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Company Profitability Through The Implementation Of Green Accounting Moderated CSR Disclosure

Atang Hermawan[1] , Sasa S Suratman[2] and Septi Khaerunisa[3]

[1] *Faculty of Economics and Business, Pasundan University, Indonesia.*
[2] *Faculty of Economics and Business, Pasundan University, Indonesia.*
[3] *Faculty of Economics and Business, Pasundan University, Indonesia.*
Corresponding Author: atanghermawan@unpas.ac.id

Abstract

This study aims to provide an overview of how the implementation of green accounting, disclosure of corporate social responsibility, and profitability in mining companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period. And knowing the effect of the application of green accounting on profitability with the disclosure of corporate social responsibility as a moderating variable. The research method used is descriptive and verification methods. The population of this study are 49 mining companies listed on the Indonesia Stock Exchange during the 2015-2019 period. The sampling technique used was purposive sampling method which resulted in 10 companies that met the criteria. The data analysis method of this research is using panel data regression analysis, classical assumption test, moderated regression analysis (MRA) and coefficient of determination. While the hypothesis testing used is the statistical method of partial test (t test) using IBM SPSS statistics version 25. These results indicate that partially the application of green accounting has an effect on profitability and disclosure of corporate social responsibility strengthens the effect of the application of green accounting on profitability.

Keywords: Application of Green Accounting, Profitability and Corporate Social Responsibility Disclosure.

INTRODUCTION

Competition in today's industrial world is getting tougher, with the increasing number of companies. Therefore the company must strive to pursue and maintain its profitability. Profitability is an effort to generate profit which aims to measure the success of a company. The development of the company's profitability is an assessment for investors who will invest in a company in the future (Herawati, 2013). Profit can be used as a measurement of company performance, by increasing the amount of production that involves human resources and natural resources as well as capital and creativity. As for the phenomenon that occurs when mining companies experience a decrease in profits, there will be a decrease in the profitability of a company, this occurs in mining companies.

Reported on cnbcindonesia.com Sinar Mas Group coal mining company PT Goldn Energy Mines Tbk (GEMS) posted a net profit in 2019 of US$ 65.41 million or a 34% drop from US$ 98.77 million in 2018. The net profit attribution of the parent entity in 2019 is equivalent to Rp. 916 billion (assuming an exchange rate of Rp.14,000/US$). Referring to the financial report published on the Indonesia Stock Exchange (IDX), Wednesday (4/3/2020), this decline in net profit occurred amid a slight increase in income. Although in 2019 GEMS revenue rose 5.9% to US$1.11 billion or equivalent to Rp. 15.5 trillion from the previous year of US $ 1.05 billion. However, the cost of goods sold also increased to US$ 746 million from the previous US$ 685.08 million with operating profit decreasing to US$ 111.28 million from US$ 142.52 million, the

President Director and Director of GEMS gave a statement to the IDX. related to changes in the company's assets and liabilities account which was more than 20%, that “Cash and cash equivalents increased 71% to US$ 134.51 million from the previous US$ 78.70 million in line with the addition of operating activities of US$ 105.41 million, use for investment activities of US$ 24.67 million and use of financing activities of US$ 23.4 million” https://www.cnbcindonesia.com/market/20200304153859-17-142493/terancam- delisting-laba-tambang -ray-mass-group-drop-34. So it can be concluded that the increase in revenue that occurred in GEMS has not been able to achieve an increase in net profit because it is accompanied by cost of goods sold, operating costs and other funding activities.

The Indonesian Forum for the Environment (WALHI) of mining companies stated that the contributor to environmental damage is because in the process of its business activities it is always related to nature. So in addition to carrying out its productivity, the company is not only fully responsible for investors, but must also be responsible for the surrounding environment. Therefore, the concept of environmental accounting (green accounting) emerged. In short, green accounting can provide information about the extent to which companies make positive or negative contributions to the quality of human life and the environment (Belkaoui, 2000) in (Kusumaningtias, 2013), with the inconsistency of research results from several researchers and other influences on profitability. in addition to green accounting, the authors add a moderating variable.

The purpose of this moderating variable is to measure the strength of the relationship between green accounting and profitability. In addition, the author hopes to answer the inconsistency of the research results above. The moderating variable chosen is the Corporate Social Responsibility variable because, companies need information facilities that have a responsibility that is based on the triple bottom lines aspect, namely in addition to maximizing profit (profit), and preserving the environment (planet) the company is also obliged to implement social or community responsibility. (people) these three aspects are included in Corporate Social Responsibility (CSR). CSR is an act of consideration of an organization or company in improving the economy, as well as improving the quality of life of the community at large. According to Ghoul (2011) in (Burhanudin, H. Muhdin, 2020) Theoretically, the more CSR activities a company discloses, the value of the company will increase because the market will give a positive appreciation to companies that carry out CSR as indicated by an increase in the company's stock price. Investors appreciate CSR practices and see CSR activities as a guideline for assessing the sustainability potential of a company. Therefore, in making investment decisions, many investors pay enough attention to the CSR disclosed by the company.

LITERATURE REVIEW

1. **Green Accounting**
   According to Ikhsan (2008:26) "Environmental accounting is an effort to prevent, reduce and or avoid impacts on the environment, starting from the restoration of the impacts arising from the activities carried out". So PROPER measures environmental performance to see the company's achievements. The assessment of the Company's Performance Rating in Environmental Management (PROPER) is an effort from the Ministry of Environment (KLH) to encourage companies to manage the environment.
2. **Disclosure of Corporate Social Responsibility**
   Corporate Social Responsibility Disclosure is one of the efforts that will have an impact on increasing profits. The company's goal in increasing profits as much as possible will have an impact on the environment in which they run their company operations. According to Ghoul (2011) in (Burhanudin, H. Muhdin, 2020) Theoretically, the more CSR activities a company discloses, the value of the company will increase because the market will give a positive appreciation to companies that carry out CSR as indicated by an increase in the company's stock price. Investors appreciate CSR practices and see CSR activities as a guideline for assessing the

sustainability potential of a company. Therefore, in making investment decisions, many investors pay enough attention to the CSR disclosed by the company.

3. **Profitability**
The company's performance in managing the company's resources in generating a profit becomes a benchmark for investor assessment in measuring a company's performance. In assessing the company's performance, investors look at the profits generated by the company, where the level of company profitability is very important for the company's survival in the future. So if the level of profitability is high, investors will judge that the company can provide benefits and investors will invest their capital in the company. According to Kasmir (2014: 196), explains that "Profitability is a ratio to assess the company's ability to seek profit. This ratio also provides a measure of the level of management effectiveness of a company. This is indicated by the profit generated from sales or investment income. The point is that the use of this ratio shows the efficiency of the company".

The hypotheses in this study are:
H1 : The application of Green Accounting has a positive effect on profitability.
H2 : Disclosure of Corporate Social Responsibility strengthens the Effect of Green Accounting Implementation on Profitability.

METODS

The research method used is quantitative with a descriptive and verification approach. The population is mining companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period, which are 49 companies. The sample technique used is purposive sampling, with the following sampling criteria:

a) Mining companies that are consecutively listed on the IDX during the 2015-2019 period.
b) Mining companies that publish annual reports and present complete information consecutively during the 2015-2019 period.
c) Mining companies that participated in PROPER consecutively during the 2015-2019 period.

Companies that have the above criteria are 10 companies. The type of data used in this study is secondary data that is quantitative. Secondary data are generally in the form of evidence, historical records or reports arranged in archives (documentary data). Secondary data for this study are in the form of annual reports obtained from the Indonesia Stock Exchange website, namely www.idx.co.id, https://www.menlhk.go.id and the official websites of each company for the 2015-2019 period, and sources -Other sources that the author obtained from several books, journals, and research results related to this research. Data collection techniques in this research are library research and internet research. The analytical tools used in this study are the Classical Assumption Test (Normality Test, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test), Panel Data Regression Analysis, Moderated Regression Analysis (MRA), Hypothesis Testing (Partial Test (t) and Coefficient of Determination Test with data processing using IBM Statistics SPSS Version 25 software.

DISCUSSION

DESCRIPTION ANALYSIS

1. Descriptive Analysis of the Application of Green Accounting

Table 1. Descriptive Statistics

N	Minimum	Maximum	Mean	Std. Deviation

Penerapan Green Accounting (X)	50	3.00	5.00	3.6200	.72534
Valid N (listwise)	50				

The mean value of the Descriptive Statistics table above can be seen the Mean value of the application of green accounting is 3.6200. The Mean value is included in the Blue criteria. This is because the company obtained an average PROPER score of 3 with a blue rating. Blue rating indicates that the company's activities that have carried out environmental management are required in accordance with the provisions and or applicable laws and regulations, namely that they have met all aspects required by the Ministry of Environment and Forestry, including the following: 1) Water Management Assessment; 2) Land Damage Assessment, 3) Marine Pollution Control, 4) B3 Waste Management, 5) Air Pollution Control, 6) Water Pollution Control, 7) Implementation of Environmental Impact Analysis (AMDAL).

Category	Interval
Gold	5
Green	4
Blue	3
Red	2
Black	1

Source: www.menlhk.go.id

2. Profitability Descriptive Analysis

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas (Y)	50	-47.51	83.59	12.0582	24.55118
Valid N (listwis	50				

From the Descriptive Statistics table above, it can be seen that the Mean value of 12.0582 is then presented below, a category table containing criteria and intervals is presented. The Mean value is included in the Medium criteria. This shows that the companies that are the average sample have not been able to generate optimal profits in relation to their total equity.

Category	Interval	
Very Low	- 47.51	- 21.2[illegible]
Low	- 21.29	4.93
Medium	4.93	31.15
High	31.15	57.37
Very High	57.37	83.59

3. Analysis of Corporate Social Responsibility Disclosure Description

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Disclosure of Corporate Social Responsibility	50	5.31	84.96	48.4956	23.19540
Valid N (listwise)	50				

Based on the results of the descriptive analysis, the average value of the results of the CSR disclosure assessment in 2015-2019 was 48,4956 which was included in the "ENOUGH COMPLETE" criteria because it was at interval 3. Thus, the average mining company listed on the Indonesia Stock Exchange (BEI) which is the sample has published its annual report quite completely.

Category	Interval	
Very Incomplete	0.00%	20.00%
Incomplete	20.01%	40.00%
Sufficiently Complete	40.01%	60.00%
Complete	60.01%	80.00%
Very Complete	80.01%	100%

VERIFICATION ANALYSIS

Classic assumption test

1. Normality Test

Table 4. One-Sample Kolmogorov-Smirnov Test

N

Normal Parameters[a,b]	Mean
	Std. Deviation
Most Extreme	Absolute
Differences	Positive
	Negative
Test Statistic	
Asymp. Sig. (2-tailed)	

a) Test distribution is Normal.
b) Calculated from data.
c) Lilliefors Significance Correction.

From the table above, it can be seen that the significance value (Asymp. Sig. (2-tailed)) of the Kolmogorov-Smirnov test is 0.084, meaning that it is greater than 0.05, so it can be concluded that the regression model has met the assumption of normality.

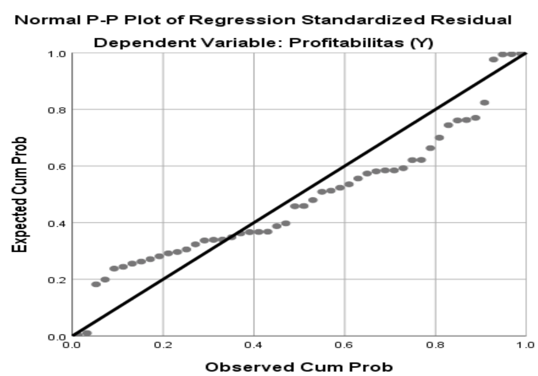

Figure 1.

The picture above shows that the points that describe the research data to be used can be said to be scattered around the diagonal line and not scattered far from the diagonal line. These results indicate that the data to be regressed in this study is normally distributed or it is said that the data normality requirements can be met.

2. Multicollinearity Test

Table 5. Coefficientsa

Model	Collinearit y Statistics	
	Toler ance	VIF
1 (Constant)		

	Green Accounting Application (X)	.728	1.3 74
	Corporate Disclosure Social Responsibility (Z)	.728	1.3 74

a. Dependent Variable: Profitabilitas (Y)

Based on the table above, it can be seen that the Tolerance value for all independent variables is > 0.1 and the VIF (Variance Inflation Factor) value for all independent variables is < 10. Thus, it can be concluded that there is no multicollinearity in the data.

3. Heteroscedasticity Test

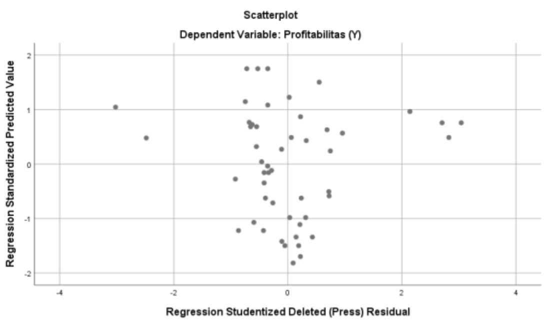

Figure 2.

From the graph above, the scatterplot shows that the points spread randomly and are evenly distributed both above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity in the regression model.

4. Autocorrelation Test

Table 6. Model Summaryb

Model	Durbin-Watson
1	1.924

a. Predictors: (Constant), Pengungkapan Corporate Social Responsibility (Z), Penerapan Green Accounting (X)
b. Dependent Variable: Profitabilitas (Y)

Based on the results above, the Durbin-Watson value is 1,924 with a total of 50 observations. Because the Durbin-Watson value is between -2 to 2, there is no autocorrelation symptom in the regression model.

PANEL DATA REGRESSION ANALYSIS

Table 7. Coefficientsa

	Unstandardiz ed Coefficients		Stand ardize d Coeffi cients		
Model	B	Std. Error	Beta		
1 (Constant)	-.242	17.939		-.013	.989
Penerapan Green Accounting (X)	3.398	.961	.529	3.535	.008

From the table in the Coefficients above by looking at column B, the following equation is obtained.

Y = -0.242 + 3.398X

From the results of the panel data regression equation, each variable can be interpreted as follows:

a. The constant of -0.242 states that if the application of Green Accounting is 0 (zero) and there is no change, then Profitability will be worth -0.242. So it can be concluded that when the company does not implement the application of green accounting, profitability will decrease.

b. The value of the application of green accounting has a regression coefficient of 3.398, meaning that if the company increases the application of green accounting, the profitability will increase by 3.398.

PARTIAL CORRELATION ANALYSIS

Table 8. Correlations

		Profitabili tas (Y)	Penerap an Green Accounti ng (X)
Pearson Profitabilitas (Y)		1.000	.529
Correlation	Penerapan Green Accounting (X)	.529	1.000
Sig. (2-tailed) Profitabilitas (Y)		.	.244
	Penerapan Green Accounting (X)	.244	.
N	Profitabilitas (Y)	50	50
	Penerapan Green Accounting (X)	50	50

Based on the output table above, it can be seen that the correlation coefficient value obtained is 0.529. The correlation value is positive which indicates that the relationship between the independent variable and the dependent variable is in the same direction where the better the application of Green Accounting will be followed by the increase in profitability.

Table 9. Hypothesis

Hipotesis	thitung	Sig	t	α	Decision	Description
H0: □1 = 0	3.535	0.008	2.011	5 %	H0 Rejected	Significant

Ho = 0: The application of Green Accounting does not have a positive effect on profitability.
Ha ≠ 0: The application of Green Accounting has a positive effect on profitability.
Significance level (α) : 0.05 (5%)
Based on data analysis and hypothesis testing conducted in this study, it can be seen that the application of green accounting as proxied by environmental performance has a significant effect on profitability as proxied by return on equity. The results of this study are in line with the results of previous research conducted by Wiwi Ratna Wangi and Rini Lestari (2020) stating that the effect of implementing green accounting as measured by environmental performance affects the level of company profitability and is supported by Ayu Marsella Putri et al (2019) who argues that accounting Green and environmental performance have a significant effect on profitability which is proxied by return on equity.

The application of green accounting is one of the efforts to convey organizational or company information to stakeholders and also the surrounding community related to the environment. In improving environmental performance, companies can control the success of a company's business and also minimize the negative impacts caused by company activities. With the Company Performance Rating Program in Environmental Management (PROPER) issued by the Ministry of Environment and Forestry (KLHK), which is information on the company's performance assessment regarding environmental management. In its disclosure, the company participates in PROPER activities which gain social benefits in the form of a good image from the community because they are considered to have cared for the environment and have fulfilled an environmental responsibility that can avoid problems of environmental damage which causes the company to have to add more expenses. So, investors will be interested in investing or investing their capital.

PARTIAL HYPOTHESIS TEST (T TEST)

PARTIAL DETERMINATION COEFFICIENT

Table 10. Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529a	.279	.246	24.68030

a. Predictors: (Constant), Penerapan Green Accounting (X)

b. Dependent Variable: Profitabilitas (Y)

Based on the table above, information is obtained that R Square of 0.279 this value shows partially in contributing or influencing which is known as the Coefficient of Determination (KD) calculated from squaring the correlation coefficient:

KD = $(0.529)^2$ x 100% = 27.9%

While the remaining 100% - 27.9% = 72.1% is the influence of other variables not examined.

MODERATE REGRESSION ANALYSIS

Table 11. Coefficientsa

Unstandardiz ed Coefficients			Standa rdized Coeffic ients		
Model	B	Std. Error			
1 (Constant)	-3.607	56.764		-.064	.950
Penerapan Green Accounting (X)	3.398	.961	.529	3.535	.008
Pengungkapa n Corporate Social Responsibility (Z)	1.233	.327	.320	3.770	.003
X.Z	2.002	.568	.711	3.524	.003

a. Dependent Variable: Profitabilitas (Y)

According to the results of the Moderation Test table with Corporate Social Responsibility Disclosure as the Moderating variable, the following equation is obtained:

Y = -3.607 + 3.398X + 1.233Z +

According to the results of the Moderation Test equation with Corporate Social Responsibility Disclosure as the Moderating variable above, it can be concluded as follows.

a. The constant of -3.607 states that if the Application of Green Accounting and Disclosure of Corporate Social Responsibility is 0 (zero) and there is no change, then Profitability will be worth -3.607. So it can be concluded that when the company does not implement the application of green accounting and disclosure of corporate social responsibility, profitability will decrease.
b. The application value of Green Accounting has a regression coefficient of 3.398, meaning that if the company improves tax planning, profitability will increase by 3.398.
c. The value of Corporate Social Responsibility Disclosure has a regression coefficient of 1,233, meaning that if the company increases its Corporate Social Responsibility Disclosure, then Profitability will increase by 1,233.
d. The value of Green Accounting Implementation which is moderated by Corporate Social Responsibility Disclosures has a regression coefficient of 2,002, meaning that if the company increases the implementation of Green Accounting using Corporate Social Responsibility Disclosures, then Profitability will increase by 3,398.

Based on the results of hypothesis testing for the moderating variable (multiplication between the application of green accounting and disclosure of corporate social responsibility), the regression coefficient is positive at 2.002%. From the results of the SPSS output above, it shows that the influence of Corporate Social Responsibility Disclosure on Profitability and Moderate influence has a significant effect (<0.05), which means that Corporate Social Responsibility Disclosure deserves to be a moderating variable. Disclosure of Corporate Social Responsibility strengthens the relationship between the application of green accounting to profitability, in this study the disclosure of corporate social responsibility is able to moderate the effect of implementing green accounting on profitability. This shows that the disclosure of corporate social responsibility shows that the company has good corporate performance.

CSR disclosure shows the company's ability to create sustainable growth through the social responsibility disclosure index. This CSR has a triple bottom line, namely profit, people, and planet. Thus, corporate social disclosure is realized not only in one aspect but also through economic, social and environmental performance. Because basically companies need resources in their operations, including human and natural resources so that their involvement is very much needed. The better the company's performance in improving its performance completely, the environmental performance of the company will also increase. Thus, it can create a positive image of the surrounding community so that investors are more interested in investing in environmentally friendly companies. So that the more investors who invest in the company, the profitability will increase because the environmental performance of the company also increases.

DETERMINATION COEFFICIENT ANALYSIS

Table 12. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711a	.505	.469	24.78448

a. Predictors: (Constant), X.Z

Based on the table above, information is obtained that R Square is 0.505 or 50.5%, meaning that this value shows partially in contributing or influencing which is known as the Coefficient of Determination (KD) calculated from squaring the correlation coefficient:

KD = (0.711)2 x 100% = 50.5%
While the rest of 100% - 50.5% = 49.5% is the influence of other variables not examined.

CONCLUSION

1. The application of Green Accounting to mining companies listed on the Indonesia Stock Exchange for the 2015-2019 period is included in the Blue category because the average value is 3.6200. Where the company has carried out environmental management in accordance with what has been required in accordance with the provisions and or applicable laws and regulations, with a minimum of making efforts in the fields of: 1) Water Management Assessment; 2) Land Damage Assessment; 3) Control of Marine Pollution; 4) Hazardous Waste Management; 5) Air Pollution Control; 6) Water Pollution Control and; 7) Implementation of Environmental Impact Analysis. The total

direct and indirect effect of Integrated Reporting on Company Value and its impact on Share Prices in mining companies listed on the Indonesia Stock Exchange for the 2017-2019 period is 67.4%.
2. Profitability of mining companies listed on the Indonesia Stock Exchange for the 2015-2019 period is in the Medium category because the average value of 12.0582 is in the 4.93 to 31.15 interval or has not been able to generate optimal profits related to its total equity. This is due to the prolonged decline in coal prices and the lack of programs carried out to take advantage of the momentum when selling prices in the global market are improving.
3. Disclosure of Corporate Social Responsibility in mining companies listed on the Indonesia Stock Exchange for the 2015-2019 period is in the Medium category because the average value of 48.4956 falls into the interval of 40.01% to 60.00%. This is due to the fact that there are still many programs that do not meet the GRI-standard criteria so that only a few reveal their programs compared to the total number of items that have 113 core disclosures. The things that are rarely disclosed by the company include: 1) Strategy; 2) Ethics and Integrity; 3) Governance; 4) Reporting Practices; 6) Market Existence; 7) Indirect Economic Impact; 8) Anti-Corruption; 9) Materials; 10) Biodiversity; 11) Supplier Assessment; 12) Industrial Relations; 13) Training and Education; 14) Equal Diversity and Safety; 15) Non-Discrimination; 16) Freedom of Association and Correlative Bargaining; 17) Security Practices; 18) Human Rights Assessment; 19) Local Communities; 20) Supplier Social Assessment; 21) Customer Health and Safety; 22) Marketing and Labeling; 23) Socio-Economic Compliance.
4. The application of Green Accounting partially has a significant effect on profitability with a contribution of 27.9%.
5. The application of Green Accounting which is moderated by the variable of Corporate Social Responsibility Disclosure has a significant effect on Profitability with an influence contribution of 50.5%.

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