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The Effect of Green Accounting, Corporate Social Responsibility, and Good Corporate Governance on Profitability

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Abstract

The phenomenon of environmental damage caused by mining activities underlies this study, where the application of green accounting, Corporate Social Responsibility (CSR), and Good Corporate Governance (GCG) is expected to improve financial performance while considering environmental and social aspects. This research aims to analyze the effect of green accounting, CSR, and GCG on the profitability of mining companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2024 period. The study employs a quantitative, causal, and associative method using secondary data obtained from annual reports, financial statements, sustainability reports, and PROPER rating results. The population consists of 71 mining companies, with 10 companies selected as the sample based on predetermined criteria. Data analysis was conducted using multiple linear regression with SPSS 26. The results indicate that green accounting has a positive and significant impact on profitability, whereas CSR, the independent board of commissioners, and the audit committee have no partial effect. However, when tested simultaneously, all variables have a significant influence on profitability. These findings underscore the importance of integrating sustainability practices and governance mechanisms to promote transparency, improve environmental performance, and enhance financial sustainability in the mining sector.

Keywords

Corporate Social Responsibility, Good Corporate Governance, Green Accounting, Profitability.

1. Introduction

The development of modern civilization has brought significant technological and economic progress; however, it has also given rise to increasingly complex environmental problems. One crucial issue is ecological damage caused by the overexploitation of natural resources (Goswami, 2024). In Indonesia, the abundant potential of natural resources, such as minerals, coal, and oil and gas, is often exploited without regard for the principle of sustainability. This practice contradicts the provisions of Law Number 32 of 2009 concerning Environmental Protection and Management, which affirms the right of every citizen to a good and healthy environment.

The mining sector is a prime example of how economic activity can have a profound impact on the environment. Mining exploration and exploitation, particularly of coal and minerals, not only result in land degradation and pollution but also contribute significantly to deforestation. Research by Giljum et al. (2022) revealed that Indonesia contributed 58.2% of mining-related deforestation among the 26 countries studied, with East Kalimantan being the most significant contributor. Furthermore, a 2023 report by the Supreme Audit Agency noted that 432,690 hectares of ex-mining land remained unclaimed, which could potentially cause further environmental damage.

This issue highlights the dilemma between achieving a company's economic goals, primarily increasing profitability, and environmental concerns. Stakeholder theory posits that companies are accountable not only to shareholders but also to a broader range of stakeholders, including communities, governments, consumers, and the environment (Awa et al., 2024). Therefore, efforts to increase profitability must be balanced with a commitment to environmental conservation and social responsibility.

One relevant approach is the implementation of green accounting, also known as environmental accounting. This concept integrates ecological aspects into a company's financial reporting, allowing both economic and environmental performance to be measured simultaneously. The implementation of green accounting has been proven to enhance a company's image, attract investors, and ultimately contribute to profitability (Endiana et al., 2020; Ardiana et al., 2023). In addition to green accounting, Corporate Social Responsibility (CSR) is also a crucial tool for companies to foster harmonious relationships with the community and enhance corporate value. CSR not only provides social benefits but can also be a long-term business strategy that contributes to increased sales and customer loyalty.

A third, equally important factor is the implementation of Good Corporate Governance (GCG). Through mechanisms such as an Independent Board of Commissioners and an Audit Committee, GCG plays a role in ensuring that company management is carried out transparently, accountably, and responsibly. Sound governance principles are expected to minimize risks, avoid harmful practices, and support the achievement of optimal profits.

Egbunike and Okoro (2018) and Budiono and Dura (2021) demonstrate that the application of green accounting has a significant impact on profitability. In contrast, Nwaneri (2015) found a positive correlation between Corporate Social Responsibility (CSR) activities and organizational profitability. On the other hand, research by Saputra et al. (2017) confirms that the existence of independent commissioners, audit committees, institutional ownership, and stock prices also has a simultaneous and partial effect on profitability. These findings indicate that various factors, including environmental accounting practices, social responsibility, and corporate governance mechanisms can influence profitability. However, a research gap remains because few studies integrate these factors into a comprehensive analysis model, especially in the context of companies in Indonesia. This opens up opportunities for further

research to explore the simultaneous influence and interaction between these variables on profitability.

Although various previous studies have examined the relationship between green accounting, CSR, and GCG on profitability, the results have been mixed. Some studies found a significant positive effect, while others saw a weak or even insignificant effect. In the mining sector, research on this topic is still relatively limited, despite the direct link between the operational characteristics of this sector and environmental and social aspects. Based on this background, this study aims to analyze the influence of green accounting, CSR, and GCG on the profitability of mining companies listed on the Indonesia Stock Exchange (IDX) for the 2019–2024 period. This research is expected to make empirical and practical contributions to the development of sustainable business strategies, thereby enriching the academic literature in the fields of environmental accounting, social responsibility, and corporate governance.

2. Literature Review and Hypothesis Development

2.1. Stakeholder and Agency Theory

Stakeholder Theory, developed by Freeman (2010), emphasizes that a company's success is not only determined by its ability to generate profits for shareholders, but also by its ability to satisfy all stakeholders directly and indirectly related to the company's activities. These stakeholders encompass both internal parties, including shareholders, managers, and employees, as well as external parties, such as customers, suppliers, the community, and the government. In the context of this research, the implementation of green accounting and CSR is a form of company response to the demands and expectations of stakeholders. In contrast, the implementation of GCG is a mechanism to ensure transparent and accountable company management.

Jensen and Meckling (1976) explained the contractual relationship between the owner (the principal) and the manager (the agent). In this relationship, differences in interests and information between the two parties can give rise to agency conflicts. The implementation of GCG through an Independent Board of Commissioners and an Audit Committee is one way to minimize these conflicts by increasing oversight and ensuring management acts in the owner's best interests. GCG is also expected to support the achievement of a sustainable profitability strategy.

2.2. Determinant of Profitability

Profitability is a key indicator in evaluating a company's financial performance. According to the Indonesian Institute of Accountants, profitability reflects a company's effectiveness in utilizing assets to generate profit over a specific period. One commonly used measure is Return on Assets (ROA), which is calculated by comparing net income to total assets. ROA is relevant in this study because it illustrates management's ability to manage assets, including environmental assets, to generate profits.

Green Accounting, also known as environmental accounting, is the process of recognizing, measuring, recording, and reporting financial information related to the environmental impact of a company's activities. The International Federation of Accountants (IFAC) defines green accounting as a process that includes the collection and analysis of physical information related to energy, air, and material use. In this study, green accounting is proxied through environmental performance, as measured by the Ministry of Environment and Forestry's Corporate Performance Rating Program (PROPER) (Kementerian Lingkungan Hidup dan Kehutanan, 2023). Several studies, including those by Angela et al. (2024) and Dewi and Wardani (2022), suggest that green accounting has a significant positive impact on profitability. However, other studies, such as those by Purbawati and Mujiyati

(2024), found the effect to be insignificant. This suggests that external factors, including industrial policies, market pressures, and sector-specific characteristics may influence the relationship between green accounting and profitability.

CSR is a company’s commitment to sustainable development through programs that benefit society and the environment. In this study, CSR is measured using the Corporate Social Responsibility Disclosure Index (CSRDI), based on the GRI standards, specifically GRI G4 for the period 2019–2021 and GRI Standards 2021 for the period 2022–2024, which encompass economic, environmental, and social aspects. Previous studies by Kholmi and Nafiza (2022) and Sundari and Sulfitri (2022) found that CSR positively affects profitability by improving brand image and customer loyalty. In contrast, research by Kurniasari et al. (2024) argues that its impact is not always direct unless it is integrated into a business strategy.

GCG is a system and principle of corporate governance designed to create added value for all stakeholders. The central tenets of GCG include transparency, accountability, responsibility, independence, and fairness and equality. In this study, GCG is proxied through two indicators: the Independent Board of Commissioners and the Audit Committee. The Independent Board of Commissioners has a supervisory function to maintain a balance of power in decision-making and protect the interests of minority shareholders. Research by Ramadhanty et al. (2023) indicates that the presence of sufficient independent commissioners can enhance the quality of supervision and have a positive impact on financial performance. The Audit Committee plays a role in supporting the Board of Commissioners in overseeing financial reporting, ensuring regulatory compliance, and assessing the effectiveness of internal controls. Efendi (2020) and Wakhidati and Idayati (2022) found that the Audit Committee can have a positive impact on profitability, although the effects may vary across industries depending on the quality of the audit function and its independence.

- H1: Green accounting has a significant effect on profitability.
- H2: Corporate Social Responsibility has a significant effect on profitability.
- H3: Proportion of Independent Commissioners has a significant effect on profitability
- H4: Audit Committees have a significant effect on profitability.
- H5: Green accounting, corporate social responsibility, proportion of independent commissioners, and audit committees have a simultaneous effect on profitability.

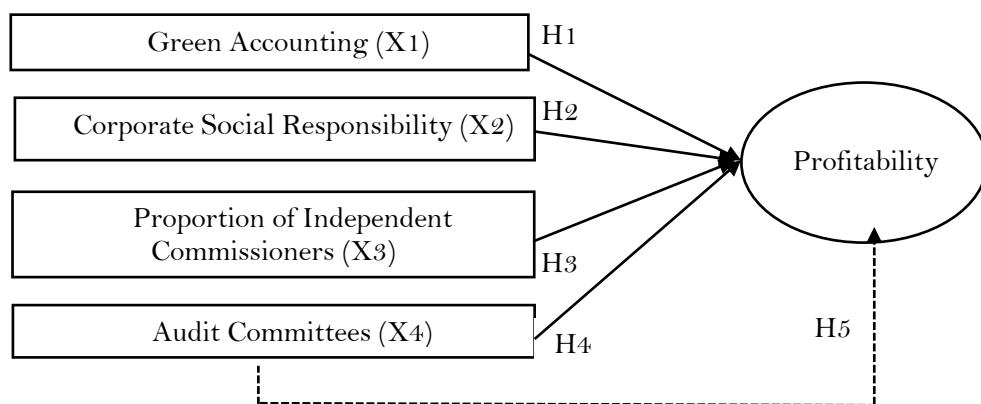


Figure 1. Thinking Framework

Figure 1 shows a framework where both sustainability practices and governance mechanisms influence profitability. Green accounting (H1) and corporate social responsibility (H2) are expected to enhance profitability by promoting environmental accountability and fostering stakeholder trust. At the same time, the

proportion of independent commissioners (H3) and the number of audit committees (H4) are assumed to strengthen governance oversight, thereby improving financial performance. Furthermore, these four factors are hypothesized to have a simultaneous effect on profitability (H5), highlighting their combined role in driving sustainable business success.

3. Methods

This study employs a quantitative approach with a causal research design to examine the impact of green accounting, Corporate Social Responsibility (CSR), and Good Corporate Governance (GCG) on profitability. The causal design is considered appropriate because it enables the identification of cause-and-effect relationships between the independent variables and the dependent variable through statistical testing. The mining sector was chosen as the research focus because its operational activities are closely related to Environmental, Social, and Governance (ESG) issues, and the industry is highly exposed to environmental risks, requiring substantial compliance with sustainability policies.

The population consists of all mining companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2024 period, totaling 71 companies. However, not all companies met the sample criteria. Firms that did not publish annual reports (18 companies), did not disclose sustainability reports based on the Global Reporting Initiative (GRI) index (21 companies), or did not participate in the Company Work Assessment Program (PROPER) (22 companies) were excluded. After applying these criteria, the final sample consisted of 10 companies, resulting in 60 research observations over the six-year period. This sample selection ensures that the analysis focuses on companies with consistent reporting and compliance practices, providing reliable data for evaluating the proposed research framework.

The sample of this study consists of ten mining companies listed on the Indonesia Stock Exchange (IDX) that met the predetermined criteria. Data for this research were collected using secondary sources obtained directly from companies and related institutions. These include annual reports, sustainability reports, PROPER ratings from the Ministry of Environment and Forestry, as well as financial data from the Indonesia Stock Exchange's official website (www.idx.co.id) and the IDX Fact Book. The data collection was conducted through documentation studies, which involved identifying eligible companies, downloading official reports and PROPER data, and extracting financial and non-financial information in accordance with the operational definitions of the research variables. The use of secondary data is considered appropriate due to its historical and documented nature, allowing for consistency and accuracy in measurement.

The study measures one dependent variable, profitability, and four independent variables, namely green accounting, Corporate Social Responsibility (CSR), independent commissioners, and audit committees. Profitability is proxied by Return on Assets (ROA), calculated as the ratio of net profit after tax to total assets, reflecting management's effectiveness in utilising assets to generate profits. Green accounting is measured through environmental performance based on the PROPER rating, which is converted into a numerical score ranging from 1 (black) to 5 (gold). CSR is assessed using the Corporate Social Responsibility Disclosure Index (CSRDI), based on the Global Reporting Initiative (GRI) indicators, where items are scored as one if disclosed and zero if not. The proportion of independent commissioners (DKI) is calculated as the number of independent commissioners divided by the total number of commissioners on the board. The total number of audit committee members measures the Audit Committee (AC). These operational definitions provide a structured and measurable approach to analyzing the relationship between sustainability, governance, and profitability.

4. Results

The research sample consisted of mining companies listed on the Indonesia Stock Exchange (IDX) and meeting the predetermined criteria of having an annual report, annual reporting, and being registered in the Ministry of Environment and Forestry's Company Performance Rating Assessment Program (PROPER) for the 2019–2024 period. The mining sectors represented in the sample include the coal, oil and gas, metals and minerals, and mining services subsectors.

During the study period, companies exhibited variations in environmental performance, CSR deployment, and GCG implementation. Some companies consistently achieved gold and green PROPER ratings, while others remained at blue or red. The level of CSR disclosure also varied, from those that only met the mandatory aspects to those that disclosed all GRI indicators.

Table 1. Descriptive Statistics of Research Variables

Variables	N	Min	Max	Mean	Std. Deviation
Profitability	42	0.011	0.616	0.14381	0.139946
Green Accounting	42	3	5	3.55	0.705
Corporate Social Responsibility	42	0.033	1.000	0.43364	0.411260
Proportion of Independent Commissioners	42	0.167	0.600	0.38845	0.087132
Audit Committees	42	3	6	3.40	0.734

Based on Table 1, the lowest ROA value indicates a company experiencing declining profitability, while the highest value means a company that is capable of optimizing its assets to generate profit. Variations in GA scores reflect differences in environmental performance between companies. The average CSRDI index indicates a relatively moderate level of CSR disclosure, while DKI and KA are relatively stable in accordance with applicable minimum regulations.

Table 2. Normality Test Result

Test Type	Test	Value
Initial Normality Test	Test Statistic	0.154
	Asymp. Sig. (2-Tailed)	0.013
Final Normality Test	Test Statistic	0.154
	Asymp. Sig. (2-Tailed)	0.013
	Exact Sig. (2-Tailed)	0.244
	Point Probability	0.000

The Kolmogorov-Smirnov test yielded a significance value greater than 0.05, indicating a normally distributed residual distribution (Ghozali, 2021). This suggests that the regression model is suitable for analysis. Table 2 shows that the results of the initial normality test yielded a test statistical value of 0.154, corresponding to an asymptotic (two-tailed) significance of 0.013. This value is smaller than 0.05, so the data at the initial stage is indicated to be not normally distributed. However, in the final normality test, the same test statistical value was obtained, which was 0.154, with an asymptomatic significance value (2-tailed) of 0.013, but an exact significance value (2-tailed) of 0.244, which was greater than 0.05. This indicates that the data from the follow-up test are normally distributed. A point probability value of 0.000 confirms the accuracy of the probability calculation in the test. Thus, the assumption of normality is met, making the data suitable for further regression analysis.

Table 3. Multicollinearity Test Result

Variable	Tolerance	VIF
Green Accounting	0.862	1.161
Corporate Social Responsibility	0.792	1.263
Proportion of Independent Commissioners	0.866	1.155
Audit Committees	0.978	1.023

Table 3 presents the results of the multicollinearity test, indicating that all independent variables meet the criteria required for regression analysis. Specifically, green accounting (X1) has a tolerance value of 0.862 with a VIF of 1.161, corporate social responsibility (X2) has a tolerance of 0.792 and a VIF of 1.263, the proportion of independent commissioners (X3) has a tolerance of 0.866 with a VIF of 1.155. Audit committees (X4) has a tolerance of 0.978 with a VIF of 1.023. Since all tolerance values are well above 0.10 and all VIF values are far below the critical threshold of 10, it can be concluded that there are no symptoms of multicollinearity among the independent variables. This means that each variable contributes uniquely to the model without overlapping excessively with other predictors, ensuring the validity and reliability of the regression results.

Table 4. Heteroscedasticity Test

Variable	Sig.
Green Accounting	0.128
Corporate Social Responsibility	0.090
Proportion of Independent Commissioners	0.898
Audit Committees	0.198

Table 4 shows the results of the heteroscedasticity test using the Glejser method. It shows that all independent variables have significance values greater than 0.05. Green accounting (X1) has a significance value of 0.128, corporate social responsibility (X2) is 0.090, the proportion of independent commissioners (X3) is 0.898, and audit committees (X4) is 0.198. Since none of these values fall below the 0.05 threshold, it can be concluded that the regression model is free from heteroscedasticity problems. This indicates that the variance of the residuals is homogeneous across the data, fulfilling one of the classical assumptions required for a valid regression analysis.

Table 5. Autocorrelation Test

Test Type	Test	Value
Before Transformation	Durbin-Watson	1.001
After Transformation	Durbin-Watson	2.144

The autocorrelation test results in Table 5 show that the Durbin-Watson value before data transformation was 1.001, indicating the presence of autocorrelation in the model. After transformation, the Durbin-Watson value increased to 2.144, which falls within the acceptable range of 1.5 to 2.5. This demonstrates that the issue of autocorrelation was successfully addressed, and the regression model can be considered free from autocorrelation problems, thereby meeting another key classical assumption for regression analysis.

Table 6. Multiple Linear Regression Analysis Result

Variables	B	Std Error	T-Statistic	Sig.
Constanta	-0.048	0.150	-0.322	0.749
Green Accounting	0.084	0.030	2.840	0.007
Corporate Social Responsibility	0.064	0.053	1.197	0.239
Proportion of Independent Commissioners	0.013	0.240	0.055	0.957
Audit Committees	-0.041	0.027	-1.531	0.134

Table 6 shows the results of multiple linear regression analysis, which were used to determine the effect of green accounting, CSR, the Independent Board of Commissioners, and the Audit Committee on Profitability. The regression results indicate that among the independent variables, only green accounting (X1) shows a significant effect on profitability, with a t-statistic of 2.840 and a significant value of $0.007 < 0.05$. This finding suggests that the implementation of green accounting practices has a positive impact on company profitability. This indicates that the higher a company's PROPER rating, the greater its profitability. In contrast, corporate social responsibility (X2) has a t-statistic of 1.197 with a significance value of $0.239 > 0.05$, the proportion of independent commissioners (X3) records a t-statistic of 0.055 with a significance of $0.957 > 0.05$, and audit committees (X4) show a t-statistic of -1.531 with a significance of $0.134 > 0.05$. Since all three variables have significant values above 0.05, they are considered to have no statistically significant effect on profitability within this study's model. It suggests that the broader dissemination of CSR can enhance the image and attract stakeholder support.

Table 7. Simultaneous Test (F-Test) Result

Test	Sum of Squares	df	Mean Square	F-Statistic	Sig.
Regression	0.213	4	0.058	3.731	0.012
Residual	0.572	37	0.015		
Total	0.803	41			

Table 7 shows the F-test significance value $0.012 < 0.05$, and the F-statistic value is 3.731. It indicates that all independent variables simultaneously have a significant effect on ROA. This means that the combination of green accounting, CSR, DKI, and KA can collectively explain variations in the profitability of mining companies.

Table 8. Coefficient of Determination Test

Test	Value
R	0.536
R Square	0.287
Adjusted R Square	0.210
Std. Error of the Estimate	0.124257

Table 8 shows that the Adjusted R² value of 0.210 indicates that approximately 21% of the variation in ROA can be explained by the independent variables in the model. In comparison, the remaining 79% is influenced by other factors not included in this study.

5. Discussion

The findings of this study demonstrate that green accounting has a significant positive impact on the profitability of mining companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2024. This result is consistent with Stakeholder Theory, which emphasizes that company sustainability depends not only on financial profit but also on maintaining good relationships with stakeholders, including the

environment and with Legitimacy Theory, which highlights the importance of aligning business practices with societal norms and expectations to sustain long-term viability (Deegan, 2014; Crossley et al., 2021; Ahmad et al., 2025). A high PROPER rating, used as an indicator of green accounting in this study, reflects not only compliance with environmental obligations but also initiatives that exceed government standards, thereby generating reputational benefits, investor confidence, and community acceptance. From a financial perspective, green accounting can reduce risks of legal sanctions, enhance resource efficiency, and open opportunities in eco-friendly markets (Rounaghi, 2019). These findings are consistent with prior studies by Angela et al. (2024) and Dewi and Wardani (2022), which confirmed a positive link between environmental performance and profitability. Moreover, companies that actively apply green accounting practices are more likely to attract institutional investors with Environmental, Social, and Governance (ESG) concerns, ultimately enhancing both market value and financial performance.

The results show that Corporate Social Responsibility (CSR) does not significantly impact profitability, indicating that CSR activities in mining companies remain compliance-oriented rather than strategic initiatives that create real value for stakeholders. As a result, CSR has not contributed meaningfully to profitability, a finding like that of Syifa and Supriyadi (2025), who also found no significant effect of CSR on profitability in the food and beverage subsector. Although CSR has the potential to improve financial performance, profitability is also influenced by many other factors beyond CSR. These findings contrast with those of Prabaningrum and Santoso (2025) and Yasin et al. (2025), who reported a positive impact of CSR on company value. Additionally, Kholmi and Nafiza (2022) and Sundari and Sulfitri (2022) found positive links between CSR and financial performance. This suggests that the effect of CSR depends on the industry context, implementation strategies, and external conditions, emphasizing that effective CSR should be integrated into a business's strategy and long-term goals, rather than being treated as philanthropy or mere compliance.

The proportion of Independent Commissioners has a positive but insignificant effect on profitability. Theoretically, agency theory posits that the presence of independent commissioners serves to mitigate agency conflicts between owners and managers through a monitoring function (Bonazzi & Islam, 2007; Carausu, 2015; Panda & Leepsa, 2017). However, in practice, the effectiveness of Independent Commissioners is often influenced by factors such as active involvement, industry experience, and actual independence. In the mining sector, the role of independent commissioners may be more focused on regulatory compliance and risk management, resulting in a less pronounced impact on short-term profitability (Rahayu et al., 2021). This finding aligns with research by Purbawati and Mujiyati (2024), which found that the proportion of independent commissioners does not always significantly impact financial performance if not accompanied by adequate oversight.

The Audit Committee also demonstrated a positive, albeit insignificant, impact on profitability. Although the Audit Committee's primary role is to ensure the quality of financial reporting and ensure regulatory compliance, this contribution is not always directly reflected in increased profits. In some cases, a strong oversight function can actually restrain risk-taking that could potentially yield significant returns (Sun & Liu, 2014). Research by Efendi (2020) and Wakhidati and Idayati (2022) also found that the relationship between the Audit Committee and profitability is not always significant, especially if its existence is more of a formality to comply with regulations than an effective strategic oversight mechanism.

Simultaneous testing shows that green accounting, CSR, DKI, and KA all have a significant effect on profitability. This demonstrates that corporate performance is

not solely dependent on a single dimension but requires a holistic integration of environmental, social, and governance aspects. This study supports the triple bottom line perspective, which emphasizes the importance of achieving balanced economic (profit), environmental (planet), and social (people) performance (Fauzi et al., 2010). In the context of mining companies, success in managing environmental impacts, fostering positive social relationships, and maintaining good governance can lead to sustainable competitiveness.

6. Conclusion

This study concludes that green accounting plays a crucial role in shaping the profitability of mining companies listed on the Indonesia Stock Exchange, although their individual effects differ. Green accounting shows a significant positive impact on profitability by enhancing efficiency, ensuring regulatory compliance, and improving corporate reputation, thereby supporting both Stakeholder Theory and Legitimacy Theory. In contrast, CSR does not exhibit a significant effect on profitability in this context, which may be attributed to its tendency to function more as a compliance requirement than a strategically integrated business initiative. Similarly, the independent board of commissioners and audit committees demonstrate only a positive but insignificant influence, indicating that their effectiveness in improving profitability depends on the quality of independence, involvement, and strategic oversight, rather than on formal compliance alone. Despite these variations, the simultaneous effect of all variables emphasizes that profitability in the mining industry is best achieved through a holistic and integrated approach, aligning with the triple bottom line framework that combines economic, social, and environmental dimensions to sustain long-term competitiveness and legitimacy.

These findings carry both theoretical and practical implications: theoretically, they reaffirm the importance of green accounting as a driver of financial success within sustainability frameworks; while practically, they suggest that mining firms must embed environmental management into their core strategies, rethinking CSR, governance, and oversight practices to move beyond formalities. However, this study faces limitations, including a relatively small sample from the mining sector, a limited time frame, and a reliance solely on quantitative measures, which restricts broader generalizations and excludes qualitative aspects such as organizational culture and stakeholder interactions. Future research should therefore expand to other environmentally impactful industries, incorporate additional control variables like firm size, leverage, and age, and adopt mixed methods to provide a more comprehensive understanding of how sustainability practices, governance, and profitability are interconnected.

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Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.



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