JURNAL ILMIAH
Bisnis dan Ekonomi Asia
Terakreditasi Sinta 3 SK No: 105/E/KPT/2022
htttps://jurnal.stie.asia.ac.id/index.php/jibeka

The Influence Of Green Accounting, Financial Performance, And Company Size On Financial Sustainability

Tasha Asprilla Pramastha[1], Liliek Nur Sulistiyowati[1]*

[1]Universitas PGRI Madiun, Indonesia

Article's Information

DOI:

10.32812/jibeka.v19i1.2349

ISSN-E:

2620-875X

CORRESPONDENCE*:
email@address.com

ABSTRACT

The reason of this ponder is to decide the impact of green accounting, financial performance, and firm size to decide the sustainability of manufacturing companies by paying consideration to and keeping up the environment and open believe. This investigate employments Environmental, Social, Governance (ESG) as a intermediary for green accounting, money related execution which is proxied by Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM), and firm size which is proxied by logarithms. from company estimate to Money related Maintainability which is proxied by the Obligation to Value Proportion (DER) in manufacturing companies recorded on IDX. This inquire about employments tests taken employing a purposive examining strategy and gotten 46 companies as tests and numerous straight relapse investigation devices with information handling utilizing SPSS adaptation 20. The comes about of this research show that ROE encompasses a positive and noteworthy impact on monetary maintainability, ESG and ROA have a critical negative impact on money related maintainability. In the interim, NPM and firm estimate have no impact on budgetary supportability. Budgetary strength is at the same time affected by ESG, ROA, ROE, NPM, and firm estimate when combined together.

Keywords: Green Accounting, Financial Performance, Firm Size, Financial Sustainability

ABSTRAK

Penelitian ini memiliki tujuan yaitu untuk mengetahui pengaruh Green Accounting, financial performance, dan firm size untuk mengetahui keberlanjutan perusahaan manufaktur dengan memperhatikan dan menjaga lingkungan dan kepercayaan masyarakat. Penelitian ini menggunakan Environmental, Social, Governance (ESG) untuk proksi green accounting, Financial Performance yang diproksikan dengan Return On Assets (ROA), Return On Equity (ROE), dan Net Profit Margin (NPM), dan Firm Size yang diproksikan dengan logaritma dari ukuran perusahaan terhadap Financial Sustainability yang diproksikan dengan Debt to Equity Ratio (DER) pada perusahaan manufaktur yang terdaftar di IDX. Penelitian ini menggunakan sampel yang diambil dengan metode purposive sampling dan didapatkan 46 perusahaan sebagai sampel dan alat analisis regresi linier berganda dengan pengolahan data menggunakan SPSS versi 20. Hasil penelitian ini menunjukkan bahwa ROE berpengaruh positif dan signifikan terhadap financial sustainability, ESG dan ROA memiliki pengaruh negatif signifikan terhadap financial sustainability. Sedangkan NPM dan firm size tidak memiliki pengaruh terhadap financial sustainability. Ketahanan financial secara simultan dipengaruhi oleh ESG, ROA, ROE, NPM, dan firm size ketika digabungan bersama-sama.

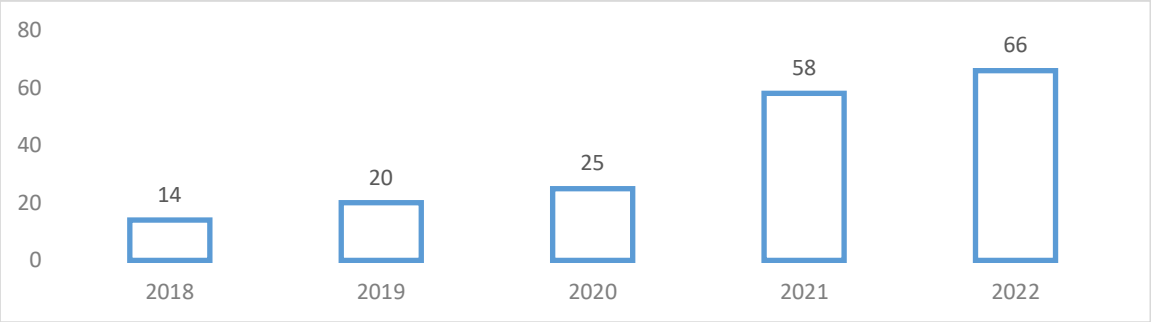
Kata Kunci: *Green Accounting, Financial Performance, Firm Size, Financial Sustainability*

INTRODUCTION

The world of the manufacturing industry in Indonesia continues to grow and develop. This growth of the manufacturing industry is not only in Indonesia, but the Indonesian manufacturing industry is also becoming increasingly expansive. The high level of expansion in the manufacturing industry in Indonesia will certainly impact business continuity supported by financial sustainability. Financial sustainability is defined as the capacity of a company or group to carry out and execute its tasks in order to achieve its goals and satisfy stakeholders (Francois,2018 in Handayani et al., 2023). This sustainability recognizes recurring patterns in all aspects of human and business activities, thus sustainability has evolved into a strategic direction and strategic function in industry orientation, particularly manufacturing (Dura & Suharsono, 2022). At the micro level, the development of corporate sustainability is seen as a new management paradigm that recognizes both the expansion and profitability of the company while simultaneously forcing the company to incorporate and pursue undesirable social goals, especially those related to sustainability issues such as environmental preservation (Tien et al., 2020).

The United Nations (UN), in an effort to end poverty, protect the environment, and achieve prosperity by 2030 and 2063, has seen all member countries adopt sustainable development in 2015 (Dzomonda & Fatoki, 2020 in Tjahjadi et al 2021). All businesses, regardless of size, must adopt a go green business model to produce goods that have social responsibility and responsibility towards the environment (Sauvé et al., 2016 in Pham et al 2021). This disclosure is made through sustainability reports released by manufacturing companies in Figure 1.

Figure 1 Manufacturing Companies That Have Sustainability Reports Year 2018-2022

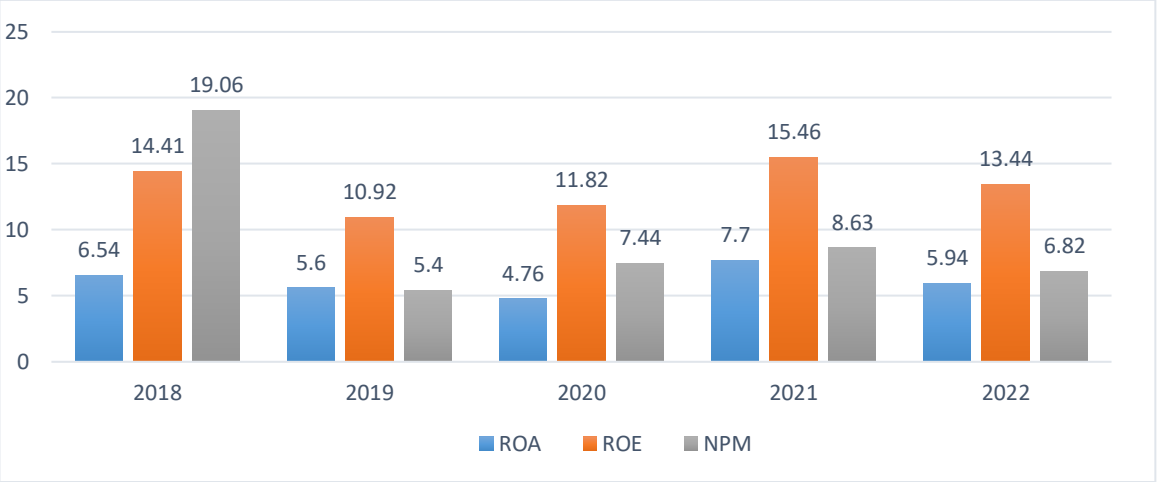


The accounting system based on environmentally friendly accounting disclosure or green accounting is the process of accurately calculating environmental costs (Pricilia Joice Pesak & Miran, 2024). Disclosure of this annual report regarding environmental activities and costs can assist in decision-making about future environmental protection programs by providing an overview of the company's report. The company's financial statements accurately reflect its overall financial performance. High profitability in financial reporting does not mean that the business operates profitably (Tudose et al., 2021). Profitability ratios are one of many indicators used to evaluate a company's financial performance. Ratios are used to measure profitability, which is an assessment of a company's financial performance. Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) are the average indicators used to assess profitability (Faramita Dwitama et al., 2022) as shown in Figure 2.

As the company grows, its assets also increase in size or value, along with higher sales, ownership of reliable information systems, and a greater number of engaged stakeholders. Thus, the company grows larger compared to small businesses; large companies must disclose sustainability reports at a higher level (Damayanty et al., 2022). According to Khafid et al., (2018), firm size is a measure of how large a company is, which can influence investor

trust and evaluate how the company handles investments. Additionally, a high activity ratio of a company reflects how well the company uses its money for asset turnover, which may impact how well asset management operates within the organization for the benefit of shareholders and the surrounding community. The company's performance will become more effective with increased asset management. This impacts the company's ability to publish financial sustainability through sustainability reports (Damayanty et al., 2022). There is evidence that firm size positively affects financial sustainability through sustainability reports according to Karaman et al., (2018), regarding the impact of firm size on disclosures in the industry.

Figure 2 Company Performance



Stakeholder Theory

The stakeholder theory is known as the primary emphasis on the well-being of stakeholders in the interests of the company. Stakeholder theory recognizes value creation as the main engine of business. This idea states that profit is the main driver of daily operations. This value creation can be interpreted as generating profits and financial performance (Kılıç et al., 2022). The stakeholder theory is known as the primary emphasis on the well-being of stakeholders in the interests of the company. Stakeholder theory recognizes value creation as the main engine of business. This idea states that profit is the main driver of daily operations. This value creation can be interpreted as generating profits and financial performance (Kılıç et al., 2022).

Legitimacy Theory

The legitimacy theory states that companies strive to ensure that their activities respect the boundaries and norms of the society in which they operate. The foundation of legitimacy theory is the social interaction between the company and the community, where the goals of a company must align with the values of the community. This idea asserts that organizational actions must involve performance and activities that are socially acceptable. When there is a discrepancy or inconsistency between the two systems, the legitimacy of the community is threatened. Building the company's legitimate status and conducting business effectively requires company leaders to align with the expectations and desires of society (Deegan, 2019).

Green Accounting

The definition of green accounting according to Amaar Ali Ausat, (2018) is a method of accounting that takes into account the indirect costs and benefits of economic activity, such as the effects that corporate decisions and plans have on the environment and human health. Based on the theory of "green accounting," a company operating in a production

environment can continue to use resources effectively and efficiently while also developing its institutions in a way that helps society and allows it to thrive. Green accounting can show the extent of a business or organization's contribution to the environment and human well-being, both positively and negatively (Dura & Suharsono, 2022). An accounting style that encompasses the indirect costs and advantages of economic activity, such as the effects of company actions and strategies on the environment and human health, is a way (Cohen & Robbins, 2011) to define environmentally friendly accounting.

The Global Reporting Initiative released the GRI index 2021, which consists of 117 indicators covering Environmental, Social, and Governance (ESG) factors, calculated using a dummy method assigning a value of 1 in the sustainability report if it is disclosed, and 0 otherwise. The ESG score is obtained using the formula:

$$\mathrm{ESG} = \frac{\sum \mathrm{xy}}{\mathrm{N}} \quad \text{----------} \quad (1)$$

The first benchmark that can be used to evaluate the state of a company and guide investment decisions is financial performance (Herdiyana et al., 2020). Financial performance according to Galeazzo & Furlan, (2018), indicates a company's ability to generate value and reflects overall business performance in terms of economic indicators.

According to Winarno (2019) there are 3 indicators for measuring financial performance as follows:

1. ROA (Reiturn on Asseit)

The return on total assets after interest and taxes expressed as a ratio or ROA represents management's ability to use company assets to generate profits. The greater the return on assets (ROA) of a company, the more adept the company is at generating profits from its assets.

$$\mathrm{ROA} = \frac{\text{Laba Bersih}}{\text{Total Aktiva}} \times 100\% \quad \text{----------} \quad (2)$$

2. ROE (Return on Equity)

The ability of a company to manage its own capital well is measured by Return On Equity (ROE), which calculates the amount of profit generated from the investments made by shareholders or the owners of the company’s equity.

$$\mathrm{ROE} = \frac{\text{Laba Bersih}}{\text{Ekuitas}} \times 100\% \quad \text{----------} \quad (3)$$

3. NPM (Net Profit Margin)

Net Profit Margin displays the proportion of net income earned from each sale; the higher the value of the NPM ratio, the greater the likelihood that the company is also able to generate significant profits.

$$\mathrm{NPM} = \frac{\text{net profit}}{\text{net sales}} \times 100\% \quad \text{----------} \quad (4)$$

According to (Kasmir, 2018), a company is considered to have a good reputation and healthy financial performance if: (1) Return On Asset (ROA) can reach above the industry average of 30%. (2) Return On Equity (ROE) is higher than the industry average of 40%. (3) Net Profit Margin (NPM) is higher than the industry average of 20%.

Firm Size

The expression firm size refers to how a business is categorized as large or small based on its assets and outstanding shares (Ningsih et al., 2022). Large businesses have more

assets, high sales, more reliable information systems, and more stakeholders in the company. Firm size can be determined by looking at the total assets of the company at the end of each period. Larger companies will be able to achieve success in the capital market, which will influence their ability to distribute higher dividends (Adriyani & Rustam, 2021).

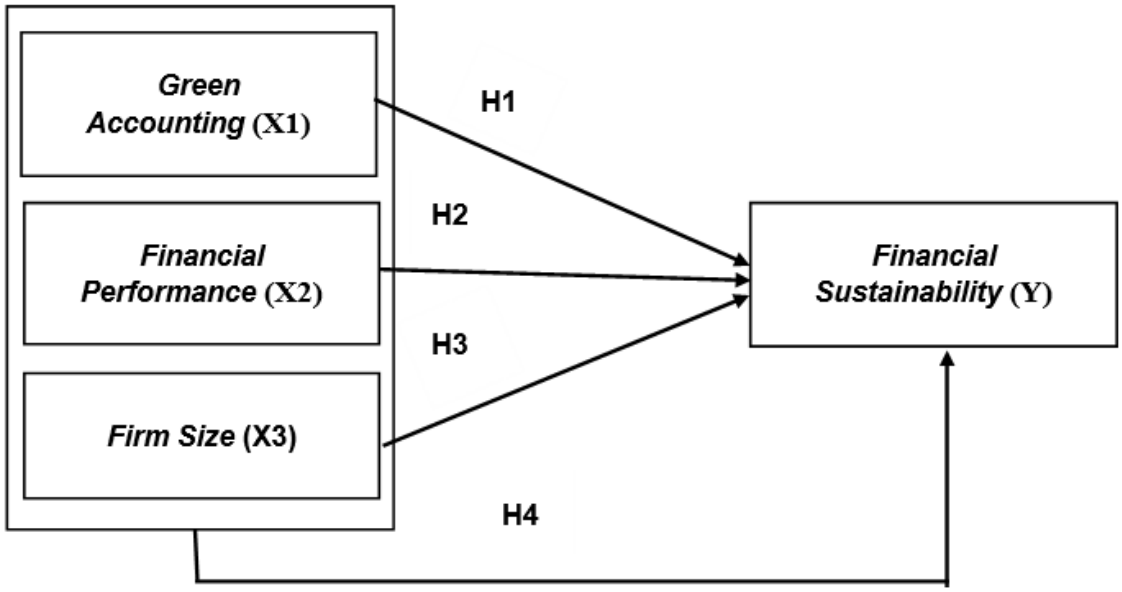
Financial Sustainability

Methodologically, a question arises on how to measure "sustainable value creation" or, more broadly, "sustainability" as the new primary goal of companies. The concept of sustainability, which encompasses both temporal dimensions and scope, has been a subject of scientific research for many years (Guenther et al., 2016). The concepts of intragenerational and intergenerational equity can be distinguished in terms of time as described in the United Nations (UN) Brundtland Commission report. Basiago, (1995) offers several definitions of these terms along with a comprehensive history of how "sustainability" has evolved over time. The production of current goods and services is unsustainable, and this is addressed through the pillar of financial sustainability. Nonetheless, the focus is on the perspective of business and organizations compared to the macroeconomic perspective of a country's sustainability. Therefore, we view financial sustainability as a component of the broader concept of financial sustainability, which is related to many management tasks including purchasing, manufacturing, sales, and logistics.

Financial sustainability according to Hung & Viriany, (2023) is the Debt to Equity Ratio (DER). This ratio is used to assess the potential ability of a company to pay its debts in the event of liquidation. The statement by Albert Ernest Hung dan Viriany Viriany (2023) about this formula is as follows:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}} \quad \text{----------} \quad (5)$$

Figure 3 Conceptual Framework



Hypothesis

The Effect of Green Accounting on Financial Sustainability

The company's adherence to business ethics and resource management will be demonstrated through the disclosure of environmental and sustainability costs (Hamidi, 2019). The disclosure of environmental costs reflects the company's ethics and responsible resource management. As a result, stakeholders including the public and customers will

have greater social trust, thereby enhancing financial performance and enabling the achievement of maximum corporate profitability and the sustainability of the company (Endiana, et al., 2020).

H1: Green Accounting has a significant effect on Financial Sustainability.

The Effect of Return on Assets on Financial Sustainability

ROA is closely related because it indicates the company's potential to generate profits from investments (Flórez-Parra et al., 2020). A higher Return On Assets (ROA) indicates greater financial success (Alfianita et al., 2022). An increasing Return on Assets (ROA) will result in higher company profits, thus enhancing the financial sustainability of the company.

H2 : Return on Asset has a significant impact on Financial Sustainability.

The Influence of Return on Equity on Financial Sustainability

The Influence of Return on Equity on Financial Sustainability There is a positive relationship between the maintenance of the company and the execution of the budget, measured by revenue, return on resources, return on value, and return on capital used (Pham et al., 2021) because ROE represents the overall profit of a company or how much profit is generated from shareholder cash in the value of a trading organization (Erhinyoja & Marcella, 2019).

H3 : Return on Equity has a significant impact on Financial Sustainability.

The Influence of Net Profit Margin on Financial Sustainability

NPM illustrates the ability to reduce operational costs within a company, making it productive over a certain period. Thus, the valuation or decline of the company appears to be caused by NPM; however, if NPM is high, it will also increase the company's valuation (Harahap et al., 2020).

H4 : Net Profit Margin has a significant effect on Financial Sustainability.

The Effect of Firm Size on Financial Sustainability

According to (Khafid et al., 2018), arge companies demonstrate more sustainability compared to small companies because their goals are to make investments, maintain a positive public image, and show stakeholders that they are engaged in sustainability initiatives. Therefore, companies operate on a larger scale and have a greater social impact (Kılıç et al., 2022).

H5 : Firm Size has a significant effect on Financial Sustainability.

RESEARCH METHOD

This study uses a quantitative research strategy by utilizing supporting information sourced from the official website of the Indonesia Stock Exchange (IDX), specifically www.idx.co.id. The population of this research includes all listed manufacturing companies that publish budget reports and supporting reports. The employment inspection procedure employs purposive sampling, resulting in 46 manufacturing companies over 3 periods (2021-2023) with a total of 138 samples tested. This research consists of 2 types of variables, namely the independent variable (X) which in this study includes green accounting, financial performance, and firm size. Meanwhile, the second variable, the dependent variable (Y), is financial sustainability.

The normality test is used to determine whether the residuals are normally distributed or not (Wardani & Sulistiyowati, 2022). The purpose of the normality test is to know whether the residuals are normally distributed or if there are any disturbing variables in the regression model. The Kolmogorov-Smirnov statistical test is used to ensure whether the data is normally distributed or not. The Kolmogorov-Smirnov test used in this normality test has the

advantage of being easy to understand and not causing disparities in perception among different individuals (Ghozali, 2021). The data is normally distributed when thee significance value is bigger than 0.05, otherwise.

Multicollinearity Test

The purpose of the multicollinearity test is to ascertain if the independent variables (X) in the regression model are correlated or not (Wardani & Sulistiyowati, 2022). he absence of a good regression model is indicated by the correlation between independent variables. According to (Ghozali, 2021b) the multicollinearity test can be assessed by a tolerance value of ≤ 0.10 and a VIF value of ≥ 10.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether each variable shows heteroscedasticity (Wardani & Sulistiyowati, 2022). Another purpose of the heteroscedasticity test, according to (Ghozali, 2021b) is to find out whether the residuals of one observation have a different variance compared to other observations in the regression model. This heteroscedasticity test applies for regressing the absolute residual values against the independent variable is how the Glejser test is carried out (Wardani & Sulistiyowati, 2022). The Glejser test according to (Ghozali, 2021b) is there is no heteroscedasticity when the significance value α is higher that 0.05, otherwise.

Autocorrelation Test

The purpose of the autocorrelation test is to determine whether the disturbance errors at time t and the disturbance errors at time t-1 are correlated in a linear regression model (Ghozali, 2021). This autocorrelation test is because observations are related to one another and sequential over time. This error occurs when the residuals or disturbance errors are not independent from one observation to another. Time series data often displays this due to the "intervention" of one person or a combination that tends to affect subsequent periods (Ghozali, 2021). The decision basis that can be taken from the Durbin Watson test according to (Ghozali, 2021b), is that if du < dw < 4-du, then there is no positive or negative autocorrelation (null hypothesis not rejected).

Multiple Linear Regression

This analysis is intended to calculate and anticipate the average population or the dependent variable's average value determined by established independent factors. Thus, regression analysis essentially examines how One or more independent variables influence a dependent variable (Gujarati, 2003).

Hypothesis Testing

Significance Test of Individual Parameters (t Statistic Test)

Decision making for the t test according to (Ghozali, 2021) with the significance value t calculated is higher t table and/or significance value < 0.05, it means that the hypothesis is accepted, so the independent variable has a partial impact on the dependent variable, otherwise.Significance Test

Anova (F Statistic Test)

The F test by looking at the significance value of each independent variable (X) on the dependent variable (Y) is evaluated using the F test. The F test (Ghozali, 2021) Higher than F table and/or significance value < 0.05, it means that the hypothesis is accepted, so the independent variable partially affects the dependent variable.

Test of the coefficient of determination (R^2)

The main purpose of the coefficient of determination (R^2) test is to assess the model's ability to explain The dependent variable's variance (Y) (Ghozali, 2021b). The value of the coefficient of determination (R^2) ranges from zero to one. A low (R^2) value indicates that the

independent variable (X) has very little dependence and can explain changes in the dependent variable (Y). A score around one signifies that almost all of the data needed to anticipate changes in the dependent variable is provided by the independent variable (X).

RESULTS AND DISCUSSION

Classical Assumption Test

The viability of utilizing the model in this study was assessed using the traditional assumption test. This study also intends to guarantee that the regression model there is no multicollinearity, heteroscedasticity, and autocorrelation, as well as to ensure that the produced data is normally distributed (Ghozali, 2021a).

Normality Test

Table 1 Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
Asymp. Sig. (2-tailed)	,865

The one-sample Kolmogorov-Smirnov test findings for financial sustainability's normalcy test reveal an Asymp. Sig value of 0.865 > 0.05, thus it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 2 Multicollinearity Test Results

Variable	Financial Sustainability	
	Tolerance	VIF
ESG	,975	1,026
ROA	,509	1,967
ROE	,436	2,295
NPM	,301	3,317
Firm Size	,940	1,064

The results of the multicollinearity test in this study show that the tolerance value for ESG is 0.975 and the VIF is 1.026, ROA has a tolerance value of 0.509 and a VIF of 1.967, ROE has a tolerance value of 0.436 and a VIF of 2.295, NPM has a tolerance value of 0.301 and a VIF of 3.317, and Firm Size has a tolerance value of 0.940 and a VIF of 1.064. The variables in this study can be concluded to have VIF values < 10 and Tolerance values > 0.10, therefore it can be concluded that multicollinearity does not occur.

Heteroscedasticity Test

Table 3 Heteroscedasticity Test Results

Variable	Financial Sustaianbility
	Sig.
ESG	,629
ROA	,248
ROE	,723
NPM	,669
Firm Size	,471

Based on the output above, the significance (Sig) values for the variables Green Accounting proxied by ESG, Financial Performance proxied by ROA, ROE, and NPM, and Firm Size against the Financial Sustainability variable are 0.629, 0.248, 0.723, 0.669, and 0.471 respectively. Since the significance values of the X variables against the Y variables above are greater than 0.05Based on the Glejser test's decision-making framework, it can be said that the regression model shows no signs of heteroscedasticity.

Autocorrelation Test

Table 4 Autocorrelation Test Results

Variable	Durbin-Watson
Financial Sustainability	1,846

The Durbin Watson (Dw) value for the Financial Sustainability variable is 1.846. This value will be compared with the table value using a significance level of 5%. The total sample size (n) is 138 and the number of independent variables (k) is 3. From the table, the values are dL = 1.6778 and dU = 1.7665. Therefore, since dL < d < 4 - dU or 1.7665 < 1.846 < 2.2335, it can be concluded that there is no autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted to determine the influence of the independent variables X1 (accounting earnings) which is proxied by ESG, X2 (financial performance) proxied by ROA, ROE, and NPM, and X3 (firm size) on the dependent variable Y (financial sustainability). The following outcomes are obtained from the multiple linear regression analysis based on the data processing results in Table 5.

Table 5 Results of linear regression analysis on financial sustainability

Variable	B
Constanta	,441
ESG	-1,338
ROA	-7,916
ROE	3,373
NPM	1,225
Firm Size	-,020

Based on Table 5, it is determined that the mode of reorganization can be describe in Formula 6.

Y1 = 0,441+(-1,338)+(-7,916)+3,373+1,225+(-0,020) + e ---------- (6)

The constant variable has a coefficient of regression value of 0.441 which means that without the existence of the variable, the financial sustainability variable will increase by 0.441. ESG has a coefficient of regression value of -1.338 which implies that an increase in ESG will result in a decrease in financial sustainability. ROA has a coefficient of regression of -7.916, which means that an increase in ROA will result in a decrease in financial sustainability and vice versa. ROEi has a regression coefficient value of 3.373 which means that an increase in ROE will be accompanied by an increase in financial sustainability, and NPM has a regression coefficient value of 1.225, providing evidence that a rise in NPM will affect raising financial sustainability, and firm size has a regression value of -0.020, this value indicates that an increase in firm size will be the opposite of a decrease in financial sustainability.

Hypothesis Testing

t-Test (Partial Test)

The t test uses the t table value using a significance value of 5% and with a sample (n) of 138 and the number of variables (k) 4 then (k-1) 3. Then get the t table value of 1.978. Based on table 6, the significance value of ESG is 0.001 and the t value is -3.470, indicating that ESG has a significant negative effect on financial sustainability. ROA is 0.000 and the calculated t value is -6.410, indicating that ROA has a significant negative effect on financial sustainability. ROEi has a significance value of 0.000 and a calculated t value of 4.658,

indicating Because financial sustainability is significantly impacted by ROE. NPM has a significance value of 0.419 and t count of 0.811proving that NPM has no bearing on financial sustainability and is not important. Firm size has a significance value of 0.111 and t count -1.606, it can be interpreted that firm size has no effect and is not significant on financial sustainability.

Table 6 Financial sustainability t-test results

Variable	B	t	Sig.
Konstanta	,441	1,685	
ESG	-1,338	-3,470	,001
ROA	-7,916	-6,410	,000
ROE	3,373	4,658	,000
NPM	1,225	,811	,419
Firm Size	-,020	-1,606	,111

F Test

Table 7 Financial sustainability F test results

Variable	F	Sig.
Regression	15,354	,000

Based on Table 7, the results of the F test for the financial sustainability variable can be seen with a significance value of 0.000 <0.05. And the calculated F value shows a value of 15.354 greater than the F table value of 2.44. So it can be interpreted that the indicators of all independent variables, namely ESG, ROA, ROE, NPM, and firm size simultaneously have a significant effect on financial sustainability.

Koefisien Determinasi (R^2)

Table 8 Results of the coefficient of determination (R2) financial sustainability

Variable	R	R Square	Adjusted R Square
Financial Sustainability	.608	.369	.345

Based on Table 8, the results of the coefficient of determination of financial sustainability (Y) obtained the value of adjusted R Square of 0.345 or 34.5%. So that the percentage contribution of the influence of green accounting, financial performance, and firm size on financial sustainability is 34.5%. While the remaining 65.5% is influenced by other variables that are not included in this research model.

DISCUSSION

The Effect of Green Accounting on Financial Sustainability

The test results show that green accounting with ESG proxy has a negative and significant effect on financial sustainability. The exposure of green accounting topics is a non-financial performance report through a sustainability report or sustainability report commonly known as Environmental, Social, and Governance (ESG). The content in it can help companies to set targets and change management for sustainable operating changes (de Villiers et al., 2022). This sustainability report can be examined by related parties to see the quality of the report itself. The quality of this non-financial report can be assessed using the Global Reporting Initiative (GRI) framework (Sebrina et al., 2023). The sustainability performance in its implementation uses company costs, therefore in green accounting reporting the more indicators that are disclosed the more costs are incurred, especially in this case the discussion of manufacturing companies. It can be concluded that the practice of sustainability performance is still relatively low and reveals that the indicators of the GRI cannot be fully disclosed in Indonesia, especially in manufacturing companies (Kuswanto, 2019).

Effect of Return on Asset on Financial Sustainability

The test findings demonstrate that financial sustainability is significantly harmed by ROA. Return on Asset (ROA) is the efficiency of the company in generating profits from its assets. ROA is a scale of the relationship between profit before fees and total assets. Good financial

success is indicated by a broader Return On Asset (ROA), because this expands the return category (Alfianita et al., 2022). The company can utilize its wealth or assets well to benefit if the net profit after tax exceeds the amount of wealth or assets, so the rate of return on profit will be lower. Conversely, if net profit after tax is smaller than total assets or assets, the return or rate of return on assets will be higher (Dura & Suharsono, 2022).

Effect of Return on Equity on Financial Sustainability

Return On Equity (ROE) is a proxy for financial performance which shows how well the company's capital is used. The ratio of net income to total equity is used to obtain the Return On Equity (ROE) value (De Lucia et al., 2020). This means that the higher the range of this ratio, the more profitable it is for shareholders because the rate of return on shares of the company increases (Kasmir, 2019).

The Effect of Net Profit Margin on Financial Sustainabilit*y*

This Net Profit Margin (NPM) shows that the company's net sales profit is also compared to the industry average (Kasmir, 2019). Disclosure of financial sustainability can be carried out by companies because they comply with regulations set by the government or only for the purpose of promoting products produced by companies and empowerment, therefore it can be said that Net Profit Margin (NPM) has no effect on disclosing financial sustainability (Ningsih et al., 2022).

The Effect of Firm Size on Financial Sustainability

The cost of building a company's legistimacy increases with firm size because larger companies will have access to legistimacy in order to align society's ideals in carrying out their operations with accepted norms of behavior, but the size of the company does not affect financial sustainability in manufacturing companies (Safitri & Saifudin, 2019). *Financial sustainability itself is basically not only influenced by the size of the company, but factors such as company profits, working capital turnover, net working capital, debt turnover, inventory turnover, and accounts receivable turnover* (Nurvita & Dayanti, 2021).

The Effect of Green Accounting, Financial Performance, and Firm on Financial Sustainability

Responsibility is how the company maintains its position over a long period of time. Sustainability refers to financing as the company's ability to develop and maintain its resources over a long period of time to meet consumer needs or without external financial assistance (external financing). Given that income and expenses are two components of financial sustainability, both of which are contained in financial performance, financial performance affects financial sustainability (Japhet Osazefua Imhanzenobe, 2019). Disclosure of financial sustainability is also related to firm size because, according to Ningsih et al., (2022), the division of businesses into large and small categories based on their assets and outstanding shares.

CONCLUSION

Based on this research, it can be concluded that Green Accounting has a significant negative effect on Financial Sustainability in manufacturing companies in Indonesia. Financial Performance affects Financial Sustainability through several proxies with the following results: (1) Financial Performance proxy Return On Asset (ROA) has a negative and significant effect on Financial Sustainability in manufacturing companies. (2) Financial Performance proxy Return On Equity (ROE) has a significant effect on Financial Sustainability. (3) Net Profit Margin (NPM) has no significant effect on Financial Sustainability. Firm size has no significant effect on Financial Sustainability in manufacturing companies.

The results of this study prove that Green Accountingg, Financial Performance, and Financial sustainability is significantly impacted by firm size in manufacturing companies in

Indonesia. Where ESG reporting, profitability, and firm size affect Financial Sustainability through Debt to Equity Ratio (DER).

Based on the results of the above conclusions, there are several implications that manufacturing companies must improve their environmental performance through disclosure of sustainability reports and profitability ratios such as Return on Asset (ROA), Reituirn On Equity (ROE) and Net Profit Margin (NPMi). Improving investment ratios will increase business profitability and ensure the financial sustainability of corporate values. In addition, maximizing return on capital is essential if a business wants to increase its valuation. Because when return on capital increases, investors will intuitively feel more assured about investing in the business. Also, as the return on capital increases, the company will attract more potential investors., which will increase its value as more people become interested.

References

Alfianita, N. F., Sulistiyowati, L. N., & Saputra, A. (2022). Pengaruh *Return On Assets* (ROA), *Net Interest Margin* (NIM) Dan *Loan To Deposit Ratio* (LDR) Terhadap Nilai Perusahaan (Studi Empiris Terhadap Bank Neo Commerce). *SIMBA: Seminar Inovasi Manajemen Bisnis Dan Akuntansi*, *4*(September 2022). www.investor.id

Amaar Ali Ausat, S. (2018). The Relationship Between Corporate Governance And Financial Performance In Islamic Banks. Jurnal Ekonomi & Studi Pembangunan, 19(2). https://doi.org/10.18196/jesp.19.2.5001

Basiago, A. D. (1995). *Methods of defining 'sustainability.' In Sustainable Development* (Vol. 3, Issue 3). https://doi.org/10.1002/sd.3460030302

Cohen, N., & Robbins, P. (2011). *Green Business: An A-to-Z Guide*. *Sage Publications*, Inc. https://doi.org/10.4135/9781412973793

Damayanty, P., Wahab, D., & Safitri, N. (2022). Pengaruh Profitabilitas, Firm Size Dan Aktivitas Perusahaan Terhadap Pengungkapan *Sustainability Report*. *Jurnal Ilmiah Edunomika*, *6*(2), 1–11. https://doi.org/10.29040/jie.v6i2.4998

De Lucia, C., Pazienza, P., & Bartlett, M. (2020). Does good ESG lead to better financial performances by firms? Machine learning and logistic regression models of public enterprises in Europe. Sustainability (Switzerland), 12(13). https://doi.org/10.3390/su12135317

de Villiers, C., La Torre, M., & Molinari, M. (2022). The Global Reporting Initiative's (GRI) past, present and future: critical reflections and a research agenda on sustainability reporting (standard-setting). Pacific Accounting Review, 34(5), 728–747. https://doi.org/10.1108/PAR-02-2022-0034

Deegan, C. M. (2019). Legitimacy theory: Despite its enduring popularity and contribution, time is right for a necessary makeover. Accounting, Auditing & Accountability Journal, 32–8. https://doi.org/10.1108/AAAJ-08-2018-3638

Dura, J., & Suharsono, R. S. (2022). Application Green Accounting To Sustainable Development Improve Financial Performance Study In Green Industry. Jurnal Akuntansi, XXVI(02), 192–212.

Dzomonda, O., & Fatoki, O. (2020). Environmental Sustainability Commitment and Financial Performance of Firms Listed on the Johannesburg Stock Exchange (JSE). International Journal of Environmental Research and Public Health, 17(20), 7504. https://doi.org/10.3390/ijerph17207504

Erhinyoja, E. F., & Marcella, E. C. (2019). Corporate Social Sustainability Reporting and Financial Performance of Oil and Gas Industry in Nigeria. International Journal of Accounting, Finance and Risk Management, 4(2), 54. https://doi.org/10.11648/j.ijafrm.20190402.12

Faramita Dwitama, Cicilia Erly Istia, & Rini Dwiastutiningsih. (2022). Pengukuran Roa, Roe, Npm Terhadap Pertumbuhan Laba Pada Perusahaan Jamu Dan Farmasi Periode 2016-2020. *Jurnal Ekonomi Dan Manajemen*, *1*(2), 1–6. https://doi.org/10.56127/jekma.v1i2.111

Flórez-Parra, J. M., Rubio Martín, G., & Rapallo Serrano, C. (2020). Corporate Social Responsibility and Crowdfunding: The Experience of the Colectual Platform in Empowering Economic and Sustainable Projects. Sustainability, 12(13), 5251. https://doi.org/10.3390/su12135251

Galeazzo, A., & Furlan, A. (2018). Lean bundles and configurations: a fsQCA approach. International Journal of Operations & Production Management, 38(2), 513–533. https://doi.org/10.1108/IJOPM-11-2016-0657

Ghozali. (2021a). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 26* (10th ed.). Badan Penerbit Universitas Diponegoro.

Ghozali. (2021b). Aplikasi Analisis Multivariate dengan Program IBM SPSS 26 (10th ed.). Badan Penerbit Universitas Diponegoro.

Guenther, E., Endrikat, J., & Guenther, T. W. (2016). Environmental management control systems: a conceptualization and a review of the empirical evidence. Journal of Cleaner Production, 136, 147–171. https://doi.org/10.1016/j.jclepro.2016.02.043

Gujarati. (2003). *Basic Econometrics (4th ed.)*. McGraw Hill.

Hamidi, H. (2019). Analisis Penerapan Green Accounting Terhadap Kinerja Keuangan Perusahaan. https://doi.org/10.33373/JEQ.V6I2.2253

Handayani, E., Sholihin, M., Pratolo, S., & Rahmawati, A. (2023). O*ptimation Principles of Good Financial Governance to Increase Financial Sustainability. Quality - Access to Success*, *24*(196), 230–242. https://doi.org/10.47750/QAS/24.196.29

Harahap, I. M., Septiani, I., & Endri, E. (2020). *Effect Of Financial Performance On Firms' Value Of Cable Companies In* Indonesia. *Accounting*, *6*(6), 1103–1110. https://doi.org/10.5267/j.ac.2020.7.008

Herdiyana, H., Sumarno, A., & Endri, E. (2020). The Effect of Financial Performance on the Profitability of Food and Beverage Companies in Indonesia. International Journal of Financial Research, 12(1), 30. https://doi.org/10.5430/ijfr.v12n1p30

Hung, A. E., & Viriany, V. (2023). The Effect Of Financial Ratios On Profit Growth Among Manufacturing Companies. International Journal of Application on Economics and Business, 1(2), 248–256. https://doi.org/10.24912/ijaeb.v1i2.248-256

Japhet Osazefua Imhanzenobe. (2019). Operating Efficiency and Financial Sustainability of Listed Manufacturing Companies in Nigeria. Journal of Accounting and Taxation, 11, 17–31. https://doi.org/10.5897/JAT

Karaman, A. S., Kilic, M., & Uyar, A. (2018). Sustainability reporting in the aviation industry: worldwide evidence. Sustainability Accounting, Management and Policy Journal, 9(4), 362–391. https://doi.org/10.1108/SAMPJ-12-2017-0150

Kasmir. (2018). Analisis Laporan Keuangan (11th ed). *Rajawali Pers*.

Kasmir. (2019). *Pengantar Manajemen Keuangan* (7th ed.). Prenadamedia.

Khafid, M., Baroroh, N., & Firmansyah, M. (2018). The Role of Corporate Governance in Moderating the Influence of Company Growth and Size on Corporate Social Responsibility Disclosure. KnE Social Sciences, 3(10), 27. https://doi.org/10.18502/kss.v3i10.3116

Kılıç, M., Gurler, H. E., Kaya, A., & Lee, C. W. (2022). The Impact of Sustainability Performance on Financial Performance: Does Firm Size Matter? Evidence from

Turkey and South Korea. Sustainability (Switzerland), 14(24). https://doi.org/10.3390/su142416695

Kuswanto, R. (2019). Penerapan Standar Gri Dalam Laporan Keberlanjutan Di Indonesia: Sebuah Evaluasi. *Jurnal Bina Akuntansi*, *6*(2). https://doi.org/10.52859/jba.v6i2.59

Ningsih, N., Alimuddin, Nagu, N., & Madein, A. (2022). The Effect of Corporate Social Responsibility on Return on Assets, Return on Equity, and Net Profit Margin: Study of Food and Beverage Sub-Sector Companies Listed in the Indonesia Stock Exchange, 2016-2021. European Journal of Business and Management Research, 7(6), 297–303. https://doi.org/10.24018/ejbmr.2022.7.6.1759

Nurvita, T., & Dayanti, E. (2021). Faktor-faktor yang Memengaruhi *Financial Sustainability* Studi Pada Perusahaan Manufaktur yang Terdaftar di BEI. *Jurnal Manajemen Bisnis*, *24*(2), 181–192. https://ibn.e-journal.id/index.php/ESENSI/article/view/244

Pham, D. C., Do, T. N. A., Doan, T. N., Nguyen, T. X. H., & Pham, T. K. Y. (2021). *8*(1). https://doi.org/10.1080/23311975.2021.1912526

Pricilia Joice Pesak, & Miran, M. (2024). *Profitability as Moderation on The Influence of Green Accounting on Sustainability Development*. https://doi.org/https://doi.org/10.17509/jrak.v12i1.63101

Safitri, M., & Saifudin. (2019). Implikasi Karakteristik Perusahaan dan *Good Corporate Governance* Terhadap Pengungkapan *Sustainability Report*. *Jurnal Bingkai Ekonomi*, *4*(1), 13–25.

Sebrina, N., Taqwa, S., Afriyenti, M., & Septiari, D. (2023). Analysis of sustainability reporting quality and corporate social responsibility on companies listed on the Indonesia stock exchange. Cogent Business & Management, 10(1). https://doi.org/10.1080/23311975.2022.2157975

Sugiyono. (2018). Metode Penelitian Kuantitatif, Kualitatif Dan Kombinasi (Mixed Methods) (Volume 10). Alfabeta.

Tien, N. H., Anh, D. B. H., & Ngoc, N. M. (2020). Corporate financial performance due to sustainable development in Vietnam. Corporate Social Responsibility and Environmental Management, 27(2), 694–705. https://doi.org/10.1002/csr.1836

Tjahjadi, B., Soewarno, N., & Mustikaningtiyas, F. (2021). Good corporate governance and corporate sustainability performance in Indonesia: A triple bottom line approach. Heliyon, 7(3), e06453. https://doi.org/10.1016/j.heliyon.2021.e06453

Tudose, M. B., Rusu, V. D., & Avasilcai, S. (2021). *Performance Management for Growth: A Framework Based on EVA*. *Journal of Risk and Financial Management*, *14*(3), 102. https://doi.org/10.3390/jrfm14030102

Wardani, T. A., & Sulistiyowati, L. N. (2022). Determinan Minat Penggunaan *E-Wallet (Electronic Wallet)* Sebagai Alat Transaksi (Studi Pada Generasi Milenial Di Madiun). *Seminar Inovasi Manajemen Bisnis Dan Akuntansi 4*, *September*. http://prosiding.unipma.ac.id/index.php/SIMBA/article/view/3307

Wijayanto, A., Suhadak, Dzulkirom, M., & Nuzula, N. F. (2019). The Effect Of Competitive Advantage On Financial Performance And Firm Value: Evidence From Indonesian Manufacturing Companies. Russian Journal of Agricultural and Socio-Economic Sciences, 85(1), 35–44. https://doi.org/10.18551/rjoas.2019-01.04

Winarno, S. H. (2019). Analisis NPM, ROA, dan ROE in Mengukur Kinerja Keuangan. *Jurnal STEI Ekonomi*, *28*(02), 254–266. https://doi.org/10.36406/jemi.v28i02.254