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Original Article

The Effect of Applying Green Accounting and Corporate Social Responsibility Disclosure on Profitability Using the International Council on Mining and Metals (ICMM) Standard

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Abstract: *This research focuses on mining company profitability issues that are driven by a variety of factors and variables. Profitability is critical for businesses, and it is used to evaluate the company's financial success. This study was undertaken to determine if there is a link between the variables of green accounting application and corporate social responsibility as independent variables on firm profitability as the dependent variable and company size as the control variable. Green accounting, the dependent variable, will be quantified using a dummy variable, and corporate social responsibility will be assessed using International Council on Mining and Metals (ICMM) standards. The researcher utilized multiple linear analysis methods using a purposive sampling methodology as the analytical method. The data utilized include financial statements, annual reports, and/or sustainability reports of mining firms listed on the Indonesia Stock Exchange from 2017 to 2021. According to the research findings, the use of green accounting has a positive impact and can boost firm profitability. However, disclosing corporate social responsibility programs does not affect firm profitability. Using green accounting and disclosing corporate social responsibility programs simultaneously does not affect firm profitability.*

Keywords: *Company Size, Corporate Social Responsibility, Green Accounting, ICMM, Profitability.*

I. INTRODUCTION

In the current era of globalization, economic development is increasing rapidly, and competition is getting tougher, making all companies try to maximize profits and increase company value (Honi et al., 2020). This significantly influences the company's ability to keep pace with these developments (Oktantiani & Gunawan, 2023). Considering this, the majority of companies do business relying on the support of shareholders, government, and external aspects and relying on the collaboration of resources, environment, and other factors to improve their financial performance (Sachdeva, 2022). The company's financial performance contains information related to the representation of a company's financial condition, which is analyzed using financial analysis tools so that the good or bad financial condition of a company in a certain period can be reflected in financial performance (Killingsworth et al., 2021).

In practice, many companies prioritize financial performance without regard to sustainability (Sari et al., 2020). Currently, almost all companies in the world face two very contradictory choices; on the one hand, companies are required to be able to get maximum profits by minimizing the amount of costs or expenses, but on the other hand, companies also need to be responsible for the environment as a consequence of operational activities and most companies consider their responsibility to the environment is one of the economic constraints (Pang & Xiaolei, 2020). As time progresses, public awareness of the importance of environmental preservation also increases, so besides maximizing company profits, the industry is currently required to be able to carry out environmentally friendly business practices (Hou et al., 2021).

Currently, the issue of environmental degradation caused by company activities is a very important center of attention for Indonesia and even the world. Based on data quoted from WALHI Indonesia on May 18, 2019, it appears that companies are most responsible for the environmental damage that occurs in Indonesia, where 39.4% of the natural damage that occurs in Indonesia is caused by companies. This can happen because the majority of companies, especially companies in the mining sector, produce waste in their production process (Khairiyani et al., 2019). Mining companies are proven to have a large impact on the environmental damage that occurs caused by mining company activities that are directly related to the environment, where raw materials for the needs of the production process are obtained directly from nature. It can threaten nature (Blesia et al., 2021). Based on data published in the Jaringan Advokasi Tambang Nasional, other impacts caused by mining companies are presented, namely the existence of 1,735 ex-coal mining pits in 2018. Furthermore, quoted from www.walhi.or.id, PT Adaro Energy, Tbk. They were found to be carrying out dredging activities and destroying the environment. This has had a significant effect on the flood events that occurred in 2021 in South Kalimantan, inflicting 24 people dead and requiring another 113,000 people to evacuate.

Another case also cited from www.walhi.or.id is the 2018 case involving PT Vale Indonesia, where the waste produced by PT Vale Indonesia caused an increase in the rate of sedimentation so that a new land filled with fine mud was formed on the outskirts of Lake Mahalona, Tole Village. This has reduced the area of Lake Mahalona by 151 hectares, which was previously 2,440 hectares and now is 2,289 hectares. Thus, it can be concluded that company awareness in dealing with environmental issues must be developed and improved because there are still many mining companies in Indonesia that are unable to manage the environment or implement green accounting practices properly (Chariri et al., 2019).

Green Accounting is defined as a process in accounting that aims to combine the process of identifying, measuring value, recording, summarizing, reporting, and presenting complete financial, social, and environmental information in one accounting report (Lako, 2018). Several previous researchers have carried out research by using green accounting variables, but the findings obtained are varied. The research by Dewi and Wardani (2022) and Putri et al. (2019) found that green accounting has a positive effect on profitability. On the other hand, the research by Melawati & Rahmawati (2022) and Kholmi & Nafiza (2022) found that there was no effect between the application of green accounting and profitability proxied by ROA.

In addition to implementing green accounting, companies need to design plans or activities to provide a good image to external parties related to people's lives, health, and quality of life, which are structured by developing Corporate Social Responsibility programs (Hu, 2019). The implementation of the corporate social responsibility program is expected to improve the company's image and shareholder capital so that it will indirectly affect the sustainability of the company. Research using corporate social responsibility variables has been carried out by several previous researchers, but the results obtained varied. In research conducted by Dewi & Wardani (2022) and Kholmi & Nafiza (2022) it was found that there is a positive influence between corporate social responsibility and company profitability. Contrary to research conducted by Melawati & Rahmawati (2022), where there is no influence between corporate social responsibility variables and profitability.

Every company faces different challenges in increasing profitability due to the effect of company size. The larger the size of the company, the greater the possibility for the company to innovate in its business with the aim of increasing profitability (Fernández & Olaso, 2018). Companies with large sizes tend to be associated with the concept of corporate social responsibility and sustainability, it is considered that large companies have large profitability and tend to influence the application of green accounting and corporate social responsibility disclosure (Vargas et al., 2022). Thus, this study uses firm size as a control variable.

However, the development of CSR measurements is very fast, and for this reason, new measurements are needed. Therefore, this study does not use the GRI standard but presents an update on the measurement of corporate social responsibility variables using the International Council on Mining and Metals (ICMM) standard. The ICMM standard has 10 principles, which are further developed into 39 indicators. Considerations regarding the use of the ICMM standard are due to measuring how CSR is implemented from different perspectives, which include social, cultural, economic, and political characteristics of a nation's people, local communities, and others, and because the majority of mining products in Indonesia are exported, so it is important to conduct research using ICMM standards in Indonesia.

Based on the importance of using more recent variable measurements and the existence of research gaps that have occurred in research that previous researchers have carried out, this research takes the title "**The Effect of Applying Green Accounting and Corporate Social Responsibility Disclosure on Profitability Using The International Council on Mining and Mining (ICMM) Standards**."

II. LITERATURE REVIEW

A. Stakeholder Theory

The stakeholder theory was first presented by R. Edward Freeman in 1984, which this theory contains a statement that running a business is not only for the benefit of a person but must still provide benefits for stakeholders. Therefore, in carrying out its activities, it is expected that company managers can pay attention to what stakeholders want and involve stakeholders regarding these activities (Blesia *et al.,* 2021). In this research, the stakeholder theory is relevant because it is used to describe pressure from one of the stakeholders, which is corporate consumers who pay attention to the sustainability performance of mining companies (Chasbiandani *et al.*, 2019). Moreover, the presence of mining company customers is mostly overseas (Hutagalung *et al.,* 2019).

B. Legitimacy Theory

Legitimacy theory involves the view that companies or organizations must ensure that they have carried out their operational activities in accordance with the norms and values upheld by society and within the limits set by society (Brown & Deegan, 1998). Implementation of activities that are in accordance with community expectations can build the company's image so that indirectly, it can build stakeholder trust in the company (Kholmi & Nafiza, 2022). This can happen because if the company discloses the components of environmental costs in its annual report or sustainability report, it can attract the attention of stakeholders and legitimize the company so that profitability will be in the same direction (Rounaghi, 2019). Considering that it is the communities around mining companies that are most affected by the activities and operations of mining companies (Nagari *et al.*, 2019).

C. Green Accounting

Green accounting is accounting that includes the process of identifying, measuring, presenting, and disclosing the indirect costs of social and environmental-related company activities (Cãpusneanu, 2008). *Green accounting* has a role as one of the efforts to reduce and prevent negative impacts on the environment caused by the company's operational activities (Chasbiandani *et al.*, 2019). The main function of green accounting is to address environmental and social issues by involving environmental costs in practice (Cãpusneanu, 2008).

D. Corporate Social Responsibility

Corporate social responsibility is defined as the voluntary disclosure of activities that pay attention to the environment and society into business activities and how companies interact with stakeholders (Vilanova et al., 2009). Corporate Social Responsibility (CSR) arises as a result of the many public criticisms of companies that are considered to be only looking for profit; in order to improve this image, companies are aware of their commitment to implementing CSR programs as a form of concern for stakeholders.

Ningrum & Asyik (2018) state that there are several benefits that will be obtained if a company or entity implements a corporate social responsibility program, namely:

- Risk management of company activities;
- Comply with applicable regulations;
- Make existing resources more efficient and foster access to capital;
- Protection and is expected to improve the reputation or image of the company;
- Building public trust in the company;
- Fostering good relations with all stakeholders is a form of social responsibility.

Several obstacles in the implementation of CSR, among others:

- Government regulations that are less binding and the government's lack of role in supporting the implementation of CSR.
- CSR programs are not fully structured and do not fully respond to community needs.
- There is no independent institution specifically tasked with supervising CSR activities.
- Easily manipulated to reduce the company's responsibility to pay taxes.
- Risk of being unfair because it only focuses on a few parties.
- There are differences of opinion between parties within the company and those outside of the company regarding the implementation of the corporate social responsibility program.
- The quality and quantity of resources are relatively low; in this case, the available human resources have not been able to satisfy the needs of the company; on the other hand, the company is required to employ local people as a result of the company's presence in certain areas.

E. International Council on Mining and Metals (ICMM)

The International Council on Mining and Metals (ICMM) is an international level organization dedicated to the security of a fair and sustainable mining industry (Brock, 2021). ICMM was created to meet criticism from non-governmental organizations regarding the mining, minerals, and sustainable development project (MMSD) and is expected to take more concrete steps (Bohling *et al*., 2019). ICMM unites mining and metals companies into regional and commodity associations to strengthen environmental and social performance and increase mining's contribution to society (Brock, 2021).

The International Council on Mining and Metals (ICMM) has outlined 10 principles that form the basis of sustainable development in the mining industry and intersect with sustainable development goals, which include commitments to protect biodiversity, respect human rights, and participate in sustainable development goals, which includes a commitment to protecting biodiversity, respecting human rights, and participating in sustainable development. These principles consist of:

- Ethical Business;
- Decision Making;
- Human Rights;
- Risk Management;
- Health and Safety;
- Environmental Performance;
- Conservation of Biodiversity;
- Responsible Production;
- Social Performance;
- Stakeholder Engagement.

F. Profitability

The profitability ratio is the ratio used in analyzing a company's ability to achieve profit, where profitability can explain the financial condition of a company (Gitman & Zutter, 2015). Company profitability can be measured by the company's success in achieving profits and the company's ability to use its assets; thus, the profitability of a company can be seen by juxtaposing the profits earned in a period with the total assets of the company (Ningrum & Asyik, 2018).

G. Firm Size

Company size explains the size of a company as indicated by total assets, number of sales, and average sales, so company size provides an explanation regarding the company's financial ability in a certain period (Canbäck *et al*., 2006). Large companies are considered more capable of innovating and expanding their business through capital received through banking, where large companies will attract more creditors, investors, and the government (Bordonaba-Juste *et al.*, 2012).

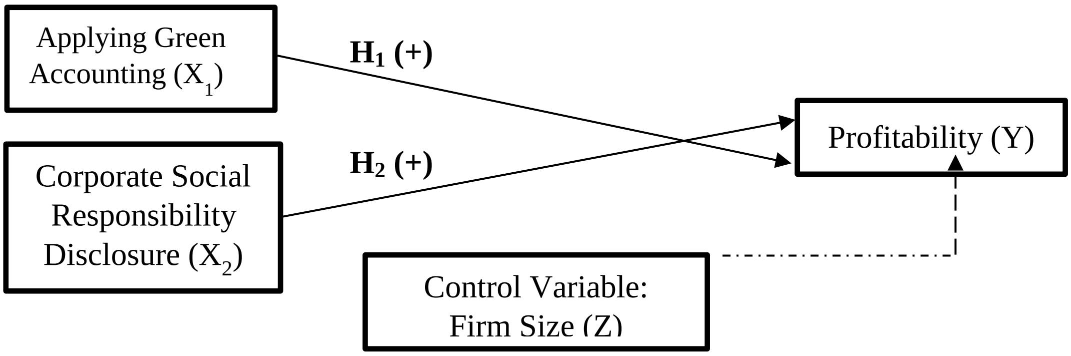

Figure 1: Research Framework

H. The Effect of Applying Green Accounting on Profitability

Green Accounting can be defined as a form of company efforts in disclosing social costs which aim to improve the company's image for the long term sustainability of the company (Kholmi & Nafiza, 2022). If the company's image increases, of course, this will attract consumers to use the company's products or services and automatically have an impact on the growth of a company's profitability (Dewi & Wardani, 2022).

Based on research conducted by Nisa et al. (2020) and Putri et al. (2019), it has been proven that the application of green accounting has a positive effect on company profitability. Companies that practice green accounting are considered to have high social responsibility by tackling environmental damage caused by company activities. Disclosure of entities to financial statement information on environmental costs will also have an impact on public trust in the company so that a positive image will arise in the community and government. The research conducted by Chasbiandani et al. (2019) regarding the effect of green accounting on profitability using ROA and ROE analysis showed positive results. Based on the description above, the following hypotheses can be made:

H_1: *The Application of Green Accounting has a Positive Effect on Profitability*

I. The Effect of Corporate Social Responsibility Disclosure on Profitability

CSR is simply a commitment carried out by an entity to grow profitability while still prioritizing the interests of stakeholders (Ningrum dan Asyik, 2018). In accordance with the stakeholder theory, the responsibility of a company is no longer just to provide the maximum profit to company owners (shareholders) but also to stakeholders. Disclosure of the CSR program in the annual report and/or sustainability report can indirectly improve the company's image, which also has an impact on company profitability (Melawati dan Rahmawati, 2022). In line with the research results found in the research conducted by Kholmi and Nafiza (2022), CSR disclosure affects company profitability, so the hypothesis can be formulated as follows:

H_2: *Corporate Social Responsibility Disclosure has a Positive Effect on Profitability*

III. RESULTS AND DISCUSSION

A. Methods

This research uses quantitative data where the measurement of green accounting implementation variables and corporate social responsibility disclosure is carried out by giving a score to the measurement indicators for each variable. The data used in this study is secondary data where the financial reports, annual reports, and/or sustainability reports of mining sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period were obtained from the official website of each company or the reports were obtained from Indonesia Stock Exchange website at www.idx.co.id. As many as 63 mining companies that have consistently listed on the Indonesia Stock Exchange during 2017 – 2021 are the population in this study. In taking the sample, a purposive sampling method was used by using a number of criteria, which include consistently listing on the Indonesia Stock Exchange during the 2017 – 2021 period, publishing financial reports, annual reports, and/or sustainability reports, and disclosing their financial statements in Rupiah so that 17 companies or 85 observations as a research sample for 5 years of observation.

In this research, the independent variables are the Implementation of Green Accounting and Corporate Social Responsibility Disclosure. The dependent variables in this research are profitability and company size as control variables.

a) Green Accounting

According to Cãpusneanu (2008), green accounting is accounting that includes the process of planning and data collection as well as disclosure of indirect costs of company activities related to social and environment. Referring to research conducted by Putri et al. (2019) and Chasbiandani et al. (2019), the application of green accounting in this study is measured using a dummy variable that gives a value or score based on the following components:

1. Environmental Cost;
2. Recycle Cost;
3. Environmental Development Cost;
4. Research of Environmental Cost.

Score "0" if the company does not have one of the four cost components described above in its annual report and **"1"** if the company has one of the four cost components described above in its annual report. In simple terms, stated in the formula:

$$GA = \frac{\Sigma X}{N}$$

Description:
GA = green accounting implementation
ΣX = number of items disclosed (0 or 1)
N = total indicators as a whole (1)

b) Corporate Social Responsibility

CSR is a form of corporate social responsibility to the surrounding community (Hu, 2019). The measurement used in this study to measure the CSR variable is using the International Council on Mining and Metals (ICMM) standard. The standard consists of 10 (ten) principles, which are further developed into 39 indicators:

Table 1: The Standard Consist of Ten Principles

Principles	Definition	Amount of Indicator	Scale
Ethical Business	Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development	5	Ratio
Decision Making	Integrated sustainable development in corporate strategy and decision-making processes	2	Ratio
Human Rights	Respect human rights and the interests, cultures, customs, and values of workers and communities affected by our activities	9	Ratio
Risk Management	Implement effective risk management strategies and systems based on sound science and which account for stakeholder perceptions of risks	4	Ratio
Health & Safety	Pursue continual improvement in physical and psychological health and safety performance with the ultimate goal of zero harm	2	Ratio
Environmental Performance	Pursue continual improvement in environmental performance issues, such as water stewardship, energy use, and climate change	5	Ratio
Conservation of Biodiversity	Contribute to the conservation of biodiversity and integrated approaches to land-use planning	2	Ratio
Responsible Production	Facilitate and support the knowledgebase and systems for responsible design, use, reuse, recycling, and disposal of products containing metals and minerals	2	Ratio
Social Performance	Pursue continual improvement in social performance and contribute to the social, economic, and institutional development of host countries and communities	4	Ratio
Stakeholder Engagement	Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner	4	Ratio

Measurements are made by scoring each of the ICMM indicators described above. **"0"** if the company does not disclose the indicators and **"1"** if the company discloses the indicators. The criteria for fulfilling the indicators are based on the information disclosed by the company in the annual report and/or sustainability report.

However, based on preliminary research, there are indicators that are not in accordance with Indonesian conditions. These indicators are (1) implementing standards that are consistent and in accordance with the policy framework issued by ICMM and (2) carrying out independent assurance of sustainability performance every year following the ICMM guidelines aimed at ensuring and verifying membership requirements. Therefore, these two indicators are excluded because these items are intended for companies that are ICMM members, while the focus of this research is mining sector companies in Indonesia, and no mining company in Indonesia is a member of ICMM. So, the total indicators from the

ICMM, which were originally 39, were used as many as 37. Furthermore, the score of each indicator is added up and then divided by all indicators (total 37) to show the level of disclosure of corporate social responsibility quantitatively. In simple terms, stated in the formula:

$$CSR = \frac{\Sigma X}{n}$$

Description:
CSR = corporate social responsibility disclosure
ΣX = number of CSR items disclosed (37 in total)
n = total indicators in general (37)

c) Profitability

According to Gitman and Zutter (2015), profitability is a form of assessment of a company's ability to earn profits. It is also used as a reference in assessing a company's financial performance. In this study, profitability ratios are measured using Return on Total Assets (ROA), which is in line with research conducted by Kumala and Siregar (2021). Return on assets is calculated using the following formula:

$$Return\ on\ Total\ Asset = \frac{Net\ Income}{Total\ Asset}\ x\ 100\%$$

d) Firm Size

Firm size is a description of the size of a company, which is defined by total assets, number of sales, or total profits so that it can affect the company's social performance (Chariri et al., 2019). In simple terms, company size is expressed in the formula:

$$Firm\ Size = \ln Total\ Asset$$

B. Measurement

a) Statistical Analysis

Statistical analysis is a data analysis activity that includes compiling, processing, organizing, presenting, and analyzing numerical data with the aim of making it easier for users to read or understand related data (Lind *et al*., 2010).

b) Normality Test

The normality test is a test that aims to determine whether the residual values are normally distributed in a regression model. The criterion used in determining whether the residual values are normally distributed or not is to use the One-Sample Kolmogorov Smirnov test, where if the significance value is ≥ 0.05, it can be concluded that the data is normally distributed and vice versa (Ghozali, 2021).

c) Heteroscedasticity Test

The heteroscedasticity test aims to find out whether there is an inequality of variance in the regression model from a study conducted (Ghozali, 2021). The criterion for a good regression model is if it meets the requirements in the Glejser test, where the significance value is ≥ 0.05.

d) Multicollinearity Test

According to Ghozali (2021), the multicollinearity test is a test that aims to find out whether there is a relationship between one independent variable and another in a linear regression model. A regression model can be said to be good if there is no high correlation between the independent variables studied. The criteria used to determine whether there is a correlation between one independent variable and another is to look at the tolerance value and the variance inflation factor (VIF) value. If the tolerance value is ≥ 0.1 and the VIF value is ≤ 10, it can be concluded that there is no interference or multicollinearity does not occur in the data used in a study.

e) Multiple Linear Regression

The multiple linear regression equation used in this study is:

$$Y = \alpha + \beta_1\ GA + \beta_2\ CSR + \beta_3\ FS + e$$

Description:
Y = Profitability
α = Konstanta
GA = Implementation of Green Accounting
CSR = Corporate Social Responsibility Disclosure
FS = Firm Size

f) Coefficient of Determination (R^2)

The coefficient of determination aims to see the model's ability to explain the variation of the independent variable on the dependent variable, where the value of the coefficient of determination is in the range of zero to one. The R^2 value, which is close to 1, indicates that almost all of the information provided by the independent variables can predict a variation in the dependent variable (Ghozali, 2021).

g) F-Test

The F-test was carried out with the aim of knowing whether the independent variables simultaneously influence the dependent variable. The criteria used as the basis for deciding whether the independent variable simultaneously affects the dependent variable is based on its significance value; if the significance value is <0.05, it means that it can be concluded that the independent variable simultaneously influences the dependent variable and vice versa.

h) T-Test

Ningrum and Asyik (2018) argue that the T-test is a test carried out with the aim of testing the effect of individual independent variables on the dependent variable. The criterion that forms the basis for making a decision on whether there is an effect of each independent variable on the dependent variable is by looking at the significance value obtained. If the significance value is <0.05, it means that the independent variable influences the dependent variable and vice versa.

C. Results

a) Statistical Analysis Results

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GA	85	0,00	1,00	0,6824	0,46832
CSR	85	0,19	0,89	0,4795	0,19144
K1	85	24,77	32,71	27,9717	1,61795
Y	85	-1,54	0,24	-0,0181	0,22296

Source: Processed by SPSS 26 (2022)

Based on the results of the descriptive statistical analysis in the table, it is illustrated that the amount of data (N) used in this study is 85 observations. The results of the descriptive statistics show that the profitability variable has a mean value of – 0.0181 and a standard deviation of 0.22296, and the company size variable has a mean value of 27.9717 and a standard deviation of 1.61795. In addition, the results of the descriptive statistical test also show that the corporate social responsibility (CSR) disclosure variable has an average value of 0.4795 and a standard deviation of 0.19144, and the variable of green accounting implementation has an average value of 0.6824 and a standard deviation of 0.46832.

b) Normality Test

Table 3: One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	-0,2647331
	Std. Deviation	1,42123296
Most Extreme Differences	Absolute	0,074
	Positive	0,047
	Negative	-0,074
Test Statistic		0,074
Asymp. Sig. (2-tailed)		0,200[c,d]

Source: Processed by SPSS 26 (2022)
a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

The results of the normality test are described in the table, showing a significance value of 0.200, which means a value of ≥ 0.05, so that it can be interpreted as a whole that the values used in the study are normally distributed.

c) Heteroscedasticity Test

Table 4: Heteroscedasticity Test Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-4,749	6,567		-0,723	0,472
	GA	0,014	0,223	0,007	0,062	0,951
	CSR	-0,692	0,631	-0,134	-1,097	0,276
	UP	3,878	4,492	0,105	0,863	0,391

Source: Processed by SPSS 26 (2022)
a. Dependent Variable: ABS_RES_2

Based on the results of the heteroscedasticity test in the table above, it can be seen that the significance value for the company size variable is 0.391, the significance value for the corporate social responsibility variable is 0.276, and the significance value for the green accounting variable is 0.951. This shows that there is no heteroscedasticity because it fulfills the existing criteria, where the value of Sig. ≥ 0.05.

d) Multicollinearity Test

Table 5: Multicollinearity Test Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0,063	9,826		0,006	0,995		
	GA	0,828	0,334	0,275	2,482	0,015	0,931	1,074
	CSR	-0,265	0,943	-0,033	-0,281	0,779	0,812	1,232
	UP	-2,676	6,720	-0,047	-0,398	0,692	0,822	1,216

Source: Processed by SPSS 26 (2022)
a. Dependent Variable: Ln_ABS_Y

It can be concluded, based on the results of the multicollinearity test in the table above, that all independent variables in this study are not mutually correlated with one another because they have a tolerance value $\geq$ 0.1 and a VIF value $\leq$ 10, so there is no indication of multicollinearity in this study.

e) Multiple Linear Regression

Table 6: Multiple Linear Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,063	9,826		0,006	0,995
	GA	0,828	0,334	0,275	2,482	0,015
	CSR	-0,265	0,943	-0,033	-0,281	0,779
	UP	-2,676	6,720	-0,047	-0,398	0,692

Source: Processed by SPSS 26 (2022)
a. Dependent Variable: Ln_ABS_Y

The table shows that the multiple linear regression equation obtained from the results of the analysis is as follows:

$$Y = 0{,}063 + 0{,}828\ GA - 0{,}265\ CSR - 2{,}676\ UP$$

f) Coefficient of Determination (R^2)

Table 7: Coefficients of Determinattion

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,266[a]	0,071	0,036	1,38214	2,318

Source: Processed by SPSS 26 (2022)
a. Predictors: (Constant), Lg_K1, GA, Lg_X2

In accordance with the results attached to the table, the results of the coefficient of determination (R^2) are 0.036 or 3.6%, where this figure illustrates the ability of the independent variable to influence the dependent variable. This means that there are many factors outside of this study that affect profitability (the dependent variable), which is equal to 96.4%.

g) F Test

Table 8: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	11,803	3	3,934	2,060	0,112[b]
Residual	154,735	81	1,910		
Total	166,539	84			

Source: Processed by SPSS 26 (2022)
a. Dependent Variable: LN_ABS_Y
b. Predictors: (Constant), Lg_K1, GA, Lg_X2

Referring to the results of the F test in the table above, it can be seen that the significance value is 0.112, which is a value > 0.05, so it can be concluded that all the independent variables together have no effect on the dependent variable.

h) T Test

Table 9: T Test Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0,063	9,826		0,006	0,995
GA	0,828	0,334	0,275	2,482	0,015
CSR	-0,265	0,943	-0,033	-0,281	0,779
UP	-2,676	6,720	-0,047	-0,398	0,692

Based on the results of the T-test in the table, each explanation for each variable can be described as follows:

1. The value of Sig. in the green accounting variable is 0.015, which this number is ≤ 0.05, meaning that the green accounting application variable has a positive effect on profitability. It can be concluded that H_1 is accepted.
2. The value of Sig. in the corporate social responsibility variable is 0.779, which is worth ≥ 0.050, meaning that the corporate social responsibility program disclosure variable has no effect on profitability. It can be concluded that H_2 is rejected.

D. Discussions

a) The Effect of Applying Green Accounting on Profitability

Based on the results of the research above, it was found that the application of green accounting has a positive effect on profitability. This means that the imposition and disclosure of environmental costs carried out by companies can give investors or consumers confidence in assessing a company (Lako, 2018), so the application of green accounting can affect the level of company profitability. The aim is for internal and external users to obtain complete, relevant, and reliable information about the financial position and financial performance, risks, and prospects, as well as a commitment to the social and environmental responsibility and sustainability of an entity before evaluating and making decisions.

This is in accordance with the basis of legitimacy theory, which states that the application of green accounting is closely related to society and the good environment around it (Maama & Appiah, 2019). Implementation of activities that are in accordance with community expectations can build corporate image so that indirectly, it can build stakeholder trust in the company (Kholmi & Nafiza, 2022). In addition, Rounaghi (2019) also said that disclosing the environmental cost component in its annual report and/or sustainability report can illustrate a form of company transparency, which is also expected to increase the profits that the company will get. The results of this study are in line with research conducted by Angelina & Nursasi (2021), Dewi & Wardani (2022), and Meiriani et al. (2022), where the results of green accounting have a positive effect on company profitability.

b) The Effect of Corporate Social Responsibility Disclosure on Profitability

Based on the results of the research above, it was found that corporate social responsibility disclosure does not affect profitability. The implementation of corporate social responsibility in Indonesia has also not been implemented properly due to several obstacles (Dsilfitria, 2020), which might make corporate social responsibility disclosures not affect profitability, as follows:

a) CSR programs are not fully structured properly and do not fully respond to community needs, so CSR programs disclosed by companies in annual reports or sustainability reports are unable to attract the attention of stakeholders, and of course, this has an impact on company profitability.
b) There is no independent institution that is specifically tasked with overseeing CSR activities. However, there are laws and regulations related to company obligations in implementing CSR programs, named Undang –Undang Number 40 of 2017, which regulates “Perseroan Terbatas,” but the implementation of CSR in Indonesia has not been fully having a significant impact on profitability.
c) Easily manipulated to reduce the company’s responsibility to pay taxes.
d) Corporate social responsibility activities have not fully used the cost of the company’s net profit after tax; companies often charge corporate social responsibility costs in calculating product selling prices, so it can be said that consumers bear the costs of corporate social responsibility.

Another thing that becomes a factor of corporate social responsibility does not affect profitability because, according to Shubita et al. (2022), the community considers that the implementation of the corporate social responsibility program is just a “lip service” used by companies to reduce pressure from the government and society. Machmuddah et al. (2020) also stated that the reason why corporate social responsibility does not affect profitability is because there are differences in the standards for corporate social responsibility disclosure according to each company. This research has the same results as the research conducted by Angelina and Nursasi (2021), where it was found that corporate social responsibility does not affect company profitability.

IV. CONCLUSION

The conclusions from this study are as follows: (1) The application of green accounting has a positive effect on profitability. (2) Corporate social responsibility disclosure has no effect on profitability. (3) The application of green accounting and corporate social responsibility disclosure together does not affect the company’s profitability.

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