimated value of 0.260780 1.69726 and the probability level of 0.7971 > 0.05 imply that the null hypothesis H1 cannot be supported, this finding implied that the environmental performance variable has no partial influence on return on assets. Therefore, the theory that was offered cannot be correct. The findings of this research were consistent with the findings of the studies conducted by Murniati & Sovita (2021) and Son & Utami (2017), which demonstrate that environmental performance did not substantially impact the return on assets.

It concluded that a company's financial performance would not be affected by its environmental performance. It occurred because the obligatory requirements for implementing PROPER for needed business organizations were not wholly executed. It was possible to demonstrate this by pointing out that many public businesses listed on the Indonesia Stock Exchange still did not adhere to this evaluation, particularly those operating in the mining, pharmaceutical, cement, and paper sub-sectors. In fact, according to Order No. 1 of 2021 issued by the Minister of Environment and Forestry about the Company Performance Rating Assessment Program in Environmental Management, this program was required for all organizations listed on the Stock Exchange market and directly influences the environment.

CSR disclosure variable with a value of 0.068618 for its associated t-statistic. Hypothesis H2 was rejected because the t value was computed as 0.068618 1.69726 with a probability level of 0.9460 > 0.05. It indicated that H2 was not supported, which indicated that environmental disclosure factors did not partially influence the return on assets. The value of the t-Statistic is 0.068618, and it was determined by looking at the test results for the CSR Disclosure variable. Because the estimated value of 0.068618 1.69726 was more than 0.05 and the probability level of 0.9460 was more significant 0.05, the null hypothesis H2 cannot be supported. It implied that the CSR disclosure variable had no impact, even partly, on the company's profitability. Therefore, the theory that was offered cannot be correct. The findings of this research were consistent with those

of Pratiwi et al. (2020) and Heryanto & Juliarto (2017), who discovered that CSR did not substantially impact Profitability ROA. The findings of this research supported this finding.

According to the research, a company's financial success was not impacted by its declaration of CSR. That the disclosure of this conduct had not been regarded as a policy that would favourably affect the future was the implication of this variable in green accounting, for which the t-statistic value was -2.580138. In the situation in which the value of t was determined to be -2.580138 > -1.69726 with a probability level of 0.0183 > 0.05, which implies that H3 was accepted, which suggests that there was a partial effect of green accounting variables on the Profitability of the Company. The t-statistic value for the green accounting variable was -2.580138 compared to the test findings. The t value was calculated as 2.580138 > 1.69726 with a probability level of 0.0183 > 0.05, demonstrating that H3 is accepted and indicating that green accounting factors impact return on assets.

It was shown that the value of t was computed as 2.580138 > 1.69726. The findings of this research contradict those of Lestari et al. (2019), who found that green accounting had no impact on Profitability ROA in their investigation. The report concluded that the company's profitability improved if it was forced to bear the expenses associated with environmental protection. Good organizations incur expenses; such expenses tend to be environmental costs, which tend to acquire the allegiance of stakeholders since stakeholders benefit from green accounting. The company's reputation would be enhanced and reap the financial rewards of higher profitability due to increased stakeholder trust. According to the findings of the F test, an F-statistic value of 5.551555 was found, along with a Prob value. Given that the F-statistic is less than 0.05, it was prudent to use this research.

## Conclusions

Several comprehensive statements can be made based on the research analysis on the effect of green accounting, environmental performance, and CSR disclosure on profitability (as measured by return on assets) in mining and manufacturing companies that won PROPER on the Indonesia Stock Exchange in 2017 to 2020. To begin, the lack of a significant association between environmental performance and return on assets suggests that several firms listed on the Indonesia Stock Exchange, especially in the mining sub-sector, have not actively participated in PROPER activities. It is particularly true because there is no substantial relationship between the two. It indicates a lack of environmental responsibility among these companies. Secondly, the lack of influence of CSR disclosure on return on assets indicates that many companies have not prioritized disclosing their social and environmental responsibilities. It suggests that such companies do not perceive the positive impact of disclosure on their prospects and stakeholder relationships. Despite the potential benefits of increased transparency, these companies have yet to incorporate CSR disclosure as a strategic policy. Finally, the research findings reveal that green accounting positively affects the return on assets of mining and manufacturing companies listed on the Indonesia Stock Exchange from 2017 to 2020. It implies that companies that allocate resources for environmental costs experience increased profitability. By incurring these costs, companies contribute to sustainable practices and gain stakeholder confidence, leading to a positive company image and enhanced profitability. The fact that "green accounting" has been shown to have a positive association with return on assets underlines the significance of considering environmental considerations when making economic decisions. It highlights the potential advantages that

environmentally responsible practices might bring to the mining and manufacturing industries.

According to the research's findings, several recommendations may be given to various stakeholders based on the research results. Before settling on an investing strategy, current investors and those considering becoming investors should, first and foremost, carefully evaluate the firm's performance in question. Investors will be able to evaluate the company's financial performance and its effect on the environment as a result of this evaluation, which considers the impact of green accounting standards. In addition, investors are encouraged to consider investing in businesses that have a track record of exceptional performance and place a priority on environmentally responsible accounting procedures. The research emphasizes the beneficial influence of green accounting on a company's financial performance, demonstrating the potential for environmentally responsible and sustainable businesses to generate favourable returns.

Regarding the businesses themselves, living up to their social and environmental duties toward the community is essential. Companies are strongly urged to proactively participate in environmental preservation initiatives, aligning their operations with the existing norms and legislation to increase their profitability. Businesses have the potential to boost their financial success while also positively impacting society and the environment if they take these steps. In addition, researchers should consider extending the scope of their research beyond the four years (2017-2020) they have planned to gather more complete and definitive data. Suppose the time frame for the research is stretched out over a more extended period. In that case, it will be possible to have a more precise knowledge of the long-term implications of green accounting, environmental performance, and CSR disclosure on profitability in mining and manufacturing enterprises. In conclusion, it is strongly recommended that researchers widen the population area and include industries other than mining and manufacturing enterprises in their studies. Future research can provide a more comprehensive analysis of the relationship between green accounting, environmental performance, CSR disclosure, and profitability across different sectors by incorporating diverse industries and larger sample size. It will lead to a deeper understanding of sustainable business practices and their impact on financial outcomes.

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