

Factors Supporting the Implementation of Green Accounting with Profitability as an Intervening Variable

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ABSTRACT

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The purpose of this study was to examine the influence of environmental costs, and firm value on green accounting, mediated by profitability. The research method used is a quantitative research method. The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) except in the financial sector. The sampling technique is a purposive sampling technique based on certain criteria so that a sample of 182 data is obtained. The type of data used is secondary data and the analysis technique used is multiple linear regression analysis with the Sobel Test test tool. The results of the study show that environmental costs and firm value affect profitability, while environmental costs, firm value and profitability have no effect on green accounting. The results of the study also show that profitability cannot mediate the influence of environmental costs and firm value on green accounting.

1. INTRODUCTION

In an era of increasingly tight globalization, industry players are competing to create products that have high value, to meet the needs of the community, companies carry out production and distribution processes on a large scale. The main goal of the company's is to maintain and increase profitability by focusing on the company's operational and financial activities, but some industry players are only care about a good and high-value production process are but care less about the environment (Erlangga et al., 2021).

The environment is one of the important things to support the business process activities of a company, for that the company is responsible for environmental management by implementing green accounting. The implementation of green accounting for companies is regulated in government regulation No. 47 of 2012, which requires companies to be responsible for protecting the environment and social in their operatin activities related to natural resources (Republika, 2012).

The implementation of green accounting is a form of corporate concern to meet the wishes of the community, which is not guided by the company's profits but also related to the environment (Helmisar Saifuddin & Wiyono, 2023). Green accounting can help companies in supporting strategies in responding to environmental issues that have an impact on the company's image. With the implementation of green accounting, the company not only thinks about the profits obtained but also considers the impact that may arise from the process of its operational activities.

There are factors that affect the implementation of green accounting, including; environmental costs and firm value. The first factor is environmental costs, as costs that must be set aside by the company because the production process carried out by the company results in a decrease in environmental quality. The second factor is firm value, where firm value is a reflection of wealth for shareholders and always occupies an important position for the company, because the increase in firm value follows the increase in stock prices. For investors, the increase in the value of the company makes investors interested in investing in the company (Indrarini, 2019).

In research conducted by Kurniawan (2024), it was revealed that green accounting practices tend to be better able to manage environmental and social risks. On the other hand, research conducted by Cahyani & Puspitasari (2023) states that there are still many companies that have not incurred costs to

prevent and preserve the environment. Other research conducted by Scholichah & Puspawati (2023) states that the high and low profitability of a company can affect the value of the company. A high level of profitability will result in an increase in firm value. Based on previous research problems, the researcher wanted to investigate further using a larger sample of companies. This research was conducted on companies listed on the Indonesia Stock Exchange (IDX) in 2021 – 2023, except in the financial sector. These companies include companies in the energy, raw materials, industry, primary consumer goods, non-primary consumer goods, health, property and real estate, technology, infrastructure, and transportation and logistics sectors, because the non-financial sector has high potential in generating environmental impacts. The data collection method uses purposive sampling, namely by using samples based on certain considerations, the recorded data is obtained from the company's financial statements for 2021-2023 in the www.idx.co.id and can be viewed on the company's official website, as well as obtained from companies registered with the Ministry of Environment and Forestry (KLHK) in 2021-2023. Based on the background and problems of previous research, the author wants to research with the title "Factors Supporting the Implementation of Green Accounting with Profitability as an Intervening Variable". The problem formulation is as follows:

1. Is there an influence between environmental costs on profitability?
2. Is there an influence between firm value and profitability?
3. Is there an influence between environmental costs on green accounting?
4. Is there an influence between firm value on green accounting?
5. Is there an influence between profitability and green accounting?
6. Is profitability able to mediate the relationship between environmental costs and green accounting?
7. Is profitabilitas able to mediate the relationship between company firm and green accounting?

a. Legitimacy Theory

Legitimacy theory was proposed by Dowling and Pfeffer in 1975 which states that companies must ensure that business operations are in accordance with the standards and rules accepted by society. In this theory, society is considered to have an important role in the evolution of business. The main principle of legitimacy theory is that institutions can thrive as long as their members believe that they are working toward values that are consistent with their own values. This theory provides recommendations on how companies can win public trust and demonstrate that their business operations are socially acceptable (Kinasih et al., 2021).

b. Green Accounting

The Triple Bottom Line concept proposed by Elkington (1998) which emphasizes the 3Ps (People, Planet, Profit), is the basis for doing green accounting. Green accounting is a new paradigm in accounting that not only focuses on finance, but also focuses on social and environmental events. Lako (2016) defines green accounting as a process of measuring value, recognition, recording, reporting and disclosure of information about transactions, financial, social and environmental objects that are integrated into the accounting process in order to produce complete and relevant information where the information will be useful for users in making assessments and making decisions.

c. Environmental Cost

The company incurs environmental costs as a direct result of its poor operating practices on the environment. The disclosure of environmental costs can increase transparency and can also show investors that an entity has allocated costs to preserve the environment and comply with applicable regulations (Hapsoro & Adyaksana, 2020). According to Franco (2021), environmental costs are costs incurred by an entity related to damage and protection of the environment. Environmental costs according to Hansen et al (2004) are divided into environmental detection costs, environmental prevention costs, internal environmental failure costs and external environmental failure costs.

d. Firm Value

The improvement in the company's performance is indicated by the increase in the firm value. This shows indirectly that the company has the goal of increasing the trust and wealth of its shareholders.

Shareholder confidence will grow if the firm value increases along with the company's share price and performance. According to Azhari & Ruzikna (2014), firm value is the value paid by investors to invest in the stock market. This value shows how well a company treats its shareholders and can encourage more investors and shareholders to invest.

e. Profitability

Profitability according to Munawir (2014), is defined as the ability of an entity to generate profits within a certain period of time. Profitability is the end result of management's operational efforts in managing liquidity, assets, and liabilities and is used as an example of how well a company's activities are by comparing sales results with the amount of money invested.

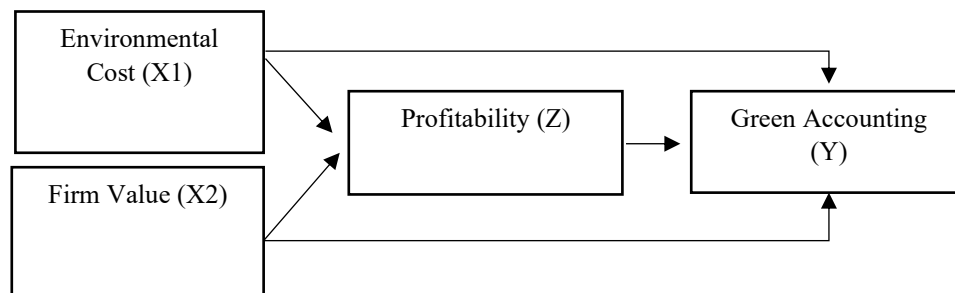


Fig 1. Framework of Thought

f. Hypothesis Development

Based on the theory of legitimacy and previous research, the research hypothesis is formulated as follows:

According to the theory of legitimacy (Dowling & Pfeffer, 1975), environmental costs can be considered as an investment to maintain and enhance the legitimacy of a company in the eyes of society. Strong legitimacy can ultimately have a positive impact on a company's profitability. Adequate environmental costs are considered to meet community expectations and operate in accordance with applicable standards and norms, thereby increasing legitimacy and ultimately increasing profitability. Environmental costs can be used as a long-term investment because the income collected today can help the company build a good reputation. According to research (Zainab & Burhany, 2020) there is a direct influence of environmental costs, the expenses incurred are a sign that companies care about the environment and not as a means that can reduce the company's profitability.

H1: Environmental costs affect profitability

A high firm value reflects a strong level of legitimacy in the eyes of stakeholders. This provides various benefits that directly or indirectly benefits have a positive impact on profitability. Companies that are able to build and maintain good firm values are essentially building and maintaining legitimacy, which in turn will support financial performance, including profitability. A high level of profitability will result in an increase in the firm value. A large profitability is considered to be able to make a large profit and is considered a positive indicator for investors because the company may have promising future prospects. These results support the research of Jihadi et al. (2021) which reveals that profitability affects the firm value.

H2: Firm value affects profitability

Budgeting for environmental costs can improve a company's reputation and image among the public because companies consider more than just their own financial interests when making decisions. Companies that think about the environment will get a positive view in the eyes of stakeholders. The concept of green accounting refers to the integration of environmental aspects in the company's financial reporting system (Elkington, 1998; Lako, 2016). In this context, environmental costs are the basis for green accounting reporting. The greater the cost that a company spends on the

environment, the more comprehensive the implementation of green accounting in corporate financial reporting.

H3: Environmental costs affect green accounting

According to Kurniawan (2024), companies that disclose green accounting practices tend to be better able to manage environmental and social risks. This can reduce operational risks, as well as legal with negative environmental impacts. This reduction in risk can add shareholder value by avoiding settlement costs or sanctions, maintaining good relationships with stakeholders and the community and maintaining long-term business continuity. In the long run, a good firm value can increase trust in the company, as well as increase the stock market and business opportunities. High firm value are often associated with a good corporate image, and companies may be more motivated to disclose green accounting practices.

H4: Firm value affects green accounting

The company is always trying to gain and maintain social legitimacy. This legitimacy is obtained when the company is considered to act in accordance with the values and expectations of society. Companies that are considered responsible for the environment tend to be more accepted by the public, investors, and other stakeholders. The higher the level of profitability of a company, the more likely it is that the company will implement green accounting practices. The application of green accounting has the potential to increase company profitability, this is based on the results of research (Erlangga et al, 2021) which shows that companies can implement and increase disclosure of their environmental performance, it will be included as one of the implementation efforts in green accounting which will indirectly increase profitability because it can provide a positive image of products or services both for the environment and social. On the other hand, if it is not implemented, it will reduce the marketability of the product so that profits will decrease.

H5: Profitability affects green accounting

Companies seeking to maintain or enhance legitimacy will be more likely to adopt green accounting practices in response to social pressure for environmental transparency. Companies with good profitability have a greater capacity to bear environmental costs without compromising their financial performance. Hansen et al., 2004 revealed that environmental costs are the costs budgeted by a company as a result of the company's operating activities. Thus, profitability facilitates the implementation of green accounting, which acts as a tool to communicate companies' commitment to environmental responsibility and ensure that their operations remain in line with societal expectations.

H6: Profitability is able to mediate the relationship between environmental costs and green accounting

Companies with high values in the market are faced with greater expectations to comply with social standards, including environmental responsibility. Profitability provides companies with sufficient resources to meet these expectations through the implementation of green accounting. High profitability allows companies to carry out good environmental reporting through green accounting. Thus, firm value affects green accounting indirectly through profitability (Sholichah & Puspawati, 2023). Green accounting serves as a means for companies to demonstrate their commitment to sustainable environmental practices, which helps to maintain and enhance their legitimacy. In this context, profitability is a link in the implementation of green accounting. The implementation of green accounting strengthens the company's legitimacy in the eyes of the public and stakeholders, which in turn can increase the firm value.

H7: Profitability is able to mediate the relationship between firm value and green accounting

2. RESEARCH METHODS

The approach used in this study is a quantitative approach. This study uses the population of all companies listed on the Indonesia Stock Exchange (IDX) except for the financial sector in 2021-2023. These companies include companies in the energy, raw goods, industry, primary consumer goods, non-primary consumer goods, healthcare, property and real estate, technology, infrastructure, and transportation and logistics sectors. This study uses secondary data obtained from www.idx.co.id and companies registered with the Ministry of Environment and Forestry (KLHK) which can be seen on [the https://proper.menlhk.go.id](https://proper.menlhk.go.id) website. The data collection method in this study uses the purposive sampling method, which is a method that uses samples based on certain criteria. This research uses path analysis techniques. The path analysis method was used to test the influence of intervening variables. Path analysis is an extension of multiple linear regression analysis. The operational definition of the measurement of the research variables can be seen in table 1.

Table 1. Operational Definition

Variables	Symbol	Measurement	Variable Scale	Source
Environmental Cost (X1)	BL	$\frac{CSR\ Costs}{Net\ Profit}$	Ratio	Fahira & Yusrawati, 2023
Firm Value (X2)	PBV	$\frac{Market\ Price\ per\ Share}{Book\ Value\ per\ Share}$	Ratio	Kurniawan, 2024
Green Accounting (Y)	GA	PROPER	Nominal	Rosaline & Wuryani, 2020
Profitability (Z)	ROA	$\frac{Net\ Profit}{Total\ Assets}$	Ratio	Helmisar Saifudin & Wiyono, 2023

3. RESULT AND DISCUSSION

Description of Population and Sample

This study uses the population of all companies listed on the Indonesia Stock Exchange (IDX) except in the financial sector in 2021-2023. According to a report released by the Indonesia Stock Exchange (IDX), there are 761 companies listed in the 2021 period, 775 companies in the 2022 period, and 778 companies in the 2023 period. The number of companies listed on the IDX in 2021-2023 is 795 companies. So that the total population in this study is 795 companies during 2021-2023. The collected samples were then selected using the purposive sampling method, which is a sampling method with certain criteria. As stated in table 2 below:

Table 2. Research Sample

No	Criteria	Total
1	Companies listed on the IDX for the 2021-2023 period	795
2	Companies that are not listed consecutively for the period of 2021-2023	(36)
3	Companies that did not publish annual reports in 2021-2023	(16)
4	Companies that do not participate in the PROPER program organized by the Ministry of Environment and Forestry in 2021-2023	(539)
5	Companies that have no CSR costs in 2021-2023	(64)
6	Companies that use Foreign Currencies other than Rupiah from 2021-20223	(77)
7	Companies that do not have complete information regarding the data needed	(1)
Number of Samples Per Year That Meet the Criteria		62
Number of Research Samples (3 years)		186

Outlier	(4)
Final Sample Count	182

Source: Secondary data processed by researchers,2025

The selection of companies that participate in the PROPER program is carried out because the company has been verified by the government in terms of environmental performance. The use of complete annual reports and the use of Rupiah currency ensures the consistency and comparability of the data used. Based on the criteria that have been set, the number of research samples was obtained as many as 62 companies. In this study, the data was compiled in a time series for 3 years, the data obtained was 186 data, then an outlier was carried out so that a final sample of 182 data was obtained.

Descriptive Statistics

Environmental costs, during 2021-2023 with a total of 182 samples, have the lowest value of -0.008 which is the environmental cost value of PT Eagle High Plantations Tbk, while the highest environmental cost value is 0.774 which is the environmental cost value of PT Victoria Care Indonesia Tbk. The average environmental cost value listed on the Indonesia Stock Exchange for the 2021-2023 period is 0.031 with a standard deviation value of 0.097.

Firm value, during 2021-2023 with a total of 182 samples, has the lowest value of 0.209 which is the firm value of PT Kabelindo Murni Tbk, while the highest value is 4.746 which is the firm value of PT Victoria Care Indonesia Tbk. The average firm value listed on the Indonesia Stock Exchange for the 2021-2023 period is 1.487 with a standard deviation value of 1.170.

Green Accounting, during 2021-2023 with a total of 182 samples, had the lowest score of 2.00, while the highest score was 5.00. The average green accounting value listed on the Indonesia Stock Exchange for the 2021-2023 period is 3.126 with a standard deviation value of 0.515.

Profitability, during 2021-2023 with a total of 182 samples, had the lowest value of -0.011 which is the profitability value of PT Eagle High Plantations Tbk, while the highest profitability value is 0.298 which is the profitability value of PT Victoria Care Indonesia Tbk. The average profitability value listed on the Indonesia Stock Exchange for the 2021-2023 period is 0.077 with a standard deviation value of 0.059.

Table 3. Descriptive Statistics Results

	Minimum	Maximum	Mean	Std. Deviation
Environmental Costs	-0,008	0,774	0,03055	0,097354
Firm Value	0,209	4,746	1,48662	1,170118
Green Accounting	2,000	5,000	3,12637	0,515470
Profitability	-0,011	0,298	0,07723	0,058546

Source: Secondary data processed by researchers,2025

Classical Assumption Test

1) Normality Test

The normality test in this study used One Sample Kolmogorof Smirnov and the results obtained were as follows:

Tabel 4. Normality Test Results

Sample	Sig (2-tailed)	p-value	Description
Undstadardized residual Model 1	0,002	P<0,05	Not Normal
Undstadardized residual Model 2	0,000	P<0,05	Not Normal

Source: Secondary data processed by researchers,2025

Based on the results of the normality test above, it was found that Asymp.Sig showed the results of model 1 of 0.002 and model 2 of 0.000, this shows that the data on model 1 and model 2 are not distributed normally, because they have a value of less than 0.05. If the normality test gives the result that data used in this study tends to be abnormal, then CLT (*Central Limit Theorem*) can be used, namely if the observation is large enough ($n > 30$), then the assumption of normality is ignored (Gujarati, 2015). This study used a sample of $182 > 30$. This shows that the data in this study can be said to be normally distributed.

2) Multicollinearity Test

The multicollinearity test aims to test whether the regression model has a high correlation between independent variables. The results of the multicollinearity test in this study are as follows:

Table 5.Multicollinearity Test Model 1

Variables	Tolerance	VIF	Description
Environmental Costs	0,935	1,070	Free from Multicollinearity
Firm Value	0,935	1,070	Free from Multicollinearity

Source: Secondary data processed by researchers,2025

Table 6. Multicollinearity Test Model 2

Variabel	Tolerance	VIF	Keterangan
Environmental Costs	0,889	1,125	Free from Multicollinearity
Firm Values	0,758	1,319	Free from Multicollinearity
Profitability	0,733	1,365	Free from Multicollinearity

Source: Secondary data processed by researchers,2025

Based on the results of the multicollinearity test above (Table 5 and 6), it shows that there is not a single variable that has a VIF value of more than 10 and a tolerance value that has a value of > 0.10 . This means that the regression model is free from the existence of a high correlation between independent variables so that it can be concluded that the model is free from multicollinearity.

3) Heteroscedastisity Test

Heteroscedasticity testing aims to test whether regression occurs of variance and residual inequality from one observation to another. The results of the heteroscedasticity test in this study used the white test.

Table 7. Heteroscedastisity Test

	R Square	C ² Calculate	C ² Table	Description
Model 1	0,066	12,012	213,391	Free from Heteroscedastisity
Model 2	0,078	14,196	213,391	Free from Heteroscedastisity

Source: Secondary data processed by researchers,2025

From table 7, it is known that this study used a total of 182 samples, as well as the formula to find the value of C2 count = $n \times R \text{ Square}$ and C2 Table: $df = n-1$. The result of the calculation C2 calculates model 1: $182 \times 0.066 = 12.012$, and C2 calculates model 2: $182 \times 0.078 = 14.196$. The C2 value of model 1 and model 2 tables: $182 - 1 = 213.391$, the results show that if the C2 value is calculated $< C2 \text{ table}$, namely model 1: $12.012 < 213.391$ and model 2: $14.196 < 213.391$ so that it can be concluded that in this study there are no symptoms or are free from heteroscedasticity problems.

4) Autocorrelation Test

The autocorrelation test aims to test whether in a regression model there is a relationship between one residual variable and another residual variable. This study uses the Durbin Watson test and the results obtained are as follows:

Table 8. Autocorrelation

	Durbin Watson	dU	4 - dU	Description
Model 1	1,865	1,7797	2,2203	Free from Autocorrelation
Model 2	1,854	1,7910	2,209	Free from Autocorrelation

Source: Secondary data processed by researchers, 2025

Based on the provisions of the Durbin Watson test, namely $dU < DW < 4-dU$. Model 1: $1.7797 < 1.865 < 2.2203$ and Model 2: $1.7910 < 1.854 < 2.209$. This shows that in this study it is free from autocorrelation problems.

Hypothesis Test

The hypothesis test in this study uses multiple linear regression tests to test independent variables against dependent variables and the results of hypothesis testing are as follows:

Table 9. Effect of X on Z

Variables	Unstandardized Coefficients B	Standardized Coefficients Beta	T	Sig
(Constant)	0,042			
Environmental Costs	0,121	0,202	3,046	0,003
Firm Value	0,021	0,427	6,459	0,000
R Square				0,267

Source: Secondary data processed by researchers, 2025

Based on table 9, the multiple linear regression model equation in this study can be stated as follows: Profitability = $0.042 + 0.121$ Environmental Cost + 0.021 Firm Value + ϵ . The profitability value is 0.042 if it assumes environmental costs and the firm value has a value of 0. Furthermore, if the environmental cost increases by 1 in the number of units, then the profitability will increase by 0.121 and if it is assumed that the environmental cost has a value of 0 while the firm value has increased by 1 in the number of units, then the profitability will increase by 0.021.

The path equation is as follows: Profitability = $0.042 + 0.202$ Environmental Cost + 0.427 Firm Value + ϵ . The profitability value is 0.042 if it assumes environmental costs and the firm value has a value of 0. Furthermore, if the environmental cost increases by 1 in the number of units, then profitability will increase by 0.202 and if it is assumed that the environmental cost has a value of 0 while the firm value increases by 1 in terms of units, then profitability will increase by 0.427.

The test results show that the value of the variable p value of environmental costs is $0.003 < 0.05$ and can be seen from the t table and t calculated, namely t calculation of 3.046 while t table of 1.9733 becomes $3.046 > 1.9733$ which means that there is a significant influence of environmental costs on profitability (H_1 accepted), so that the higher the environmental cost, the higher the profitability. While the p value of the firm value is $0.000 < 0.05$ and can be seen from the t table and t calculated, namely t calculated as 6.459 while t table is 1.9733 to $6.459 > 1.9733$ which means that there is a significant influence of the firm value on profitability (H_2 is accepted), so the higher the firm value, the higher the profitability. Furthermore, when viewed from the magnitude of the influence, environmental costs and firm value have an influence of 0.267 or 26.7% on changes in profitability and the rest, which is $100\% - 26.7\% = 0.733$ or 73.3% is influenced by other variables outside the study.

Table 10. Effect of X, Z on Y

Variables	Unstandardized Coefficients B	Standardized Coefficients Beta	T	Sig
(Constant)	2,944			
Environmental Costs	-0,528	-0,100	-1.293	0,198

Firm Value	0,071	0,161	1,928	0,055
Profitability	1,204	0,137	1,609	0,109
R Square				0,059

Source: Secondary data processed by researchers, 2025

Based on table 10, the multiple linear regression model equation in this study can be stated as follows: Green Accounting = 2.944 - 0.528 Environmental Costs + 0.071 Firm Value + 1.204 Profitability + ϵ . The green accounting value of 2.944 if environmental costs, firm value and profitability are assumed to have a value of 0. Furthermore, if the environmental cost increases by 1 in a unit count, while the firm value and profitability have a value of 0, then green accounting will decrease by -0.528. Furthermore, if the firm value increases by 1 in unit counts, while environmental costs and profitability have a value of 0, then green accounting will increase by 0.071 and if profitability increases by 1 in unit counts, while environmental costs and firm value have a value of 0, then green accounting will increase by 1.204.

The path equation is as follows: Green Accounting = 2.944 - 0.100 Environmental Cost + 0.161 firm Value + 0.137 Profitability + ϵ . The green accounting value of 2.944 if environmental costs, firm value and profitability are assumed to have a value of 0. Furthermore, if the environmental cost increases by 1 in a unit count, while the firm value and profitability has a value of 0, then green accounting will decrease by -0.100. Furthermore, if the firm value increases by 1 in unit counts, while environmental costs and profitability have a value of 0, then green accounting will increase by 0.161 and if profitability increases by 1 in unit counts, while environmental costs and firm values have a value of 0, then green accounting will increase by 0.137.

The test results showed that the value of the variable p value of environmental costs was 0.198 > 0.05 and can be seen from the t table and t calculated, namely t calculated by -1.293 while t table was 1.9733 to -1.293 < 1.9733. This means that there is no significant influence of environmental costs on green accounting (H_3 is rejected), so that the high and low environmental costs do not have an impact on changes in the company's green accounting. Furthermore, the p value of the firm value is 0.055 > 0.05 and can be seen from the t table and t calculated, namely t calculated as 1.928 while t table is 1.9733 to 1.928 < 1.9733 meaning that there is no significant influence of the firm value on green accounting (H_4 is rejected), so that the higher the firm value, the more it will not have an impact on changes in green accounting. The value of the p value of the profitability variable is 0.109 > 0.05 and can be seen from the t table and t calculated, namely t calculated by 1.609 while t table is 1.9733 to 1.609 < 1.9733 which means that there is no significant influence of profitability on green accounting (H_5 is rejected), so that the high and low profitability does not have an impact on changes in the company's green accounting. Furthermore, when viewed from the magnitude of the influence, environmental costs, firm value and profitability have an influence of 0.059 or 5.9% on the change in green accounting and the remaining 100% - 5.9% = 0.941 or 94.1% are influenced by other variables outside the study.

Based on the results of research and data processing, the path coefficient of each independent variable can be drawn from the dependent variable as follows:

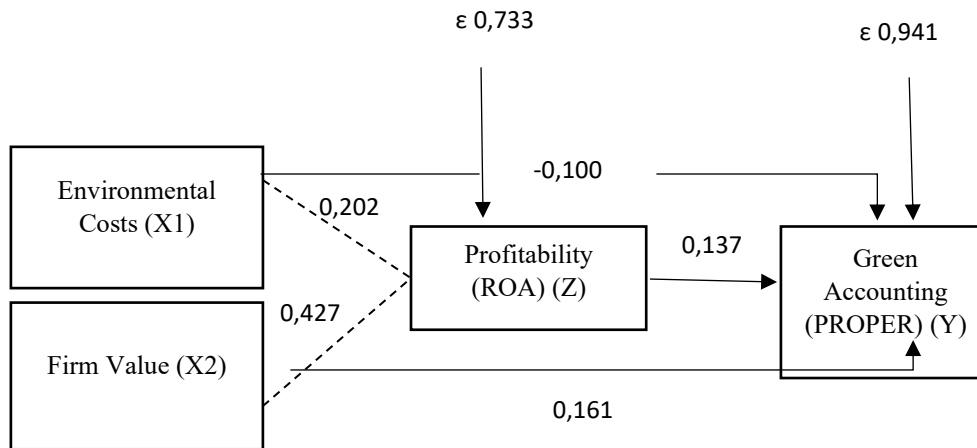


Fig 2. Path Analysis Coefficient Diagram

Based on the path diagram model above, it can be seen that the value of the direct influence of the independent variable on the dependent variable and the value of the indirect influence will be calculated using the sobel test and the results are as follows:

Tabel 11. Sobel Test

	Indirect Influence	Sobel Test	Description
BL => ROA => PROPER	0,028	1,364	Sobel test < 1.96 Profitability is not able to mediate environmental costs against green accounting
NP => ROA => PROPER	0,058	1,563	Sobel test < 1.96 Profitability is not able to mediate the firm value to green accounting

Source: Research-processed data, 2025

Based on the results of the sobel test, a calculated t value for the effect of environmental costs through profitability = 1.364 and the effect of firm value through profitability = 1.563 where the results of both have a value smaller than t of the table with a significance level of 0.05 which is 1.96 (H6 and H7 are rejected). Environmental costs through profitability = 1.364 < 1.96 and firm value through profitability = 1.563 < 1.96, it is concluded that the profitability variable cannot be used as an intervening variable because the Sab value < 1.96, meaning that profitability is not able to mediate the influence of environmental costs and firm value on green accounting.

Discussion

a. The Effect of Environmental Costs on Profitability

The test results show that if the environmental cost has a p value of 0.003 < 0.05 so it can be understood if the environmental cost provides a significant change to profitability, meaning that the increase or decrease in the value of the environmental cost will affect the value of profitability. Environmental costs in this study are understood as investments to maintain and improve the company's good name among the community. Companies that care about the environment will be more trusted by consumers, business partners, and investors so that it can have an impact on the growth of sales of the company's revenue. The costs incurred for environmental conservation efforts can be considered a long-term investment as it will help the company build a strong and sustainable reputation. The results of this study are in line with research conducted by Fahira and Yusrawati (2023) which states that environmental costs are proven to have an influence on profitability. However, the results of this study are not in line with the research conducted by Dewi and Wiyono (2023) which shows that environmental costs have no effect on profitability.

b. The Effect of Firm Value on Profitability

The test results show that if the firm value has a p value of $0.000 < 0.05$ so that it can be understood that the firm value provides a significant change in profitability, meaning that high firm value reflects a strong level of legitimacy in the eyes of stakeholders, this has an impact on the company's high and low profitability. High profitability is not the only factor determining a firm value. There are many other factors to consider. Similarly, companies with low profitability can still have high value if they have great growth potential in the future. When investors have positive expectations for a company's performance, investors will buy its shares. As a result, the stock price will increase and the ratio of stock price to book value will also rise. The results of this study are not in line with the research conducted by Sukmawati, Silviana and Saleh (2023) which stated that firm value has a negative effect on profitability, meaning that companies with high firm values tend to reduce profitability or vice versa.

c. The Effect of Environmental Costs on Green Accounting

The test results show that if the environmental cost has a p value of $0.198 > 0.05$, it can be understood that the environmental cost does not provide a significant change to green accounting, meaning that an increase or decrease in the value of environmental costs will not have an impact on green accounting. The phrase "green accounting" is used to describe accounting that recognizes, quantifies, presents, and exposes costs related to company activities that have an impact on the environment. According to Ikhsan (2008) and Risal et al. (2020), green accounting is the process of including environmental costs in the process of preparing accounting reports for companies or organizations. Environmental costs in this study are understood as the amount of environmental costs budgeted by the company as a result of the company's activities. Environmental costs are actually the foundation of green accounting, without data on environmental costs, green accounting will not function properly.

d. The Effect of Firm Value on Green Accounting

The test results show that if the firm value has a p value of $0.055 > 0.05$, it can be understood that the firm value does not provide significant changes to green accounting, meaning that the increase or decrease in the firm value will not have an impact on green accounting. The value of a company will be reflected in the stock price. The existence of shareholders and the role of management are very important in determining the amount of profit and prosperity obtained by the company. Firm value is proxied by the price to book value (PBV), a comparison between the stock price and the book value per share, which is the comparison between capital and the number of shares outstanding. A high PBV will increase market confidence in the company's prospects and indicate high shareholder prosperity. Firm value and green accounting have a relationship that affects each other, but not directly. Firm value refers to the overall value of a business not only focusing on environmental costs, but also includes the company's revenue, assets, and liabilities. The results of this study are not in line with the research conducted by Kurniawan (2024) which states that if the firm value has a significant effect on green accounting disclosure, it means that the higher firm value, the higher the green accounting disclosure value.

e. The Effect of Profitability on Green Accounting

The test results show that if profitability has a p value of $0.137 > 0.05$ so it can be understood that profitability does not provide significant changes to green accounting, meaning that an increase or decrease in profitability will not have an impact on green accounting. This is because profitability emphasizes short-term financial results, while green accounting focuses on sustainability and long-term environmental impact. Companies that prioritize quick profits may overlook environmental concerns, as implementing green accounting requires initial investments such as green technology or new reporting systems. Green accounting provides a framework for measuring the costs and benefits of environmental management practices, so that companies can optimize environmental performance and avoid legal risks (Beer & Friend, 2006) Thus profitability facilitates the implementation of green accounting, which acts as a tool to communicate companies' commitment to environmental responsibility and ensure that their operations remain in line with societal expectations.

f. The Effect of Environmental Costs on Green Accounting Through Profitability

The direct influence of environmental costs in previous tests has been known to have no effect, so that the increase or decrease that occurs in environmental costs has no impact on green accounting. When environmental costs are moderated by profitability, the result shows 1.364, which means that the number < 1.96 , it is concluded that profitability is not able to mediate the influence of environmental costs on green accounting. This means that any increase or decrease in profitability will not affect the relationship between environmental costs and green accounting. Environmental costs are the costs budgeted by a company due to the company's operating activities (Hansen et al., 2004). While green accounting is the process of identifying, evaluating, recording, summarizing, reporting and disclosing information about economic, social and environmental events. Environmental costs here are the foundation of green accounting, without data on environmental costs, green accounting will not function properly. Although environmental costs can increase profitability in the long run, profitability is influenced by many factors, such as market conditions, product innovation, marketing strategies are not only about environmental costs.

g. The Effect of Firm Value on Green Accounting Through Profitability

The direct influence of firm value in the previous test has been known to have an effect so that the increase or decrease that occurs in the firm value has an impact on green accounting, meaning that firm value is said to be partial moderation. When the firm value is moderated by profitability, the result shows 1.563, which means that the figure < 1.96 , then it is concluded that profitability is not able to mediate the influence firm value on green accounting. This means that any increase or decrease in profitability will not affect the relationship between the company's value and green accounting. Firm value is a measure of the work done. An increase in the firm value indicates an increase in the company performance. From an investor's point of view, the increase in the value of the company makes investors interested in investing or collaborating in the company (Indrarini, 2019). Firm value includes the overall value of business processes such as revenue, assets and liabilities of the company not only focusing on green accounting. Although firm values can influence profitability, firm values and profitability include other things not only about the environment.

4. CONCLUSION

This study aims to examine the influence of environmental costs and firm value on green accounting, mediated by profitability. Based on the results of the tests and the results of the discussions that have been carried out, the results are obtained that environmental costs and firm value affect profitability, while environmental costs, firm value and profitability have no effect on green accounting. The results of the study also show that profitability cannot mediate the influence of environmental costs and firm value on green accounting, meaning that profitability cannot be used as an intervening variable because the results show that the sobel test value < 1.96 .

The researcher realizes that this study still has many shortcomings because in this study it only examines the variables of environmental costs, firm value and profitability, even though there are many other factors that can affect green accounting. The results of this research are expected to add insight and knowledge related to environmental costs, firm value, profitability, especially green accounting, so that in the next research it is recommended not only to be limited to the variables in the previous research but to research and develop new variables that can enrich the results of the research.

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