IMPLEMENTATION OF GREEN ACCOUNTING TO INDUSTRY IN SAMARINDA CITY

Bejo Santoso[1], Yurdi Maulidani[2]

1. Doctoral Program in Economics, University of 17 August 1945 Surabaya, Indonesia
2. Doctoral Program in Economics, University of 17 August 1945 Surabaya, Indonesia

E-mail : Bejosantoso81@gmail.com and yurikamaulidani1316@gmail.com

Abstract

This study aims to analyze the differences related to attention to the environment, responsibility to the environment, environmental accounting reporting and environmental auditing, namely in large and medium industries in the city of Samarinda. This type of research is quantitative. The data collection method used a questionnaire with a Likert scale of 1 (strongly disagree) to 5 (strongly agree). The research sample involved 30 large and 30 medium industries in the city of Samarinda. The analysis used is using the independent T-test test with SPSS 22 tool. The results show that (i) large and small industries have differences in terms of their attention to the environment (ii) large and medium industries have differences related to environmental responsibility. (iii) there are differences between large and medium industries with regard to environmental accounting reporting and (iv) large and medium industries have differences regarding environmental auditing.

Keywords* : *Green Accounting, Environmental Responsibility, Environmental Reporting Environmental Audit

INTRODUCTION

The accounting system in which there are accounts related to environmental costs is called green accounting (Prihatiningtias, 2019). In developed countries such as those in Europe and Japan, attention to environmental issues is growing rapidly both in theory and practice. Provision of environmental management information to assist management in deciding prices, controlling overhead and reporting environmental information to the public.

Green accounting is the application of accounting in which companies also include costs for environmental preservation which are often referred to as

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environmental costs in operating expenses and companies tend to have to focus on possible environmental impacts. (Lannelongue, 2017).

The concept of green accounting focuses on the efficiency of environmental management by assessing environmental activities from a cost point of view. (*environmental costs*) and *economic benefit* (Prihatiningtias, 2019). As well as encouraging that every financial reporting activity of economic activities can minimize its impact on the environment (Kurniawan, 2020).

Attention to environmental issues is very important. This is because environmental issues are currently a concern for both consumers and investors. Concern for the environment actually arises due to various incentives from outside the company, including: government, consumers, stakeholders and competition. To follow up on these various incentives, it is necessary to take corporate responsibility to create a proactive approach in minimizing the environmental impact that occurs. In addition, the company must report the results of environmental management. This means that the disclosure of environmental management reports in the annual report is a form of social responsibility to determine the ecological impact of a company's economic achievements. And the last is to conduct an audit of reports made by the company so that how much the company's impact on the environment can be measured. So that the end result of proactive environmental management actions is the creation of a better company environmental performance.

Green accounting is a form of corporate responsibility towards the environment and social. Companies must have the ability to manage company finances so that they have sufficient funds to run and develop their business by minimizing negative environmental and social impacts so that future generations will have adequate resources for long-term needs. Green accounting seriously developed in an effort to minimize harsh criticism of conservative accounting weaknesses that are considered to tend to ignore environmental and social objects, phenomena or events that are directly or indirectly related to corporate entities in the accounting process. (Lako, 2019).

The global warning caused an excessive industrial revolution that led to the overuse of technology. Every industry is required to be able to apply green accounting as part of the company's responsibility to the environment. The application of green accounting is one method that takes into account environmental resources and services as well as changes in an effort to increase income and maintain sustainable development and growth by taking into account current and future needs (Dewi, 2020). This has an impact on the industrial sector which increases and the production process also increases. So it has an impact on environmental aspects. (Damayanti, 2022). Green accounting is considered more appropriate because it is more basic because it is based on three basic pillars of corporate responsibility, namely economic responsibility (profit), social responsibility (people), and environmental responsibility (earth). (Ashari, 2020). If applied in the long term, the concept of green accounting is actually a program to save production costs so as to reduce the company's operating expenses. In an era where people are very aware of the importance of environmental conservation, the application of green accounting by industry can be a special attraction for

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consumers. The Indonesian government through the Ministry of Industry also gives awards to companies that are able to implement a green industry every year (Dewi, 2020).

Green accounting can be applied to companies large and small in a variety of industries, as well as in the manufacturing or service sectors. Green accounting can be applied on a large and small scale in a systematic or based on the basics needed. The form the company chooses for environmental accounting reflects the purpose and reasons for using it. In any company, the support of the organization's top management is critical to the success of environmental accounting, as it can create a fresh view of the company's environmental costs, performance and decisions. (Rounaghi, 2019).

This study aims to analyze differences related to environmental concern, environmental responsibility, environmental accounting reporting and environmental auditing.

Legitimacy theory is a theory that is in the framework of political economy theory that influences society in order to determine the allocation of financial resources and other economic resources, companies tend to use legitimacy-based performance because it is important in the company's future development. The rationale for legitimacy theory is that organizations will continue to exist if society realizes that organizations operate for a value system that is in line with society's value system. The legitimacy theory explains that the practice of disclosing corporate social responsibility must be carried out as well as possible so that later the activities and performance of the company get a good response from the community. As for the positive response, it will be able to give birth to good value for the company in the eyes of the community and can automatically increase profit achievement by the company. Of course this will be an advantage for the company, because with the value that has been built, it will be able to attract investors to want to invest in the company. (Kurniawan, 2020).

The practice of social and environmental disclosure can be seen as a form of corporate accountability to the public to explain the various social and environmental impacts caused by the company, both in good and bad effects. The theory of legitimacy (legitimacy theory) states that what is important for companies, the boundaries that are emphasized by social norms and values and reactions to these limits encourage the importance of behavioral analysis by paying attention to the environment as a social responsibility. (Tampubolon, 2019).

Green accounting is a popular term used in all countries to disclose environmental related data, audited or not, regarding the ecology of risks, policies and costs of environmental impacts.

Green accounting is a category of financial accounting that focuses on activities that have a direct impact on society, the environment and the economic performance of an organization and the disclosure of that information to external parties such as capital holders, creditors and other authorities. It is based on a synergistic view; that a firm's financial and competitive success is linked to its social legitimacy (Meshack S, 2022).

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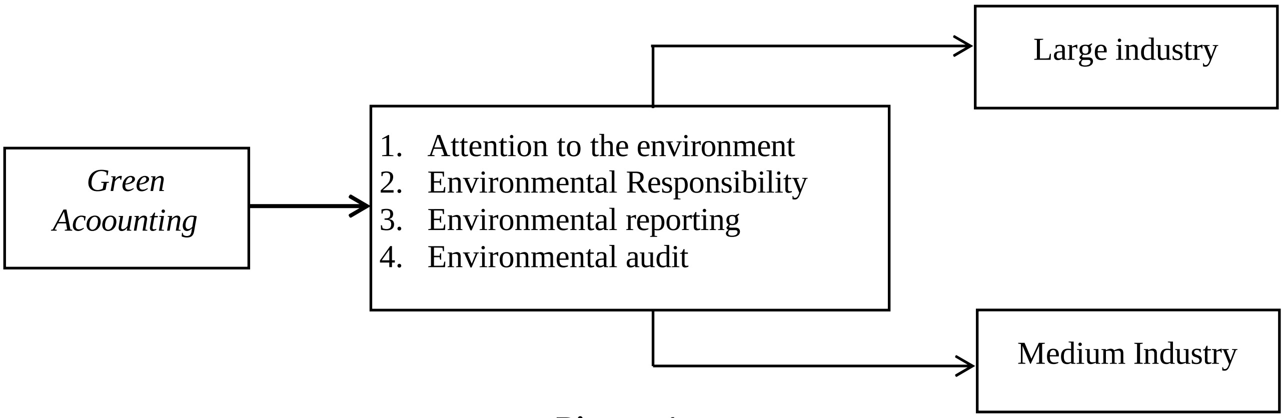
One of the designs of social and environmental accounting is to produce the Socio-Economic Environmental Accounting (SEEC) concept, a form of accounting reporting that contains performance and should be based on environmental and social considerations. (Anggraeni, 2022).

The objectives of developing environmental accounting include: a) environmental accounting is an environmental management tool, environmental accounting is used to assess the effectiveness of conservation activities based on a summary and classification of environmental conservation costs. b) environmental accounting as a communication tool with the community to convey negative environmental impacts, environmental conservation activities and their results to the public. The benefits that companies get when implementing environmental accounting, among others: a) environmental accounting helps save expenses, (b) environmental accounting helps in decision making, (c) environmental accounting improves economic performance and the business environment, (d) environmental accounting is able to satisfy all parties related, (e) environmental accounting provides business/activity excellence. The existence of environmental accounting is expected to reduce the negative effects of the company's business activities on the environment (Sapullete, 2021).

Environmental awareness is understanding environmental impacts and the need for sustainability. Introducing environmental awareness is an easy way to become someone who cares about the environment and participates in creating a good future for the next generation (Mkik, 2017).

Environmental awareness is paying attention to environmental issues and their respective actions that lead to realizing good practices to achieve a sustainable environment (Handayani,2021).

Environmental awareness is proving important. recognize sustainable development and instill a sense of connection with the environment, and encourage the consumption of green products, irreplaceable natural resources and plants and animals that are currently in a protected condition (Mkik, 2017).



Picture 1
Research Model

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Teoh and Thong (1986) There are four progressive levels in terms of a company's environmental responsibility: Attention to the environment, environmental awareness, environmental reporting and environmental audit.

METHOD

This research is quantitative research. The data used in this research is using a questionnaire aimed at the company's accounting managers related to their responsibilities in managing the environment around the company. The population in this study were all industries in the city of Samarinda. Researchers use industry because industrial companies are companies that often experience environmental pollution and have an impact on waste problems. The research sample uses Baley's opinion stating that for research using statistical data analysis, the minimum samples 30 (Mahmud, 2011:159). Thus the sample is 30 industries. The industries taken are large and medium industries. So the researchers took 30 large and 30 medium industries. The scale used is a Likert scale with a value of 1 to 5 with the provisions of Strongly Disagree to Strongly Agree.

RESULTS AND DISCUSSION

Validity and Reliability Test Results

The results of the validity test stated that all items that became instruments in the study were valid. The results of the SPSS output state that all questionnaire items are below or less than 0.05. Meanwhile, based on the results of the reliability test, it is stated that environmental concern, responsibility for the environment, environmental accounting reporting and environmental auditing have a coefficient value above 0.6. So that the overall instrument is declared reliable.

Test Results Independent T-test

1. **Attention to the Environmental in large and medium industries**

Table 1

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
. Attention to the environment	Equal variances assumed	1.246	.019	-2.590	58	.002
	Equal variances not assumed			-2.590	55.623	.002

Source: Processed 2022

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Based on the results of calculations using the dependent test sample T-test shows that there are differences in attention between large and medium industries related to environmental problems in their area. The magnitude of the difference in attention is obtained by the value of Sig = 0.19 or less than 0.05. This shows that there are differences between large and medium industries regarding environmental issues.

Table 2
Group Statistics

	Industry	N	Mean	Std. Deviation	Std. Error Mean
Attention to the environment	Large industry	30	29.6667	3.23060	.58982
	Medium industry	30	31.6333	2.61934	.47822

Source: Processed 2022

Medium industries have greater environmental concerns than large industries. The acquisition value from the results shows that the value of medium industrial concern is 31.6333 while the value of large industrial concern in environmental care is 29.6667. Attention must be paid to the medium industry in maintaining the environment on the grounds that the medium industry in the city of Samarinda is in several urban points so that the industry must pay more attention to the environment. The large industry in the city of Samarinda is an industry that has a location further from the city so that attention to the environment has slightly decreased from the industry in urban areas. But overall both industries have full attention to the environment.

2. Environmental Responsibility in large and medium industries

Table 3
Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Environmental Responsibility	Equal variances assumed	5.589	.021	2.026	58	.047
	Equal variances not assumed			2.026	51.548	.048

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Source: Processed 2022

Large industry and medium industry have differences in being responsible for the environment. Based on the results, it is explained that the significance value of the analysis carried out is 0.021 less than 0.05 so that the results state that the two industries have differences in environmental responsibility.

Table 4
Group Statistics

	Industry	N	Mean	Std. Deviation	Std. Error Mean
Environmental Responsibility	Large industry	30	19.3333	2.20240	.40210
	Medium industry	30	17.9000	3.18780	.58201

Source: Processed 2022

The responsibilities of large industry and medium industry are quite different in terms of the environment. The responsibility given to large industries is higher (19.3333) than medium industries (17.9000). The different responsibilities that have been shown by large industries can be seen from the handling of waste. Larger industries certainly produce greater waste so that the industry prioritizes handling large amounts of waste without hesitation in setting costs. Meanwhile, the industry considers waste as a cost that must be incurred and reduces profits. So this industry does not pay attention to AMDAL before the industrial manufacturing process. Companies have a significant responsibility in establishing transition programs to address environmental concerns. Focusing on GA is very important for the company (Yu Lee et.al, 2018).

3. Environmental reporting in large and medium industries

Table 5
Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)

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Environmental reporting	Equal variances assumed	5.365	.024	3.606	58	.001
	Equal variances not assumed			3.606	47.810	.001

Source: Processed 2022

In accounting reporting related to the environment, large and medium industries have differences, based on the value of the independent T-test that the significance of 0.024 is less than 0.05. This states that accounting reporting related to the environment in large and small industries is different.

Table 6
Group Statistics

	Industry	N	Mean	Std. Deviation	Std. Error Mean
Environmental reporting	Large industry	30	38.1667	2.88974	.52759
	Medium industry	30	34.5000	4.76156	.86934

Source: Processed 2022

With regard to accounting reporting in large and medium industries, there are differences. Reporting on large industries (38,1667) is higher than for medium industries (34,5000). Large industries have standards in viewing their environment. With the standard as an important aspect, of course, large industrial companies have prepared costs related to the environment in their reporting, especially related to waste. Attention to waste also gives thought to large industries that the welfare of the surrounding community is needed with CSR activities. In contrast to the medium industry, it shows that the reporting is still in a fairly simple form, so that the industry is still in the process of preparing costs related to the report on costs for waste and the environment.

4. **Environmental Audit in Large Industry and Medium Industry**

Table 7
Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-

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						tailed)
Environmental Audit	Equal variances assumed	.389	.035	3.539	58	.001
	Equal variances not assumed			3.539	57.763	.001

Source: Processed 2022

Large industries and small industries have differences in environmental auditing. The significance value of 0.035 is smaller than 0.05. Shows that large and small industries have differences in environmental audits.

Table 8
Group Statistics

	Industry	N	Mean	Std. Deviation	Std. Error Mean
Audit Lingkungan	Large industry	30	11.2333	1.99453	.36415
	Medium industry	30	9.4667	1.87052	.34151

Source: Processed 2022

Both industries large and industry are auditing companies differently. Large industry (11.2333) while medium industry (9.4667). Large industries carry out environmental audits in the company's annual reports on a regular basis so that they can be taken into account in subsequent activities in the environment. Small industries have incomplete reporting, resulting in environmental audits also having problems.

CONCLUSION

1. There are differences between large and small industries in terms of their concern for the environment.
2. There are differences between large and medium industries in terms of environmental responsibility.
3. There are differences between large and medium industries related to environmental accounting reporting.

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4. There are differences between large industries and medium industries with regard to environmental audits.

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