

Comparative Analysis of Green Accounting Practices in Lombok's Property Sector: Challenges and Profitability Implications

Yusli Mariadi¹, Nungki Kartikasari², Robith Hudaya³, Yeldy Dwi Genadi⁴.

^{1,2,3,4}University of Mataram.

Abstract

Green accounting integrates social and environmental costs into financial reports. This study evaluates its application in two Lombok property companies, PT Nata Alam Raya and PT Meka Asia Properti. Using semi-structured interviews and audited financial statement analysis, the study finds PT Meka Asia Properti more proactive in sustainability promotion, though neither company formally integrates green accounting. Key challenges include insufficient regulations mandating environmental and social cost disclosure and high implementation costs.

Keywords: green accounting, environmental disclosure, profitability, property companies.

INTRODUCTION

The burgeoning tourism industry in Lombok presents a dual challenge: driving economic growth while ensuring environmental preservation. The increase in tourist arrivals over the past five years has significantly stimulated the property sector, which plays a crucial role in accommodating tourists and managing natural resources (Baysha & Astuti, 2024). Sustainable tourism development is essential for Lombok as it aligns with the 2030 Sustainable Development Goals (SDGs) and promotes inclusive economic growth (Sayuti, 2023). The growth in tourist arrivals has the potential to accelerate the expansion of the property sector in the region. The property sector is a key player in this dynamic, as property development is closely tied to the need for tourist accommodation and the management of natural resources. However, the sustainability of this sector requires a more holistic accounting approach, such as green accounting, to ensure that

1177

IJEBIR, Volume 03 Issue 06, 2024



Copyright at authors some right reserved this work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

environmental and social costs are considered in business decision-making (Elkington, 1994). For instance, in the manufacturing sector, green accounting has helped companies manage waste more efficiently and enhance sustainability, while its application in the property sector supports transparent reporting of environmental impacts (Afifah et al., 2024; Feng, 2024).

Despite the widespread recognition of green accounting as a practice that supports corporate sustainability, its implementation in Indonesia, particularly in Lombok, faces various challenges. Many companies in Lombok struggle with the high initial costs of environmental audits, a lack of specific local regulations regarding green accounting, and limited human resources trained in sustainability. Previous research has shown that the adoption of green accounting can improve long-term profitability (Kolk, 2003). However, the absence of regulations poses a significant barrier, as the lack of nationally integrated environmental reporting standards leaves companies without clear guidance. Additionally, the high upfront costs of environmental audits and human resource training hinder the adoption of green accounting, particularly among small and medium-sized enterprises (Schaltegger & Burritt, 2017).

Objectives

This study aims to compare green accounting practices in two property companies in Lombok, PT Nata Alam Raya and PT Meka Asia Properti, with a focus on environmental and social disclosures and their impact on profitability. The study explores how these two companies address unique challenges in Lombok's local context, including regulatory gaps and resource limitations, which remain underexplored in previous research. Furthermore, the study seeks to identify the obstacles faced by both companies in adopting green accounting.

LITERATURE REVIEW

Theory of Green Accounting

Green accounting is based on the concept of the triple bottom line (Elkington, 1994), which encompasses three primary dimensions: financial profit, social contribution, and environmental preservation. In the property sector, the application of the triple bottom line can be observed in companies reporting environmental mitigation costs, involving local communities in development projects, and maintaining transparency in sustainability fund allocations. Green accounting plays a critical role in encouraging companies to take responsibility for their social and environmental impacts. For instance, in the

1178

IJEBIR, Volume 03 Issue 06, 2024



Copyright at authors some right reserved this work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

manufacturing sector, research shows that effective waste management and resource efficiency through green accounting can enhance overall sustainability performance (Afifah et al., 2024). Ambarsari et al. (2024) further discuss methods such as carbon footprint measurement, which help companies identify efficiency opportunities and meet stakeholder demands. Even in developed countries like China, this discipline is considered vital for aligning economic benefits with environmental governance, although regulatory challenges remain a significant barrier (Feng, 2024).

Environmental and Social Disclosures

Environmental and social disclosures are key components of corporate social responsibility (CSR). Cho and Patten (2007) argue that companies often use these disclosures as a legitimacy tool to garner stakeholder support. However, criticism from Gray and Milne (2002) highlights that such disclosures are often symbolic and do not necessarily reflect a genuine commitment to sustainability.

The Impact of Green Accounting on Profitability

Studies by Kolk (2003) and Munir (2022) suggest that companies actively disclosing environmental and social costs tend to achieve better financial performance in the long term. However, challenges in implementing green accounting, such as high initial costs and a lack of regulation, are prevalent in many developing countries.

METHODOLOGY

Research Design

This study employs a comparative case study method with both qualitative and quantitative approaches. The qualitative approach involves semi-structured interviews to explore management perspectives and experiences related to green accounting implementation. The quantitative approach analyzes financial statements to compare profitability indicators such as Return on Assets (ROA) and Net Profit Margin (NPM). By integrating these approaches, the study provides a comprehensive analysis where interviews support the interpretation of financial data, offering a holistic view of green accounting practices.

Research Location and Objects

The study was conducted in Lombok, focusing on two property companies: PT Nata Alam Raya and PT Meka Asia Properti.

1179

IJEBIR, Volume 03 Issue 06, 2024



Copyright at authors some right reserved this work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

Data Collection Techniques

1. Semi-Structured Interviews

Used to gather information on green accounting implementation and challenges encountered.

2. Financial Statement Analysis

Conducted to evaluate the profitability of the two companies through financial ratios such as ROA and NPM.

Data Analysis Techniques

The data analysis in this study involves two primary approaches aims to provide a holistic understanding of green accounting practices, ensuring that qualitative data support the interpretation of quantitative results and vice versa.

1. Qualitative Analysis

Thematic analysis based on semi-structured interviews was employed to explore management perspectives and experiences regarding green accounting implementation. This technique allows the identification of key themes, such as implementation challenges, sustainability initiatives, and responses to environmental regulations. Interview data were synthesized to provide in-depth context for the quantitative findings.

2. Quantitative Analysis

Financial data from the two companies were compared to assess the impact of green accounting on profitability. This analysis used financial indicators such as ROA, calculated based on audited financial statements. Quantitative data provide an objective overview of the relationship between sustainability initiatives and corporate financial performance.

DISCUSSION

The research findings indicate that PT Meka Asia Properti exhibits more prominent sustainability activities, such as promoting eco-friendly materials and participating in reforestation programs, as documented in their financial reports. For instance, the company reported a net profit increase from IDR 9.27 billion in 2021 to IDR 17.16 billion in 2022, with its Return on Assets (ROA) rising from 27.93% to 33.25%. In contrast, PT Nata Alam Raya recorded a net profit of IDR 1.80 billion in 2023, up from IDR 939 million in the previous year, with its ROA increasing from 11.74% to 13.79%. However, neither



company has formally integrated environmental cost disclosures into their financial statements, revealing a gap in the comprehensive implementation of green accounting.

Interviews and financial statement analysis revealed that PT Meka Asia Properti is more proactive in promoting environmental initiatives through social media and their official website. Nevertheless, both PT Meka Asia Properti and PT Nata Alam Raya have yet to formally incorporate environmental costs into their accounting systems. This supports the argument by Cho and Patten (2007) that environmental disclosures are often used as a tool for legitimacy rather than being accompanied by formal reporting aligned with accounting standards.

Public data analysis from social media and company websites highlights that PT Meka Asia Properti is more consistent in promoting sustainability initiatives compared to PT Nata Alam Raya. However, a gap persists between public promotion and internal practices, as environmental costs are still not fully reflected in the formal financial reports of either company. Gray and Milne (2002) suggest that this gap is a common phenomenon in the property sector, where companies often prioritize promotional activities over genuine commitments to sustainability.

These findings emphasize the need for greater alignment between sustainability rhetoric and green accounting practices in the property sector. Formal integration of environmental costs into financial reporting systems remains a critical step toward achieving transparency and accountability in sustainability efforts. This gap underscores the importance of regulatory frameworks and organizational commitment to bridging the divide between promotional sustainability efforts and substantive environmental accountability.

Table 1: Comparison of Green Accounting Practices Between PT Nata Alam Raya and PT Meka Asia Properti

Company	Environmental Disclosure	Social Disclosure	Profitability (2022–2023)
PT Nata Alam Raya	None	Limited	IDR 1.80 billion (2023)
PT Meka Asia Properti	Present (incomplete)	Active	IDR 17.16 billion (2022)

The Impact of Green Accounting on Profitability

The analysis reveals that green accounting positively influences corporate profitability, although the extent of its impact varies. PT Meka Asia Properti reported an



85.11% increase in net profit, from IDR 9.27 billion in 2021 to IDR 17.16 billion in 2022, with its Return on Assets (ROA) rising from 27.93% to 33.25%. This success was driven by sustainability practices such as the use of eco-friendly materials and reforestation initiatives, despite green accounting not being fully integrated into their financial reporting. Similarly, PT Nata Alam Raya experienced a 91.69% increase in net profit, from IDR 939 million in 2022 to IDR 1.80 billion in 2023, with ROA rising from 11.74% to 13.79%. However, these positive outcomes were constrained by resource and regulatory challenges. Overall, sustainability practices have been shown to support operational efficiency and profitability. With the formal integration of green accounting into financial statements, these positive impacts are projected to become even more significant in the future.

Barriers to Green Accounting Implementation

Interviews with financial report preparers identified the main obstacles to implementing green accounting in both companies as the lack of government regulations mandating formal disclosure of environmental and social costs. Additionally, both companies face financial challenges, particularly the high initial costs of environmental audits and integrating sustainability reporting technologies. Schaltegger and Burritt (2017) note that similar challenges are commonly faced by companies in developing countries, where awareness of green accounting's importance remains limited.

Traditional managerial views on profitability also pose a significant barrier, as environmental costs are often perceived as an additional burden rather than a long-term investment. This paradigm underscores the need for a mindset shift to view green accounting as a strategic tool for supporting sustainability and enhancing corporate competitiveness.

In general, the implementation of green accounting in Indonesia faces significant barriers, primarily due to the absence of regulations requiring the integration of environmental costs into financial statements. The lack of clear national standards hinders cross-sector standardization efforts and reduces incentives for widespread adoption (Kartiko et al., 2024). These challenges are exacerbated by high initial costs, which pose a particular challenge for small and medium-sized enterprises (SMEs) with limited budgets. Such costs include environmental audits and human resource training necessary for effective implementation (Mukwarami & Poll, 2024).

The lack of specific reports on waste management, as identified in PT Atsumitec Indonesia, further highlights the need for integrating environmental accounting methods

1182



to improve accountability and decision-making (Kirana et al., 2024). While the strategic potential of environmental accounting is acknowledged, regulatory complexities and a lack of collaboration between the government and private sectors remain significant obstacles (Agustina et al., 2024).

Moreover, experiences from the banking sector in adopting green human resource management emphasize the importance of fostering a supportive green culture. This culture must be accompanied by a comprehensive plan to facilitate the transition to sustainable practices (Sulistiawan et al., 2024). Overall, these barriers underscore the need for a coordinated approach among the government, private sector, and academia to advance green accounting in Indonesia.

CONCLUSION

This study demonstrates that PT Meka Asia Properti outperforms PT Nata Alam Raya in sustainability promotion, although neither company has fully integrated green accounting into their formal financial statements. The implementation of green accounting in Indonesia's property sector requires regulatory support and a shift in managerial paradigms. Proposed regulations include mandatory standardized reporting for environmental and social costs, the provision of fiscal incentives for companies adopting green accounting practices, and the development of sustainability reporting guidelines based on international standards, such as the Global Reporting Initiative (GRI). Furthermore, collaboration between the government and the private sector is essential to accelerate the adoption of these practices. To overcome barriers in green accounting implementation, companies should focus on comprehensive staff training in environmental cost measurement and international standards like GRI, collaboration with third parties for tailored support and cost reduction, and adopting technologies such as carbon management software to enhance reporting efficiency and impact analysis.

REFERENCES

- Afifah, F, I., Suci Amal, Said, D., Damayanti, R. A., & Syarifuddin. (2024). Green Accounting, Green Innovation, and Emission Carbon Disclosure: A Literature Study. *International Journal of Economics, Business Management and Accounting (IJEBMA)*, 6(2), 109–118. <https://doi.org/10.59890/ijebma.v6i2.1972>
- Agustina, I., Rahmanu, I., Saputri, H., & Tahang, M. (2024). The Strategic Role Of Environmental Accounting In Promoting Business Sustainability In Indonesia.



- Jurnal ASIK: Jurnal Administrasi, Bisnis, Ilmu Manajemen & Kependidikan, 2(3), 10-22.
- Ambarsari, S. D., Ambarwati, S. D., & Hwihanus. (2024). The Role Of Green Accounting In Promoting Corporate Sustainability. *International Journal of Economics, Commerce, and Management*, 1(3), 165–177. <https://doi.org/10.62951/ijecm.v1i3.106>
- Baysha, m. H., & astuti, e. R. P. (2024). Pengembangan Model Bisnis Pariwisata Berkelanjutan: Studi Kasus Desa Mas-Mas Kabupaten Lombok Tengah. *Community: Jurnal Pengabdian Kepada Masyarakat*, 4(1), 45-55.
- Cho, C. H., & Patten, D. M. (2007). The role of environmental disclosures as tools of legitimacy. *Accounting, Organizations and Society*, 32(7-8), 639-647. <https://doi.org/10.1016/j.aos.2006.09.009>
- Elkington, J. (1994). Towards the sustainable corporation. *California Management Review*, 36(2), 90-100. <https://doi.org/10.2307/41165746>
- Feng, X. (2024). Green Accounting in China: Challenges, Opportunities, and the Path Forward. *Advances in Economics, Management and Political Sciences*, 86, 1-7.
- Kolk, A. (2003). Trends in sustainability reporting by the Fortune Global 250. *Business Strategy and the Environment*, 12(5), 279-291. <https://doi.org/10.1002/bse.370>
- Gray, R., & Milne, M. J. (2002). Sustainability reporting: Who's kidding whom? *Chartered Accountants Journal of New Zealand*, 81(6), 66-70.
- Kartiko, N. D., Indradewi, A. A., & Sugianto, F. (2024). The Urgency of Green Banking Regulations in Indonesia in the Implementation of Sustainable Development. *Administrative and Environmental Law Review*, 5(2), 135–154. <https://doi.org/10.25041/aelr.v5i2.3604>
- Kirana, S. P., Lasmini, L., & Septiawati, R. Analisis Penerapan Akuntansi Lingkungan (Green Accounting) pada Pengelolaan Limbah Industri di PT Atsumitec Indonesia. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(11).
- Mukwarami, S., van der Poll, H.M. A theoretical approach to address environmental management accounting implementation barriers in small and medium enterprises in developing countries. *Discov Sustain* 5, 385 (2024). <https://doi.org/10.1007/s43621-024-00598-4>
- Sayuti, R. H. (2023). Community Readiness in Implementing Sustainable Tourism on Small Islands: Evidence from Lombok, Indonesia. *Sustainability*, 15(12), 9725. <https://doi.org/10.3390/su15129725>



Schaltegger, S., & Burritt, R. L. (2017). Contemporary environmental accounting. Greenleaf Publishing.

