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# The Influence of Green Accounting and Corporate Social Responsibility (CSR) on Corporate Sustainability in Manufacturing Companies Listed on the Indonesian Stock Exchange Period 2019-2022

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### ABSTRACT

This research aims to describe green accounting and Corporate Social Responsibility (CSR) on corporate sustainability in manufacturing companies listed on the IDX for the 2019-2022 period. This research uses a quantitative approach with multiple linear regression data analysis techniques. Data was processed using STATA 14.0. The data analysis technique used in this research is descriptive statistics. The sample selection in this study was carried out using the purposive sampling method, namely using certain criteria and 28 companies were obtained. Based on the research sample there are company profits that are low and there are still few GRI assessment indicators that are disclosed, this does not yet reflect good company sustainability, however, the PROPER rating experienced by the company is already at a good rank with an average of blue.

### Introduction

Good environmental performance is a bridge for a company to improve its company performance, as stated by De Beer & Friend (2006) that currently industry is becoming concerned about the environment because it believes it has an influence on company finances. The greater the profits a company obtains and the concern for the environment in carrying out its activities, the more guaranteed the company's survival (corporate sustainability) and increased stakeholder trust.

The manufacturing industry is still the main driver of the national economy, which is reflected in the consistency of the non-oil and gas processing industry which makes the largest contribution to national gross domestic product (GDP) with an achievement of 16.30 percent in the second quarter of 2023 (Ministry of Industry, 2021). However, manufacturing companies have relatively low awareness of the environment (Valencia & Sri, 2022). Sigit Reliantoro (2022) as Secretary of the Directorate General of Control of Pollution and Damage to Life and Forestry said that of the 2,045 companies that registered, the KLHK (Ministry of Environment and Forestry) assessed environmental compliance aspects, and noted that only 83 companies were categorized as worthy of receiving a green PROPER rating or above.

Companies are no longer responsible only for the single bottom line, namely the condition of the company which is assessed based on its financial performance alone. Corporate social responsibility today must rely on the triple bottom line, namely economic prosperity (profit), environmental quality (planet), and social justice (people) (Dewi & Edward, 2020). Good implementation of environmental accounting or what is often called green accounting will illustrate that the company has paid attention to the environmental impact of the surrounding company and is not only focused on increasing profits. The Indonesian government through the Ministry of Industry also awards companies that are able to implement green

industry every year, and the Ministry of the Environment in implementing PROPER, namely the Company Performance Rating Assessment Program in Environmental Management (Dewi & Edward Narayana, 2020).

Not only green accounting, CSR can also overcome environmental problems. Limited Liability Company Law no. 40 of 2007 article 74 which regulates social and environmental responsibilities, companies that carry out business related to natural resources are obliged to carry out these social and environmental responsibilities. Implementation of CSR is a series of actions to show concern for the impact of all company activities on the environment and surrounding communities. Implementing green accounting and CSR is an effort that companies can make to overcome issues related to social and environmental responsibility for the sustainability of a company.

## **Literature Review**

### **Stakeholder Theory**

Stakeholder theory was first put forward by Freeman (1984) who stated that stakeholder theory is a theory of organizational management and business ethics which discusses morals and values in managing organizations. This theory not only focuses on increasing company profits, but also focuses on increasing stakeholder welfare (Mandaika & Salim, 2015). Stakeholders have the right to company developments or information accompanied by financial and non-financial reports. Companies can establish good relationships with stakeholders, pay attention to the resulting environment, and pay attention to record keeping which can improve the company's financial performance and make investors interested in investing in the company.

### **Green Accounting**

Green accounting is a type of environmental accounting that combines environmental benefits and costs into decision making, or activities in the form of identifying, measuring, assessing and disclosing costs related to company activities related to the environment (Kusumaningtias, 2013). Companies that implement green accounting well not only express the company's concern for the environment but also about product quality, product safety, corporate social responsibility towards the surrounding community, and the company's concern for the safety and welfare of its workforce. Implementing green accounting in a company is a form of corporate responsibility towards stakeholders. A company's environmental performance can be measured using the PROPER program. PROPER is a Company Performance Rating Assessment Program in Environmental Management developed by the Ministry of the Environment, to encourage companies to improve their environmental management.

### **Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) is a strategy used by companies to accommodate the needs and interests of their stakeholders. CSR is a form of corporate responsibility towards the environment and social as a result of business activities in the surrounding community. This form of responsibility can be in the form of money, goods, services or programs that are considered beneficial to society (Puspita & Murtiningtyas, 2014). According to Apriyanti & Budiasih (2016), CSR disclosure can increase public trust as proof that the company has made efforts to reduce the impact of environmental damage due to its business activities. CSR disclosures are presented in sustainability reports using Global Reporting Initiative (GRI) standards.

### **Corporate Sustainability**

According to Abdullah & Amiruddin (2020) Sustainability is everything that is needed for the survival and welfare of life directly or indirectly in the natural environment. In a company, survival can be seen from how much profit the company generates. Increasing profits indicate greater opportunities for the company to grow. According to Abdullah & Amiruddin (2020) the survival of a company can also depend on the profits it obtains. In general, the greater the profits a company obtains, the more guaranteed the company's survival will be. Company sustainability can also be influenced by the role of stakeholders in being able to control the resources needed for the company's survival.

### **Methods**

This research uses a quantitative approach with multiple linear regression data analysis techniques. The sample selected in this research was using the purposive sampling method and obtained 28 companies listed on the Indonesia Stock Exchange. The implementation of green accounting is measured through the PROPER rating obtained by the company. From the

PROPER assessment, companies will gain a reputation according to how they manage their environment, and use five ratings, namely black, red, blue, green and gold (Ramadhani et al., 2022).

**Tabel 1**  
**PROPER Rating Criteria**

Criteria	Score
Gold	5
Blue	4
Green	3
Red	2
Black	1

Source: Ramadhani, 2022

CSR implementation is measured using the GRI G4 standard which consists of 91 indicators (Widianingsih, 2018). The following is the CSR calculation formula used:

$$CSRI_j = \frac{\sum X_{ij}}{n_j}$$

Information:

CSRI<sub>j</sub>: Corporate Social Responsibility Index of companies

X<sub>ij</sub>: 1 = item disclosed; 0 = item not disclosed

N<sub>j</sub>: Number of items for company (91)

Source: Aswin (2020)

The implementation of corporate sustainability is measured by how much profit the company obtains (Abdullah & Amiruddin, 2020). The greater the profits a company obtains, the more guaranteed the company's survival will be.

## Results

### Characteristics of the Research Sample

Manufacturing companies registered on the IDX for the 2019-2022 period consist of three sectors, namely the consumer goods industry, basic and chemical industries, and various industries with 21 derivative sub-sectors. Based on the sample selection criteria carried out using the purposive sampling method, 28 samples of companies were obtained to be observed.

**Tabel 1**  
**Sample Characteristics Based on Firm Size**

Sub Sector	Total Company	Firm Size
Paper Pulp	8	28.50
Cables	8	28.50
Ceramics, Porcelain, and Glass	4	30.50
Cosmetics and Household Goods	8	24.00
Metals and so on	8	29.00
Food and Beverages	28	21.36
Automotive and Components	12	19.50
Animal Feed	4	31.50
Household Appliances	4	6.50
Plastics and Packaging	8	14.50
Cement	8	19.50
Textiles and Garments	8	35.50
Tobacco	4	30.50
<b>Grand Total</b>	<b>112</b>	<b>23.79</b>

Source: Data Processed, 2023

From the table presented, it can be seen that the sample is dominated by the food and beverage sub-sector, namely 28 samples out of a total of 112 research samples. The smallest number of research samples was in the ceramics, ceramics and glass, animal feed, household equipment and tobacco subsectors with the number of research samples being 4 each. Company size was measured in this study using the natural logarithm, where the average company size in this research sample was 23.79. In the table above it can be seen that the subsector with the largest company size is the textile and garment subsector with a value of 35.50. On the other hand, the smallest company size in this study is the home appliances sub-sector with a value of 6.50.

**Tabel 2**  
**Sample Characteristics Based on Variables**

Sub Sector	Green Accounting	CSR	Corporate Sustainability
Paper Pulp	3.00	0.29	0.06
Cables	2.63	0.21	0.17
Ceramics, Porcelain, and Glass	3.00	0.33	0.03
Cosmetics and Household Goods	2.88	0.21	0.05
Metals and so on	2.88	0.28	0.08
Food and Beverages	3.07	0.25	0.11
Automotive and Components	2.67	0.22	0.15
Animal Feed	3.00	0.29	0.15
Household Appliances	3.00	0.30	0.13
Plactics and Packaging	3.00	0.28	0.09
Cement	3.25	0.30	0.18
Textiles and Garments	2.88	0.15	0.04
Tobacco	3.00	0.30	0.12
<b>Grand Total</b>	<b>2.95</b>	<b>0.25</b>	<b>0.11</b>

Source: Data Processed, 2023

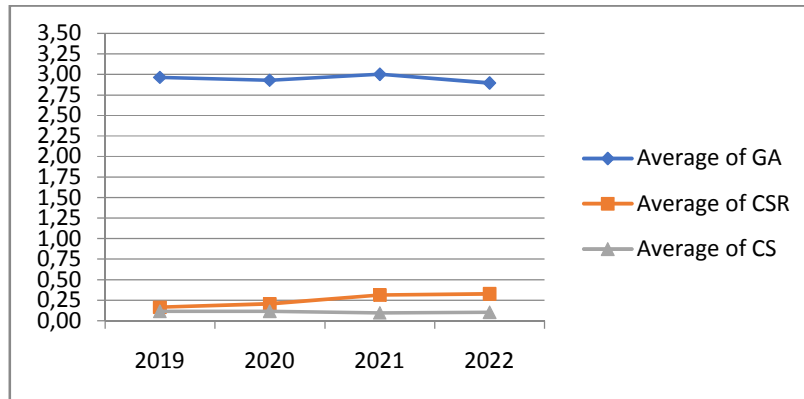
Based on the table data presented above, there are three variables. Variable X1 is a green accounting variable, variable X2 is a CSR variable. Variable X3 is corporate sustainability. For each variable, the smallest value indicates the quality of the sample. The smaller the value, the smaller the fluctuation and uncertainty in the sample.

Based on the table above, the maximum value of the disclosure of the Green Accounting variable with the PROPER rating assessment indicator is in the cement sub-sector of 3.25, namely in the basic industry and chemical sectors. This happens because there is a better PROPER rating assessment in the cement sub-sector than other sub-sectors. The minimum value for disclosing the Green Accounting variable with the PROPER rating assessment indicator is in the cable sub-sector with a value of 2.63, namely in the miscellaneous industry sector. This happens because there is a worse PROPER rating in the cable sub-sector than in other sub-sectors.

In the CSR variable, the maximum value of the disclosure of GRI assessment indicators is found in the ceramics, porcelain and glass sub-sectors at 0.33, namely in the basic industrial and chemical sectors. This happens because there are a greater number of CSR items in the GRI that are disclosed in the ceramics, porcelain and glass sub-sectors than in other sub-sectors. The minimum value for disclosing the GRI assessment indicator for the CSR variable is found in the textile and garment sub-sector with a value of 0.15, namely in the miscellaneous industry sector. This happens because there are fewer CSR items in the GRI that are disclosed in the textile and garment sub-sector than in other sub-sectors.

The maximum value of profit in the Corporate Sustainability variable is found in the cement sub-sector at 0.18, namely in the basic industry and chemical sectors. This happens because there is maximum profit from the sustainability of a company in the cable sub-sector compared to other sub-sectors. The minimum value of profit in the Corporate Sustainability variable is found in the ceramics, porcelain and glass sub-sectors at 0.03, namely in the basic industrial and chemical sectors. This happens because there are low profits in the company which can affect the company's sustainability.

**Gambar 1**  
**Grafik Variables Based on Year**



Source: Data Processed, 2023

From the graphic image above, it can be concluded that the green accounting variable with the PROPER rating assessment indicator obtained from 2019-2022 experienced a decline that was not too significant, where only in 2020-2021 experienced an increase or obtained a better PROPER rating. The CSR variable with the GRI index disclosure assessment indicator from 2019-2022 has increased, this means that the manufacturing companies in the sample have started implementing CSR through disclosing the GRI index in sustainability reports. The corporate sustainability variable from 2019-2022 can be said to not move much as marked by a horizontal line.

### Descriptive Statistics

**Tabel 3**  
**Descriptive Statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
cs	112	.107	.089	.006	.447
ga	112	2.946	.351	2	4
csr	112	.252	.112	.077	.538

Source: Stata, 2023

#### Information:

- cs : *Corporate Sustainability*
- ga : *Green Accounting*
- csr : *Corporate Social Responsibility*

Based on the table above, the mean of the dependent variable (corporate sustainability) as measured by the profit experienced by the company is 0.107 with a standard deviation of 0.089. It can be said that the profits experienced by the company are still low and do not reflect good company sustainability. The minimum value of this dependent variable is 0.006 for the company Multi Bintang Indonesia Tbk in 2021, which indicates that the level of profit is still low. The maximum value was 0.447 for the Kabelindo Murni Tbk company in 2019, which indicates the maximum level of profit.

The independent variables are green accounting and Corporate Social Responsibility, in the table the green accounting variable has a mean value of 2.946, with a standard deviation of 0.351. From the research sample, the PROPER rating experienced by the company is already in a good ranking but still needs improvement. The minimum value of the variable is 2 and the maximum value is 4, this happens because the variable uses the PROPER rating assessment indicator.

Furthermore, the Corporate Social Responsibility variable has a mean value of 0.252, with a standard deviation of 0.112. From the research sample, there is still a small amount of disclosure of GRI assessment indicators in several companies. The minimum value found in the companies Argo Pantes Tbk in 2019 and 2020 and Garuda Metalindo Tbk in

2019 was 0.077, which shows that there is still little CSR disclosure being carried out. The maximum value found in the company Delta Jakarta Tbk in 2022 is 0.538, which shows that it has disclosed more CSR than other companies.

### Discussion and conclusions

This research aims to determine the influence of green accounting and CSR on corporate sustainability in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2019-2022 period. The research method is linear regression analysis of panel data, the research uses STATA 14 to process the data. The sample of manufacturing companies on the BEI for the 2019-2022 period is 28 companies.

Based on the results, corporate sustainability, which is measured by the profits experienced by the company, is still low and does not describe good corporate sustainability. Green accounting by measuring the PROPER rating experienced by the company is already in a good ranking but still needs improvement. And companies' disclosure of the GRI G4 index regarding the CSR variable is still small.

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