The Effect of Green Accounting on Financial Performance with Environmental Performance as a Mediation Variable

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ABSTRACT

This study aims to determine the effect of green accounting on financial performance with environmental performance as a mediating variable in primary consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period. This study uses an associative quantitative approach method, with a sample size of 36 companies obtained using the purposive sampling method with 108 data obtained from annual reports or sustainability reports for each company. The data analysis technique in this study is the path analysis test with the SPSS 25 program. Based on the results of this study, it shows that green accounting has a positive effect on financial performance, green accounting has a positive effect on environmental performance, environmental performance has a positive effect on financial performance, and environmental performance partially mediates the effect of green accounting on financial performance.

Type of Paper: Empirical

Keywords: Green Accounting, Environmental Performance, Financial Performance

1. Introduction

The development of technology in this global industrial revolution is increasingly advanced and modern, so that the production and distribution processes are carried out quickly by business actors in meeting the needs of the community. Business actors compete with each other to be selected as providers of community needs. The impact of this competition makes companies maintain and maximize profits. This is because company performance is the main thing that investors look at when evaluating a company in order to make the right decision to invest their funds. Especially in manufacturing companies, because manufacturing companies have a large contribution to the national economy.

Company performance is an effort carried out by the company to assess the company's achievements in the company's activities within a certain time or period and is recorded in the company's financial statements (Hayaah, 2023). Financial performance is an evaluation of a company regarding assets, liabilities, equity, costs, income, and overall profitability that will affect the company's development both internally and externally. Internally, financial

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performance is examined Internally, financial performance is examined to determine the company's current benchmark or achievement. And for external, financial performance is used as an information tool for users of financial statements to find out potential investment opportunities (Sudianto, 2023).

Financial performance needs to be analyzed on the cumulative financial and economic impact of decisions taken and considered with comparative measures by a company. Financial performance is generally used to determine the measure of a company's success in making a profit (Ningsih & Rachmawati, 2017). A business is said to have good profit potential on each sale, but the company's performance can be said to be efficient if the company produces a high and consistent Net Profit Margin value. Because this indicates that the company shows the company's operational efficiency in generating profits. Thus, the higher the NPM means the company generates more net profit from all the income generated (Panjaitan, 2018). The Net Profit Margin value will increase investor confidence in investing in the company.

The manufacturing industry sector in 2022 will be the mainstay of national economic growth which will reach 5.31%. The Ministry of Industry reported the results of the IKI (Industry Confidence Index) in December 2022 touching the level of 50.9 and the Indonesian Manufacturing Purchasing Manager's Index (PMI) in December 2022 at 50.9. Agus Gumiwang Kartasasmita, Minister of Industry, explained that amid the global economic slowdown, the average utility of the manufacturing industry sector is already above 71%, meaning that production activities are increasingly active to meet the needs of the domestic and export markets. The Minister of Industry also projected the growth of the gross domestic product (GDP) of the national manufacturing industry during 2022 to reach 5.1%. Thus, the entry of a number of investments in several sectors is expected to boost the growth of the manufacturing industry (Simamora, 2023).

The government's efforts to encourage industrial competitiveness are determined to strengthen downstreaming in the manufacturing industry sector, as explained by the Minister of Industry Agus Gumiwang that the Ministry of Industry will ensure that the industry can obtain raw materials through commodity balances and facilitate, so that there are no manufacturing sub-sectors that are left behind (Karunia & Ika, 2022). This orientation is only based on the production process which of course will result in environmental problems with waste from production waste produced by the company. Management of industrial waste has developed into a solution to solving environmental problems over the past few decades. However, current waste management still focuses on reducing environmental impacts rather than sustainable prevention, such as a multimedia approach by allowing for gas, liquid, and natural waste, as well as a holistic depiction of waste produced from upstream to downstream processes (Singh, et al, 2014).

Based on data from the Central Statistics Agency (BPS) in 2022, the amount of hazardous and toxic waste (B3) management in Indonesia during 2021 to 2022, the manufacturing sector was in second place in industrial waste management after the mining, energy, and oil and gas sectors. These data show that the manufacturing sector still lacks understanding of the impact of waste management on the environment.

Green accounting or environmental accounting is a type of accounting that combines environmental cost and benefit information in business accounting activities and the integration of environmental costs in economic decision making. Green accounting involves identifying, measuring, and allocating environmental costs. These costs are then integrated into business decision making and disclosed to stakeholders (Lako, 2019). Green accounting aims to encourage corporate responsibility in addressing social and environmental issues that impact sustainable achievement and the environment that affects corporate behavior (Amalya, 2023). According Wardianda & Wiyono (2023) green accounting has a positive effect on financial performance. The better the implementation of green accounting, the higher the financial performance. In contrast to research conducted by Dewi & Muslim (2022) which states that green accounting has a negative effect on financial performance. Green accounting involves calculating environmental costs incurred by companies as part of their social and environmental responsibilities. However, if environmental costs are not managed properly, especially if they only focus on prevention costs and detection costs, it can cause cost overruns that have the potential to negatively affect the company's financial performance. This can happen because the environmental costs incurred by the company are indicated as additional expenses by the company. Meanwhile, research conducted by Yayu et al., (2023) green accounting has no effect

on the company's financial performance. Green accounting projected with environmental costs indicates that companies that only increase profits will consider every cost incurred, including environmental costs that reduce profits.

The development of environmental accounting objectives is to position environmental accounting as an environmental management system and to become a communication tool between companies and the community. Companies can use the concept of environmental accounting to reduce the environmental problems they face, as well as increase the efficiency of environmental management through assessing environmental activities from the perspective of environmental costs incurred with the benefits obtained by the company or the impacts caused (Santi, (2016) in Angelina & Nursasi (2021).

The environmental management system is used to measure environmental performance and environmental control in the company. Environmental performance is the company's focus in preserving the environment and overcoming negative environmental impacts that occur due to environmental operating activities. UU No. 32 Tahun 2009 Tentang Perlindungan Dan Pengelolaan Lingkungan Hidup stipulated by the Indonesian Government concerning Environmental Protection and Management, which explains efforts made to preserve the environment and efforts to prevent the decline in environmental quality.

Environmental performance disclosure is a form of corporate social responsibility in preserving the environment and reducing environmental impacts due to corporate activities (Sejati, et al 2020) . Companies that have good environmental performance will reduce social impacts on society and stakeholders, so that public trust in the company increases and creates financial benefits for the company (Amalya et al, 2023). Environmental performance disclosure is reported voluntarily by companies listed in annual reports or sustainability reports by the company, so that it can be used as a reference for report users in decision making (Kurnia, et al, 2024).

Research conducted by Kurniawan et al., (2023) environmental performance has a positive effect on financial performance. Disclosure of environmental performance that describes good news for market players will improve company performance (financial and non-financial) in the company's annual report. However, research conducted by Husnan & Pamudji, (2013). environmental performance has a negative effect on company performance. Even though the company has a performance that is indicated through high sales, it does not mean that the company allocates its funds for CSR activities in the field of environmental performance. So that the number of disclosures made by the company for environmental performance is smaller. These studies differ from the research of Angelina & Nursasi (2021) which states that environmental performance has no effect on financial performance. Environmental management carried out by the company cannot affect financial performance and does not guarantee that the company's financial performance will increase even though the company has made good management efforts, because the PROPER assessment aspect does not directly touch the interests of the community, so it does not get a positive image from the community.

An organization's environmental management system is an important aspect in identifying environmental components, because it directly affects the measurable results of the system's environmental performance. The level of environmental damage caused by business activities is an important metric for measuring an organization's environmental performance. Therefore, it is important for companies to prioritize effective regulation of their environmental components to ensure optimal environmental performance (Hanjani & Kusumadewi, 2023). Disclosure of good environmental performance will be reflected and can have a direct or indirect effect on financial performance. Companies that carry out good environmental performance will give a good impression to stakeholders.

Some researchers also conduct research using environmental performance as a mediation. Such as research conducted by Amalya (2023) conducted research on green accounting directly affecting financial performance through environmental performance. Companies that implement good environmental performance, and are encouraged by green accounting practices, show responsibility towards stakeholders. So that financial performance will increase. Corporate image in environmental management of a company will reflect good corporate performance. A good corporate image will improve the company's financial performance (Kurnia et al, 2024)

Based on the description above, the author is interested in re-examining variables that still contain inconsistencies in environmental performance as mediation of the influence of green accounting and financial performance. This study is expected to provide a significant contribution to the understanding and practice of green accounting and its impact on financial and environmental performance, which ultimately supports more responsible and sustainable business and investment decisions.

2. Literature Review and hypothesis development

2.1 Literature Review

2.1.1 Stakeholder Theory

Stakeholder theory describes business as a collection of relationships formed by various interest groups, so that companies are responsible for managing these relationships to create value for stakeholders. These relationships involve values, choices, and potential harms and benefits, which are important for the survival and growth of the company. Company management must focus on forming, maintaining, and aligning relationships with stakeholders to create value and avoid moral negligence (Ghozali, 2020). Companies implement green accounting to maintain good relationships with stakeholders, because it covers financial, social, and environmental aspects (Lako, 2018). Research by Pratama & Deviyanti (2022) shows that stakeholder theory accurately considers the expectations of stakeholder groups regarding the company's activity information disclosure policy, which is important for various stakeholders including employees, shareholders, investors, consumers, and the environmental community.

2.1.2 Financial Performance

According to Fahmi (2017) in Dewi & Muslim (2022), financial performance is an analysis to determine the extent to which a company implements financial principles properly and correctly. Company management uses financial performance as a guideline in managing entrusted resources. Financial performance reflects the company's capabilities based on data from financial reports and is an evaluation of operational effectiveness and efficiency in a period (Siregar & Rasyad, 2019). According to Susanto and Tarigan, (2013) in Sabrina, (2019) stated that financial performance is assessed by stakeholders based on the company's activities, liquidity, solvency, and profitability. According to Supit et al., (2016), financial performance assesses the company's success in generating profits, which is measured by profitability ratios such as Net Profit Margin (NPM). Shermen, (2015) added that NPM shows the net profit from each sale. Companies with high NPM are considered to have good performance in maximizing net profit.

2.1.3 Green Accounting

Green Accounting involves recognizing, measuring, recording, summarizing, reporting, and disclosing information about the economic, social, and environmental impacts of activities in an integrated manner. This information helps users make financial and non-financial decisions (Lako, 2018). Conceptually similar to general accounting but with the addition of environmental elements, green accounting benefits stakeholders by informing their decisions. Manufacturing companies must incorporate environmental considerations into their operations to minimize or eliminate waste, thereby improving performance (Santoso & Handoko, 2023). Environmental accounting requires full awareness from companies to manage the environment sustainably. Companies that adopt environmental accounting can better address environmental issues (Nuryanti et al., 2015). Environmental accounting includes environmental costs, which include costs related to environmental preservation and community welfare (Zulhaimi, 2015). These costs are categorized into internal and external costs: internal costs are related to reducing production activities that are harmful to the environment, while external costs are related to mitigating the environmental impact of waste generated by the company (Siregar & Rasyad, 2019).

2.1.4 Environmental Performance

The effectiveness of environmental activities is the company's focus in preserving the environment and overcoming the negative impacts of its activities. Environmental performance resulting from the environmental management system reflects the company's social and environmental responsibility. Disclosure of social and environmental responsibility shows the company's transparency through social and environmental activities, which are expected to influence public perception and improve financial performance (Amelia & Cahyati, 2015). This study measures environmental performance using the Global Reporting Initiative (GRI) approach, available at www.globalreporting.org. The GRI guidelines require companies to disclose the impacts of their activities on the economy, environment, and society in the standard disclosure section (Sejati, et al, 2020) GRI 2017 includes 79 indicators: 9 economic indicators, 30 environmental indicators, and 40 social performance indicators.

2.2 Hypothesis Development

According to stakeholder theory, companies must consider stakeholder interests in their activities. Implementing green accounting helps build stakeholder trust by showing that the company cares about the environment, not just profits (Ghozali, 2020). This trust drives industry development, increases sales and profits, improves business continuity, and increases industry value (Hasanah & Widiyati, 2023). Research by Wardianda & Wiyono (2023) shows that green accounting has a positive impact on financial performance, with increased financial performance correlating with the implementation of green accounting. Properly recorded environmental activity costs become a benchmark for stakeholders in decision making (Hayaah, 2023).

H1: Green accounting has a positive effect on financial performance

The implementation of green accounting helps companies minimize environmental problems (Hamidi, 2019).. It is a system for measuring environmental conservation activities (Suartana, 2010) in Angelina & Nursasi, 2021) and shows the company's concern for society. Companies report their environmental performance management activities to stakeholders (Hayaah, 2023). Research by Ulupui et al., (2020), Amalya et al., (2023) shows that green accounting has a positive effect on environmental performance, because it indicates the company's compliance with regulations and policies.

H2: Green accounting has a positive effect on environmental performance

Corporate environmental performance is a form of responsibility towards the environment, which helps reduce pollution and prevent protests from stakeholders. Companies with good environmental performance provide useful environmental information in sustainability financial reports, thereby improving the company's financial and non-financial performance. Research by Kurniawan et al., (2023); Rahayudi & Apriwandi, (2023) shows that environmental performance has a positive effect on financial performance. Disclosure of good environmental performance increases the acceptance of the company by the community and supports the achievement of good financial performance.

H3: Environmental Performance has a positive effect on financial performance

Green accounting or environmental accounting is the process of reporting integrated economic, social, and environmental information to the public (Lako, 2018). According to Ikhsan (2008) in Ningsih & Rachmawati, (2017), green accounting aims to prevent and reduce environmental impacts, and is related to financial performance. Research by Amalya et al., (2023) shows that green accounting has a direct effect on financial performance through environmental performance. Information on the implementation of green accounting in annual or sustainability reports shows the company's commitment to environmental management (Lako, (2018) in Santoso and Handoko, 2023). Companies that implement good environmental performance and green accounting show responsibility towards stakeholders, so that financial performance increases.

H4: Environmental performance mediates green accounting on financial performance.

3. Research Methodology

3.1 Research Approach

This study uses an associative quantitative research method to analyze the relationship between variables, based on positivism which aims to test hypotheses with data from a specific population or sample through data collection, statistical analysis, and hypothesis testing (Sugiyono, 2014)

3.2 Population and Sample

The population in this study includes 55 primary consumer goods manufacturing companies listed on the Indonesia Stock Exchange in 2021-2023. The data used is secondary data from the official IDX website and other supporting sites, in the form of annual financial reports and sustainability reports. Sampling was carried out using the purposive sampling method, which is based on certain criteria. Which then obtained 36 companies as samples in this study. With the following criteria:

Table 1. Sample Selection Criteria

|	Information	Amount
a.	Manufacturing Companies in the Primary Consumer Goods Industry Sector Listed on the IDX in 2021-2023	55
b.	Manufacturing Companies that do not publish annual reports or sustainability reports for 2021-2023	(8)
c.	Companies that do not report environmental management costs or environmental social responsibility costs	(8)
d.	Companies that do not provide environmental performance disclosure index	(3)
	Number of research samples	36
	Number of research data (36×3 years)	108

3.3 Research Theoretical Framework
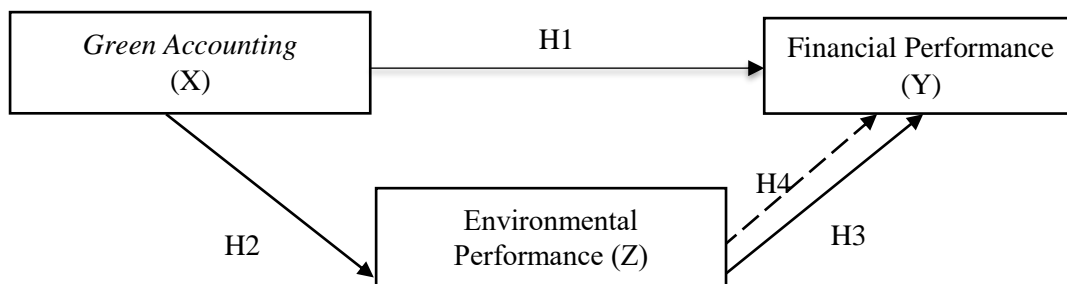
Figure 1. Name of the figure

3.4 Definition and Operation of Variables

3.4.1 Independent Variable

Sugiyono (2014) stated that independent variables cause changes in dependent variables. In this study, the independent variable is green accounting, which is measured by environmental costs. Environmental costs are expenses for environmental management programs reported in the company's annual financial or sustainability reports (Santoso and Handoko, 2023). Although there is no standard for disclosing environmental costs, companies disclose them voluntarily (Hamidi, 2019). The measurement of green accounting in this study follows Riyadh et al., (2020), using the amount of money spent on environmental management programs such as waste management to reduce emissions.

3.4.2 Mediating Variables

A mediating or intervening variable is a variable that influences the relationship between the independent and dependent variables, and produces an indirect effect. In this study, the mediating variable is environmental performance, which includes company activities to preserve the environment and reduce the negative impacts of its activities. Environmental performance includes efforts to reduce pollution, control emissions, effluents, and waste, as well as atmospheric protection and natural resource management [30]. Environmental performance measurement uses the GRI-G3 guidelines with indicators adapted from the GRI environmental dimension website. The measurement method gives a value of 1 for disclosed indicators and a value of 0 for those not disclosed Wiranty & Kartikasari, (2018). Environmental performance measurement is calculated using the formula:

$$EDI_{it} = \frac{\Sigma X_{it}}{N_i} \qquad (1)$$

Information:
EDIit = Environmental Disclosure Index of company i in year t
ΣXit   = Total number of environmental disclosure index by company
1   = if environmental indicator items are disclosed;
0   = if environmental indicator items are not disclosed.
Ni   = The total number of environmental indicators for company i, this is ≤ 30

3.4.3 Dependent Variable

The dependent variable is a variable that is influenced by the independent variable (Sugiyono, 2014). This study uses financial performance as the dependent variable, projected with the net profit margin (NPM) ratio. Financial performance reflects the company's ability to manage resources and evaluate the effectiveness and efficiency of its operations (Siregar, et al, 2019). NPM measures the percentage of net profit to net sales, indicating operational efficiency in generating profits (Mulyadi & Sinaga, 2020). The higher the NPM, the greater the net profit generated by the company from its revenue (Panjaitan, 2018). NPM is displayed with the following formula:

$$NPM = \frac{Net\ profit}{Sale} \times 100\% \qquad (2)$$

According to Kasmir (2016) the industry average for net profit margin is 0.2 or 20%. A company's profit margin that exceeds 20% is considered good. Conversely, a company with a net profit margin below the industry average is not good.

3.5 Analysis Techniques and Analysis Methods

The data analysis method in this study uses the path regression analysis method, because the study uses mediation variables. In data processing using SPSS and online sobel calculator

4. Results

4.1 Descriptive Statistics

Descriptive analysis is used to determine descriptive statistics such as minimum, maximum, average, and standard deviation values of each variable. In this study, descriptive analysis is used to see the characteristics of sample data with green accounting variables, environmental performance, and financial performance. The results of descriptive analysis were obtained using IBM Statistics 25.

Based on table 2, it is known: The Green Accounting variable which is measured by environmental management costs with 108 data has a minimum value of 5,280,000; a maximum value of 659,187,000,000; an average value of 31,601,890,826.53; and a standard deviation value of 103,615,122,223.577. Environmental Performance variable measured by GRI-G3 Guidelines environmental dimension with 108 data has a minimum value of 0.13; a maximum value of 0.70; an average value of 0.4518 and a standard deviation value of 0.12840. Performance variable measured by NPM with 108 data has a minimum value of -1.13; a maximum value of 53.80; the average value is 0.6229 and the standard deviation value is 5.25169

Table 2 Descriptive Analysis Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	108	5280000	659187000000	31601890826.53	103615122223.577
Environmental Performance	108	0.13	0.70	0.4518	0.12840
Financial performance	108	-1.13	53.80	0.6229	5.25169
Valid N (listwise)	108				

4.2 Classical Assumption Test

Table 3 Results of the Classical Normality Assumption Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		108
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.73880451
Most Extreme Differences	Absolute	0.070
	Positive	0.070
	Negative	-0.064
Test Statistic		0.070
Asymp. Sig. (2-tailed)		0.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on table 3 shows that the significance number of the Kolmogorov-Smirnov Asymp. Sig. (2-tailed) normality test is $0.200 \geq 0.05$. This means that the regression model has normally distributed data.

4.3 Sub-structure Model Suitability Test 1

The model suitability test is carried out using the F test where the aim is to test whether the influence of all independent variables on one dependent variable as formulated in the multiple linear regression equation model is appropriate (fit).

Table 4 Sub-structure Model Suitability Test 1

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.937	1	0.937	324.571	0.000[b]
	Residual	0.306	106	0.003		
	Amount	1.243	107			
a. Dependent Variable: Environmental Performance						
b. Predictors: (Constant), Green Accounting						

Based on table 4, the significance value for the influence of green accounting on environmental performance can be seen to be 0.000 < 0.05.

4.4 Suitability Test of Sub-structure Model 2

Table 5 Suitability Test of Sub-structure Model 2

		ANOVA[a]				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.922	2	0.461	423.186	0.000[b]
	Residual	0.114	105	0.001		
	Total	1.037	107			
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Environmental Performance, Green Accounting						

Based on table 5, it can be seen that the significance value of green accounting and environmental performance on financial performance is 0.000 <0.05.

4.5 Linear Regression Test Sub-Structure 1

Table 6 Results of Direct Influence Test (Sub-structure 1)

		Coefficients[a]				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.053	0.024		1.784	0.077
	Green Accounting	1.082	0.000	0.868	18.016	0.000
a. Dependent Variable: Environmental Performance						

Based on table 6 above, it can be seen that the green accounting variable on environmental performance has a Beta coefficient value of 1.082 with a positive direction and a significance value of $0.000 \leq 0.05$.

4.6 Linear Regression Test Sub-structure 2

Table 7 Linear Regression Test Results Sub-structure 2

		Coefficients[a]				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.006	0.018		0.331	0.741
	Green Accounting	0.505	0.074	0.444	6.793	0.000
	Environmental Performance	0.486	0.060	0.532	8.138	0.000
a. Dependent Variable: Financial Performance						

Based on table 7, it can be seen:
a. The influence of green accounting variables on financial performance has a Beta coefficient value of 0.505 with a positive direction and a significance value of 0.000 smaller than 0.05.

b. The influence of environmental performance variables on financial performance has a regression coefficient value of β of 0.486 with a positive direction and a significance value of 0.000 smaller than 0.05.
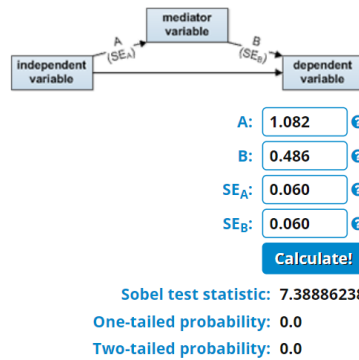
4.7 Mediation Test

Figure 2 Mediation Test Results

Based on Figure 2 above, the statistical value for the influence of the environmental performance variable as a mediating variable between the green accounting variable and financial performance is $7.388 \geq 1.96$ and the significance value at One-tailed probability is 0.0, because the p-value < 0.05.

4.8 Test of Sub-Structure Determination Coefficient 1

Table 8 Test of Sub-structure Determination Coefficient 1

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.868ª	0.754	0.751	0.05372
a. Predictors: (Constant), Green Accounting				

Based on table 8, the Adjusted R Square value is 0.751. This shows that the ability of the green accounting variable to influence environmental performance variables is 75.1% and the remaining 24.9% is influenced by other variables not found in this study

4.9 Sub-structure 2 Determination Coefficient Test

Table 9 Results of Sub-structure 2 Determination Coefficient Test

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.943ª	0.890	0.888	0.03301
a. Predictors: (Constant), Environmental Performance, Green Accounting				

Based on table 9, the coefficient of determination (Adjusted R Square) is 0.888. This shows that the ability of green accounting and environmental performance variables to influence financial performance variables is 88.8% with the remaining 11.2% influenced by other variables not included in this study.

5. Discussion

5.1 Green Accounting Has a Positive Impact on Financial Performance

In this study, green accounting is measured by environmental costs. The results of the hypothesis test show a significance value of $0.000 \leq 0.05$, indicating that green accounting has a significant effect on financial performance. A positive coefficient value indicates that better environmental management costs will improve financial performance. Therefore, environmental costs, as a measure of green accounting, have a significant impact on financial performance, supporting the hypothesis that integrating green accounting practices positively affects a company's financial results. This indicates that these companies prioritize environmental management, increasing stakeholder trust by showing that they care about more than just profit. This trust drives industry development, increasing sales, profits, business continuity, and industry value. The findings of this study are in line with Wardianda & Wiyono, (2023), who found that green accounting has a positive impact on financial performance. The green accounting coefficient value shows that as green accounting practices increase, so does financial performance. Therefore, companies that accurately record and allocate environmental management costs will be a benchmark for stakeholder decision making.

5.2 Green Accounting Has a Positive Effect on Environmental Performance

In this study, green accounting is measured by environmental costs. Hypothesis testing shows a significance value of $0.000 \leq 0.05$, indicating that green accounting has a significant effect on environmental performance. A positive coefficient value indicates that increasing environmental management costs improves environmental performance. Thus, high spending on environmental management cost investment, as a measure of green accounting, leads to better environmental performance in the company's efforts to reduce pollution, control emissions, waste, and waste, and improve natural resource management. Thus, minimizing potential losses for stakeholders and improving the company's image among the community and stakeholders. This study is in line with the research of Ulupui et al., (2020) ; Amalya et al., (2023) which states that green accounting has a positive effect on environmental performance. Companies that are committed to green accounting practices consider the environmental impacts of their activities and comply with regulations, thereby gaining public trust and support.

5.3 Environmental Performance Has a Positive Influence on Financial Performance

The results of the hypothesis study show a significance value of $0.000 \leq 0.05$ for the influence of environmental performance on financial performance, indicating a significant positive influence. Based on the study, it shows that if the company implements good environmental performance, it can help reduce environmental pollution due to company activities and prevent protests from stakeholders. So that it will provide information on the quantity and quality of the environment for report users and will improve the company's performance both financially and non-financially. This study is in line with the research of Kurniawan et al., (2023) and Rahayudi & Apriwandi, (2023) which also found that good environmental performance can improve financial performance. Companies that demonstrate environmental responsibility through transparent disclosure will gain acceptance from the community and achieve better financial results.

5.4 Environmental Performance Mediates the Effect of Green Accounting on Financial Performance

The results of the hypothesis test show that the direct effect of green accounting on financial performance is 50.5% with a significance of 0.000, and the indirect effect through environmental performance is 52.6% with a significance of 0.0. This indicates that environmental performance partially mediates the relationship between green accounting and financial performance. Incorporating environmental costs and benefits into financial reporting

through green accounting helps companies measure and evaluate the economic implications of their environmental impacts. Effective green accounting practices result in better environmental performance, which in turn brings financial benefits such as cost savings, reduced liabilities, improved reputation, and access to new markets. This study is in line with Amalya et al., (2023), who found that green accounting directly affects financial performance partially through environmental performance. Companies that demonstrate good environmental performance and practice green accounting demonstrate responsibility to stakeholders, which leads to improved financial performance.

6. Conclusion

Based on research conducted on Primary Consumer Goods Sector Manufacturing Companies listed on the IDX in 2021-2023 regarding the Effect of Green Accounting on Financial Performance with Environmental Performance as a Mediating Variable, the following conclusions are drawn:
1. Green accounting has a positive effect on financial performance in Primary Consumer Goods Sector Manufacturing Companies.
2. Green accounting has a positive effect on environmental performance in Primary Consumer Goods Sector Manufacturing Companies.
3. Environmental performance has a positive effect on financial performance in Primary Consumer Goods Sector Manufacturing Companies.
4. Environmental performance mediates green accounting on financial performance in Primary Consumer Goods Sector Manufacturing Companies.

This study still has several shortcomings, including that this study only focuses on primary consumer goods sector manufacturing companies within a period of 3 years and only 36 companies were obtained as a research sample.

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