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THE EFFECT OF GREEN ACCOUNTING AND COMPANY SIZE ON COMPANY PERFORMANCE

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Abstract: This research aims to determine the effect of Green Accounting and Company Size on company performance. Using a quantitative approach. The sampling method is purposive sampling of secondary data on food and beverage sector companies listed on the Indonesia Stock Exchange. Process the data using Multiple Linear Regression with SPSS 26 software. The research results show that Green Accounting Disclosure has a significant positive effect on company performance. On the other hand, company size has a significant negative effect on company performance.

Keywords: Green Accounting, Company Size, Company Performance

INTRODUCTION

Introduction

The food and beverage industry plays a major role in the global economy. However, the industry's operations often cause environmental damage, which in the long run can cause significant problems to the environment. There is still a lack of awareness for the industry of the importance of protecting the environment. While the public is increasingly beginning to understand environmental sustainability, they have begun to be observant in assessing companies, hoping that companies will pay more attention to the impact of externalities from industrial operations on the surrounding environment and not only focus on profits alone. The level of environmental damage caused by company operations can affect the decline in the level of public trust in the company and provide demands in the form of revocation of business licences so that it can hamper the company's performance (Pushep, 2022).

Some companies are trying to attract investors and the public in order to improve their good image by paying more attention to environmental sustainability. Of course, the presence of many new industries will help the community in obtaining employment. The role of green accounting in improving company performance refers to one of the roles of accounting, namely as a provider of information for decision making. In this research, green accounting represented by environmental disclosure performance affects company performance (Damayanti & Astuti, 2022). Company size is the scale of the company which can be seen from the company's overall assets at the end of the year. Previous research shows that company size has no significant effect on company performance (Rahman et al., 2023). On the other hand, other studies show different results (Hertina, n.d., 2020).

The inconsistency of some previous research and the importance of company size variables and the application of green accounting in the present, so the authors feel the need to review more deeply in conducting this research. The problem raised is how green accounting and company size affect company performance, especially in the food and beverage sector listed on the IDX in 2021-2023.

LITERATURE REVIEW

1. Legitimacy Theory

As a theory that focuses on the interaction of relationships between organisations and society. Legitimacy is a management system that is oriented towards the company's alignment with society, individual governments and community groups. Legitimacy is considered important for companies because the legitimacy of society to the company is a strategic factor for the development of a company in the future. According to Epstein, companies that want to exist to carry out their business in society must obtain legitimacy from the community and key stakeholders.

2. Company Performance

Company performance is the result achieved based on company activities over a certain period of time, related to the achievement of management effectiveness and efficiency. Company performance can be interpreted as the company's ability to obtain overall success in achieving the goals that have been prepared and determined through the chosen strategy (Nugrahayu, 2015).

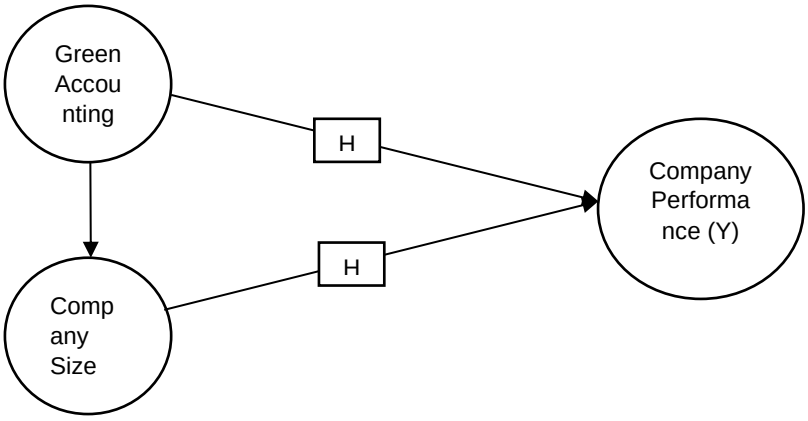
Company performance is measured through several types of financial ratios. This study uses Return On Asset (ROA) performance is a ratio that measures how efficiently a company manages its assets to generate profits during one period. ROA is useful for measuring how efficient a company is to be able to convert the money used to buy assets into net income. ROA is obtained from total profit after tax compared to total assets.

3. Green Accounting

Green Accounting is a company concept in minimising the use of resources in a sustainable manner, so as to harmonise company development with environmental functions (Endiana, 2020). The application of green accounting provides improved environmental management by assessing environmental events from the perspective of environmental costs and economic benefits, and produces environmental protection effects.

4. Company Size

Company size can be interpreted as a comparison of the size or size of the business of a company or organisation (Hery, 2017). Company size is considered to affect company value, the larger the size or scale of the company, the easier it is for the company to obtain funding sources, both external and internal (Puji, 2019).



Picture.1
Framework of Thought

RESEARCH METHODOLOGY

This research is a type of quantitative descriptive research based on the philosophy of positivism (Sugiono, 2021). The source of this research data is secondary data, researchers take from the annual financial statements of food and beverage sector companies listed on the Indonesia Stock Exchange in 2021 - 2023. Specially to food and beverage companies that include proper ratings (Rating Assessment of Company Performance in Environmental Management). So that there are 14 food and beverage companies that meet the criteria, namely companies with stock codes: ULTJ, CEKA, CAMP, AISA, ICBP, INDF, ROTI, ADES, DLTA, DMND, MYOR, PANI, FOOD, GOOD.

The research variables used are:

Dependent Variable (Y) - namely company performance which is proxied from the Return On Assets (ROA) indicator obtained from profit after tax divided by total assets (Damayanti & Astuti, 2022).

Independent Variable (X1) - which is obtained from the application of Green Accounting, which includes the collection of production costs, inventory, and waste costs etc.. By looking at environmental performance (Hamidi, 2019). Environmental performance as seen from the proper rating as measured by color from the best number 5 to 1 damage (pollution), namely: Gold (5), Green (4), Blue (3), Red (2), Black (1). (Ministry of Environment, 2017).

Independent Variable (X2) - namely company size which describes the size of the company based on the total amount of company resources / assets (Pah & Christiawan, 2017). Company size is obtained from the Natural Logarithm of the book value of total assets (Rahman et al, 2023).

DATA ANALYSIS TECHNIQUE

1. **Descriptive Statistical Analysis**
   This analysis is used to describe or describe objects related to research which include population data as they are, without analyzing and making conclusions in general (Sugiyono, 2021).
2. **Classical Assumption Test**
   a. Normality Test
   The normality test is used to test whether the research data is normally distributed. Using the *Kormogorov-Smirnov* test (K-S Test) to ensure the reliability of the normality test results. If *Asymp Sig*> 0.05 then the data is normally distributed.
   b. Heteroscedasticity Test
   Test whether in the regression model there is an inequality of confounding variables from one observation to another (Hernawati, 2018). Good regression does not occur heteroscedasticity with the criteria if the test results show significant> 0.05 then there is no heteroscedasticity. Conversely, if the test shows significant <0.05 then there is heteroscedasticity.
   c. Multicollinearity Test
   Test whether the recression model found a correlation between the independent variables (independent). If there is no correlation between the independent variables, it can be said that the regression model is good (Hernawati, 2018). Test by looking at the VIF value < 10 then there is no multicollinearity.

d. Autocorrelation Test

Tests whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1. By using the *Durbin-Watson test (DW test)*:

(1) If DW is below -2, indicating positive autocorrelation
(2) If DW is between -2 to +2 then there is no autocorrelation
(3) If DW is above +2, it indicates negative autocorrelation.

3. Multiple Regression Analysis

Test whether the independent variable has an influence on the dependent variable simultaneously or partially. Regression test tool with the help of SPSS 26 soft ware. Multiple linear regression analysis is formulated as follows (Sugiyono, 2021)

$$Y = \alpha + \beta 1X1 + \beta 2X2 + e$$

Description:
Y : Company Performance
α : Constant
β1 β2 : Regression Constant
X1 : Green Accounting
X2 : Company Size
e : Error

The test is conducted to determine whether all independent variables together (simultaneously) and partially have a positive and significant effect on the dependent variable.

4. Hypothesis Test

a. F test

Determines whether each independent variable affects the dependent variable simultaneously (Ghozali, 2015). Hypotheses can be tested using regression if the significant value is less than or equal to (≤) 0.05.

b. The t-test

Tests the hypothesis of the effect of independent variables individually on the dependent variable. Using t statistics with the criteria if the sig value <0.05 and the β coefficient value is in line with the hypothesis, it can be said that Ho is rejected and Ha is accepted. If on the contrary, it is rejected.

c. Test Coefficient of Determination (R^2)

Measures the ability of the model to explain the independent variable on the dependent variable. The coefficient of determination is measured using the Adjusted R-square value, whose value ranges from 0-1. If the^{R2} value$^{\text{is close to}}$ 1, the higher the ability of the independent variables and the more precise in explaining the information needed to predict the dependent variable. (Bahri, 2018).

RESULTS AND ANALYSIS

1. Descriptive Statistics

Tabel 4.1 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	42	3	4	3.05	.216
Company Size	42	9.08	14.27	12.7090	1.22937
Kinerja Perusahaan	42	.01	39.97	10.1819	7.57789
Valid N (listwise)	42				

Source: Data Processed in 2024

The company performance variable has an average of 10.18 greater than the standard deviation value of 7.57 which indicates that the distribution of company value data is evenly distributed, meaning that there is no significant difference between one data and another. The *green accounting* variable has a minimum value of 3 and a maximum of 4, with an average value of 3.05. This means that on average the companies in this study apply green accounting with an average proper value of 3.05. The owner of the maximum value of green accounting value is PT Indofood Sukses Makmur Tbk (INDF). The *company size* variable has an average value of 12.7 greater than the standard deviation value of 1.22, indicating that the distribution of company size data is evenly distributed, there is no high difference from one data to another.

2. Classical Assumption Test

a. Normality Test

Table 4.2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		42
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	7.24273696
Most Extreme Differences	Absolute	.156
	Positive	.156
	Negative	-.081
Test Statistic		.156
Asymp. Sig. (2-tailed)		.117[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
Source: Data Processed in 2024

The amount of data in this study is 42 data with a Kormogorov-Smirnov value of 0.117> 0.05, it can be concluded that the research data is normally distributed.

b. Multicollinearity Test

Table 4.3 Multicollinearity Test Results

Model	Tolerance	VIF
(Constant)		
Green Accounting	.918	1.089
Company Size	.918	1.089

c. Heteroscedasticity Test

Table 4.4 Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	36.259	10.505		3.452	.001
	Green Accounting	1.464	3.255	.063	.450	.655
	Company Size	2.093	.571	.517	3.668	.729

Source: Data Processed in 2024

Based on the results of the Glejser test, the sig value of all independent variables is 0.655 and 0.729> 0.05, indicating that this study does not occur heteroscedasticity.

d. Autocorrelation Test

Table. 4.5 Autocorrelation test results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.694[a]	.786	.797	7.42613	1.721

Source: Data Processed in 2024

The DW value shows 1.721 which is between -2 to +2, so it can be concluded that this study does not have an autocorrelation problem in the regression model.

3**. Multiple Regression**

Table 4.6 Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.342	18.121		-.074	.941
	Green Accounting	9.427	5.614	.268	1.679	.012
	Company Size	-1.354	.984	-.220	-1.375	.032

Source: Data Processed in 2024

Based on the results of the data processing above, a regression model can be formed:

Company Performance = -1.342 + 9.427 Green Accounting -1.354 Company Size.

The constant value of -1.342 means that green accounting and company size are equal to 0, so the company's performance has decreased. The green accounting coefficient value of 9.427 means that every 1% increase in green accounting will have an effect on company performance of 9.427. The coefficient is positively significant at 0.012 <0.05. So that when the company allocates higher environmental costs, the company's performance will increase. The company size coefficient value of -1.354 means that every 1% increase in company size will affect company performance by -1.354. The significant negative coefficient of 0.032 <0.05 indicates that when *company size* increases, it has an impact on the decline in company performance.

4. Hypothesis Test

a. Simultaneous Test (F Test)

Table 4.7 F Test Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	203.654	2	101.827	1.846	.171[b]
	Residual	2150.747	39	55.147		
	Total	2354.400	41			

a. Dependent Variable: Kinerja Perusahaan
b. Predictors: (Constant), Ukuran Perusahaan, Green Accounting
Source: Data Processed in 2024

Simultaneous test results F value of 1.846 and a significant value of 0.171> 0.05. Indicates that *Green Accounting* and *Company Size* have no simultaneous or joint effect on company performance.

b. Partial Test (t Test)

Table 4.8 Partial Test Results (t)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.342	18.121		-.074	.941
	Green Accounting	9.427	5.614	.268	1.679	.012
	Company Size	-1.354	.984	-.220	-1.375	.032

Source: Data Processed in 2024

The t test results show that *Green Accounting* has a significant (0.012 <0.05) positive effect on company performance with a coefficient value of 9.427. Indicates that green accounting affects the company's performance numbers. So that hypothesis H1 in this study is accepted. The existence of this positive and significant influence is in accordance with the *Environmental Accounting Guidelines* put forward by the ministry of environment, that green accounting is a quantitative assessment of the cost and effectiveness of environmental protection so that companies need to have records and reports on environmental activities with the aim of increasing company value and achieving sustainable development.

Food and beverage companies are not limited to production but in balance improve and manage the environment according to environmental needs. With the creation of a good environment, it shows that the company has fulfilled its social contract with the community so that no party is harmed because the company as an operating party has made the best efforts for the environment. The results of this study are in line with previous research that green accounting represented by environmental disclosure affects company performance (Damayanti & Astuti, 2022).

Company Size has a significant negative effect (0.032 <0.05) on company performance with a coefficient value of -1.354. The size of the company which is assessed by the amount of total assets cannot guarantee that a company has good company performance. Total assets that are too high may indicate that the company has little capital in the sense that its operations are not yet optimal so that the impact on company performance is still lacking. In this study, it occurred in food and beverage sector companies. These results are in line with previous research that company size has no impact on company performance (Dianty & Nurrahim, 2022).

c. Test Coefficient of Determination (R^2)

Table 4.9 test results R^2

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.694[a]	.786	.797	7.42613	1.721

a. Predictors: (Constant), Ukuran Perusahaan, Green Accounting
b. Dependent Variable: Kinerja Perusahaan

Source: Data Processed in 2024

The table above shows the Adjusted R Square value of 0.797. This means that 79.7% of company performance is influenced by the two independent variables of green accounting and company size. While the remaining 21.4% is influenced by other factors outside the two independent variables.

CONCLUSION

The results of the discussion analysis obtained can be concluded that Green Accounting has a positive effect on company performance and Company Size has a negative effect on company performance. These results imply that it is important for companies to implement green accounting, especially in food and beverage sector companies to improve performance. Meanwhile, company size must be balanced with asset productivity to improve performance.

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