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The Influence of *Green Accounting*, Environmental Performance and Sales Growth on Financial Performance (Study on Basic Materials Sector Companies Registered with ISSI for the 2022-2024 Period)

Rani Angreani Nurjanah[1], Mohammad Orinaldi[2], Atar Satria Fikri[3]

[123]Sharia Accounting Study Program, Faculty of Islamic Economics and Business, Sultan Thaha Saifuddin Jambi State University.

Abstract

A company's financial performance is an important indicator in assessing a company's success in generating profits and maintaining business continuity. Amidst increasing attention to environmental issues, companies are expected to balance profit generation with environmental responsibility through the implementation of *green accounting*, environmental performance, and sales growth, which are thought to influence financial performance. This study aims to determine the partial and simultaneous effects of *green accounting*, environmental performance, and sales growth on financial performance in basic materials sector companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022-2024 period. The sampling method used in this study was purposive sampling. Based on this sampling technique, 20 companies were selected as samples. The data analysis method used was panel data regression analysis using EViews 12 software. The results of the hypothesis testing in this study indicate that *green accounting* and sales growth partially have a positive and significant effect on financial performance, while environmental performance has no effect on financial performance. Simultaneously, *green accounting*, environmental performance, and sales growth have a positive and significant effect on financial performance.

Keywords: *Green accounting*, environmental performance, sales growth, and financial performance.

INTRODUCTION

Financial performance is a measurement that determines the level of success of a company in achieving profits from its operational activities during a certain period (Ramadhani et al., 2022). This measure of success not only reflects the final results achieved but also demonstrates the company's operational effectiveness in achieving

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those results. Financial performance allows a company to communicate its financial position, which serves as a basis for decision-making. Furthermore, strong financial performance can strengthen investor confidence and increase company value. Meanwhile, poor financial performance can impact profitability and various other aspects, including the company's market value (Fahmi, 2024). In measuring financial performance, an indicator is needed that can describe the company's overall effectiveness. Return on Assets (ROA) is one ratio that can assess a company's effectiveness in generating profits by utilizing all of its assets.

The use of ROA as a financial performance indicator becomes even more relevant when linked to the basic materials sector. Basic materials is a sector that produces basic materials for other industries. This sector is generally asset-intensive, with a large portion of a company's investment being tied to fixed assets such as machinery and production facilities. This situation makes a company's ability to manage its assets a key factor in determining profitability.

In recent years, companies in the basic materials sector have shown a downward trend in financial performance. This phenomenon can be seen in several companies experiencing a decline in Return on Assets (ROA) during the 2022-2024 period. For example, PT Indah Kiat Tbk's ROA decreased from 8.89% in 2022 to 4.06% in 2023 and then again to 3.60% in 2024. PT Vale Indonesia Tbk also experienced a similar decline, where in 2023 its ROA was 9.37%, but in 2024 its ROA decreased to 1.81%. Furthermore, PT Suparma Tbk also showed a decline in ROA from 10.37% in 2022 to 5.40% in 2023 and continued to decline to 3.09% in 2024. This decline reflects the company's weakening ability to optimize profits from its total assets. When a company's total assets are low and its financing costs are high, it will be unable to cover its expenses. Ultimately, this situation can result in losses for the company, resulting in a decrease in its return on assets (Thalia, 2023). This situation necessitates a review of internal and external factors that could potentially impact financial performance, such as *green accounting*, environmental performance, and sales growth.

On the other hand, efforts to improve financial performance must be undertaken while taking environmental considerations into account through sustainable business practices, given that production processes in the basic materials sector are generally highly prone to environmental issues. A number of companies in the basic materials sector have been found to have caused environmental pollution. Mining activities conducted by PT. Vale have contaminated residents' raw water sources with sludge, and dust generated from nickel mining has polluted the surrounding air. In addition to water and air pollution, mining activities also cause soil instability, which increases the risk of landslides and further worsens ecological conditions (Amien, 2023).

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Environmental pollution is also an issue in the Brantas River in East Java. PT Tjiwi Kimia is suspected of causing environmental pollution by discharging industrial waste into the Brantas River. This discharge is believed to be polluting the river, which has long served as a source of raw water for the municipal water utility (PDAM) in the Surabaya and Sidoarjo regions. As a result of this pollution, water quality has declined, affecting millions of PDAM customers who have reported experiencing murky and foul-smelling water (Wahyudin, 2025).

The rise in environmental pollution cases puts companies at greater risk of having to pay compensation for the environmental damage they cause, including litigation costs, claims for damages from affected communities, and even the revocation of business licenses. This situation can ultimately disrupt a company's operational sustainability and legal standing. Therefore, it is important to integrate sustainability considerations into a company's operations.

Green accounting is an accounting concept that integrates a company's environmental impact into its financial reporting process, which involves the process of measuring, assessing, and disclosing information and reporting (Lako, 2018). Through *green accounting*, companies can contribute to improving long-term financial performance. Implementing *green accounting* facilitates more transparent disclosure of environmental costs, encouraging companies to increase efficiency through environmental cost control, waste management, energy consumption reduction, and resource efficiency, all of which can reduce the company's burden (Kotango et al., 2024). However, some companies tend to believe that *green accounting* will increase their burden, potentially depressing their short-term profits. This view leads some companies to overlook the long-term benefits of *green accounting*, which can give rise to various other risks, both operational and environmental, that can impact the company's sustainability (Murdiyanti & Sisdianto, 2025).

Several companies in the basic materials sector have been recorded as polluting the environment. PT Vale's mining activities have polluted local water sources, with mud and dust from nickel mining polluting the surrounding air. In addition to water and air pollution, mining activities also cause soil instability, increasing the risk of landslides and worsening ecological conditions (Amien, 2023). Environmental pollution issues also occurred in the Brantas River, East Java. PT Tjiwi Kimia is suspected of polluting the environment by dumping industrial waste into the Brantas River. The waste disposal is believed to have polluted the river, which has long been a source of raw water for the Regional Water Company (PDAM) in the Surabaya and Sidoarjo areas. As a result, water quality has declined, impacting millions of PDAM customers, who have reported experiencing cloudy and smelly water (Wahyudin, 2025).

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Effective environmental management can be reflected in a company's environmental performance. Environmental performance is the actions a company takes to create a healthy environment, focusing on the negative impacts of its operational processes.Good environmental performance can send a positive signal to external parties. It will be easier for a company to build trust and a positive image, both from the public and investors, and especially from environmentally conscious consumers who are more likely to choose products from companies that implement environmentally friendly practices, thereby increasing long-term revenue (Nasution et al., 2025).

Another factor that determines a company's success in improving its financial performance is sales. Sales are a key indicator of a company's success in achieving profitability. Through sales growth, a company can determine how sales impact its profits. Consistent sales growth can foster positive perceptions among consumers and the market, reflecting management's confidence in the company's long-term performance and the well-received quality of its products. This, in turn, can foster loyalty, which can support improved financial performance (Septrina et al., 2023).

Previous research results on the influence of *green accounting*, environmental performance, and sales growth on financial performance still show inconsistent findings (Ramadhani et al., 2022). Found that *green accounting* and environmental performance have a positive effect on financial performance. Conversely,(Santoso & Handoko, 2023)stated that *green accounting* and environmental performance do not affect financial performance. In the sales growth variable (Heriza & Suhendro, 2025)found a positive influence on financial performance. Meanwhile,(Pratama & Devi, 2021)shows that sales growth has no impact on the company's financial performance. The difference in research results indicates a research gap that requires further investigation.

This research is crucial because the basic materials sector is one of the sectors with high levels of natural resource utilization and the potential for environmental impacts. This situation encourages companies to implement *green accounting* and improve environmental performance as a form of responsibility for business sustainability. Furthermore, sales growth is also a factor that can influence a company's ability to generate profits. Therefore, this research is necessary to provide empirical evidence regarding the influence of these three variables on a company's financial performance.

Based on the phenomenon of declining financial performance in basic materials sector companies and the inconsistency of previous research results, this study aims to analyze the influence of *green accounting*, environmental performance, and sales growth on financial performance in basic materials sector companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2024 period.

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LITERATURE REVIEW

Legitimacy theory

Legitimacy theory was developed by Dowling and Pfeffer in 1975. This theory states that to achieve success, a company must strive to ensure that its operations take place within the framework of prevailing social norms and provisions, so that the company's activities can be considered "legitimate" by society (Ghozali, 2020). According to legitimacy theory, a company relies on an implicit contract between the company and society. If a company does not respect the norms and expectations of society, this can lead to a decline in public trust and a decline in the company's image, which can have long-term effects that can threaten profitability and the risk of losing its operating license (Subroto & Endaryati, 2023).

Signal Theory

Signaling theory was developed by Michael Spance in his 1973 paper, "Job Market Signaling." This theory explains how some signals can be valuable and beneficial, while others are perceived as useless. This means that companies must carefully examine and understand the quality of the signals they convey to external parties to ensure they are perceived as attractive and convincing. Signaling theory is considered a signal by companies to communicate with external parties (Ghozali, 2020). The signal giver is someone who has extensive information about a company, while the signal receiver is an outside party who has limited information about the company.

Financial performance

According to(Fahmi, 2024)Financial performance is an assessment of a company's ability to produce accurate financial reports and comply with applicable regulations, such as preparing financial reports in accordance with the standards and provisions of Financial Accounting Standards (FAS). Financial performance provides a snapshot of a company's success in managing its financial activities and serves as a basis for management to formulate policies and evaluate its overall financial condition.

Financial performance can be measured using profitability ratios. In this study, the indicator used is the Return on Assets (ROA) ratio. This ratio is used to assess a company's ability to generate profits by utilizing all its assets effectively and efficiently.

$$Return\ on\ Asset = \frac{Net\ income\ after\ taxes}{Total\ assets} \times 100\%$$

Green accounting

According to Lako, *green accounting* is an accounting process that integrates economic, social, and environmental aspects into the recording, reporting, and disclosure of information in a comprehensive manner, thus producing integrated, complete, and

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relevant accounting information that can be used for economic and non-economic decision-making for information users (Lako, 2018). *Green accounting* plays a strategic role in supporting corporate sustainability by providing information on the environmental impacts of its operations. Implementing *green accounting* can also increase corporate transparency and accountability, help identify cost-efficiency opportunities through more effective resource and waste management, and strengthen the company's image as an environmentally responsible entity (Sudarmanto, 2024).

$$Environmental\ Costs = \frac{Environmental\ Costs}{Net\ Income} \times 100\%$$

Environmental Performance

Environmental performance refers to the interaction between a company and its environment, reflecting the extent to which the company contributes to the environment through its use of resources and the environmental impacts arising from its operational activities. This includes the impacts of resource use, production processes, and the products and services produced (Yevi Dwitayanti, 2025). A company's environmental performance can be assessed through the Company Performance Rating Program in Environmental Management (PROPER) organized by the Ministry of Environment. In the PROPER system, color ratings are used as symbols to describe environmental performance levels. Each color indicates a performance level arranged sequentially from best to worst: gold, green, blue, red, and black.

a) Gold; score = 5
b) Green; score = 4
c) Blue; score = 3
d) Red; score = 2
e) Black; score = 1

Sales Growth

According to Van Honre and Wachowicz, sales growth is the level of stability in the number of sales a company makes for each fiscal year. This sales growth encompasses both increases in the number and productivity of a company's product sales compared to the previous year (Horne & Jr., 2013). Sales growth is a crucial factor for companies to consider because the ultimate goal of a company lies in the revenue generated from sales. Therefore, a healthy company must have positive sales growth over time.

$$Sales\ Growth\ Ratio = \frac{Sales\ t\ -\ Sales\ t_{-1}}{Sales\ t_{-1}} \times 100\%$$

Information:
$Sales\ t$: Current period sales
$Sales\ t_{-1}$: Sales of the previous period

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METHOD

The data used in this study is panel data based with secondary data as the data source. The population in this study is all basic materials sector companies registered with ISSI during the study period. The sampling technique used purposive sampling with the following criteria: (1) basic materials sector companies registered consecutively with ISSI for the 2022–2024 period, (2) publishing annual reports and sustainability reports during the 2022–2024 period, (3) basic materials sector companies participating in the PROPER program for the 2022–2024 period, and (4) basic materials sector companies disclosing information related to environmental costs during the 2022–2024 period. Based on these criteria, 20 companies were selected as research samples. Data analysis was carried out using panel data regression with the help of EViews 12 software. Before testing the hypothesis, descriptive statistical analysis and the best model selection test were carried out using the Chow test, Hausman test, and Lagrange Multiplier test. Furthermore, hypothesis testing was carried out using the t test, F test, and coefficient of determination.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

	Y	X1	X2	X3
Mean	0.060724	0.247751	3.300000	0.032401
Median	0.051558	0.017606	3.000000	0.029311
Maximum	0.205491	9.115351	5.000000	0.685660
Minimum	-0.046259	-3.850387	2.000000	-0.509387
Std. Dev.	0.051964	1.600356	0.888724	0.217508
Skewness	0.505928	4.214256	0.546411	0.576997
Kurtosis	3.170246	24.29358	2.636501	4.159156
Jarque-Bera	2.632094	1311.141	3.315981	6.688365
Probability	0.268193	0.000000	0.190521	0.035289
Sum	3.643459	14.86504	198.0000	1.944072
Sum Sq. Dev.	0.159317	151.1073	46.60000	2.791265
Observations	60	60	60	60

Source: EViews 12 (2026) processed data

The results of the descriptive statistical analysis show that variable Y (financial performance) has a minimum value of -0.0462 and a maximum value of 0.2054. The average value is 0.0607, which generally indicates that the company's financial performance is in the moderate category. Meanwhile, the standard deviation value of 0.0505, which is smaller than the average value, indicates that the data is homogeneous or evenly distributed.

VariablesX_1 (*green accounting*) has a minimum value of -3.8503 and a maximum value of 9.1153. The average value is 0.2477, indicating the environmental costs incurred

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by each company. The standard deviation value of 1.6003, which is greater than the average value, indicates that the data has quite high variation.

The variable (environmental performance) has a minimum value of 2.0000. The maximum value obtained is 5.0000. The average value is at 3.3000, which generally indicates environmental performance is in the blue range and tends to approach the green rating. The standard deviation value of 0.5464, which is smaller than the average value, indicates that the data is homogeneous or evenly distributed.X_2

The variable (sales growth) has a minimum value of -0.5093, while the maximum value is 0.6856. The average value of 0.0324 indicates that the company generally experienced an increase in sales, albeit at a relatively modest rate. The standard deviation of 0.2175, which is greater than the average value, indicates that the data has quite high variation.X_3

Regression Model Selection

1. Chow Test

Table 2. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.533565	(19,37)	0.0000
Cross-section Chi-square	80.752722	19	0.0000

Source: EViews 12 (2026) processed data

Based on the results of the Chow test, a probability value of 0.0000 was obtained. This value is smaller than the 0.05 significance level (0.0000 < 0.05). Thus, it can be concluded that the appropriate model to use is the Fixed Effect Model (FEM).

2. Hausman test

Table 3. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.560258	3	0.2070

Source: EViews 12 (2026) processed data

Based on the results of the Hausman test, the probability value is 0.2070. This value is greater than the significance level of 0.05 (0.2070 > 0.05), thus the selected model is the Random Effect Model (REM).

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3. Lagrange Multiplier (LM) Test

Table 4. Lagrange Multiplier (LM) Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	18.97551 (0.0000)	1.455807 (0.2276)	20.43132 (0.0000)
Honda	4.356089 (0.0000)	-1.206568 (0.8862)	2.227048 (0.0130)
King-Wu	4.356089 (0.0000)	-1.206568 (0.8862)	0.196643 (0.4221)
Standardized Honda	4.682764 (0.0000)	-0.970650 (0.8341)	-1.110166 (0.8665)
Standardized King-Wu	4.682764 (0.0000)	-0.970650 (0.8341)	-2.182605 (0.9855)
Gourieroux, et al.	--	--	18.97551 (0.0000)

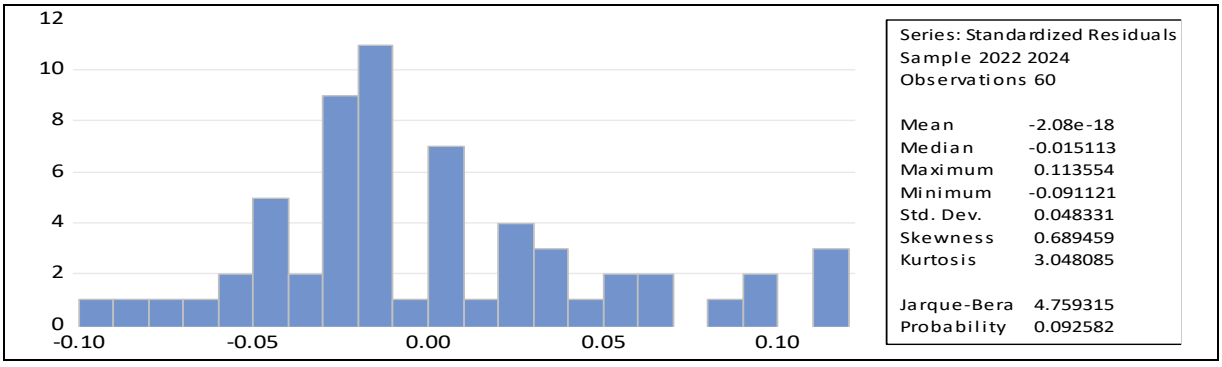
Source: EViews 12 (2026) processed data

Based on the results of the Chow test, a probability value of 0.0000 was obtained. This value is smaller than the 0.05 significance level (0.0000 < 0.05). Thus, it can be concluded that the appropriate model to use is the Random Effects Model (REM).

Classical Assumption Test

1. Normality Test

Table 5. Normality Test Results



Source: EViews 12 (2026) processed data

Based on the results of the normality test, a probability value of 0.0925 was obtained, indicating that the value is greater than the 0.05 significance level (0.0925 > 0.05). Thus, it can be stated that the research data is normally distributed.

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2. **Multicollinearity Test**

Table 6. Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	-0.036502	0.256319
X2	-0.036502	1.000000	-0.011059
X3	0.256319	-0.011059	1.000000

Source: EViews 12 (2026) processed data

Based on the results of the multicollinearity test, it is known that the correlation value and is -0.036 < 0.85, the correlation value and is 0.25 < 0.85, the correlation and is -0.011 < 0.85. Thus, it can be stated that the independent variables are free from multicollinearity.$X_1X_2X_1X_3X_2X_3$

3. Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results

Dependent Variable: ABS(RESID)
Method: Panel EGLS (Cross-section random effects)
Date: 04/19/26 Time: 10:11
Sample: 2022 2024
Periods included: 3
Cross-sections included: 20
Total panel (balanced) observations: 60
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.034763	0.018685	1.860501	0.0681
X1	-0.000900	0.002087	-0.431156	0.6680
X2	0.000851	0.005395	0.157832	0.8752
X3	0.019845	0.015404	1.288343	0.2029

Source: EViews 12 (2026) processed data

Based on the results of the heteroscedasticity test, it is known that the variable has a probability value of 0.6680 which is greater than the significance level of 0.05 (0.6680 > 0.05), the variable has a probability value of 0.8752 which is greater than the significance level of 0.05 (0.8752 > 0.05), then the variable has a probability value of 0.2029 which is greater than the significance level of 0.05 (0.2029 > 0.05). Thus, it can be concluded that the regression model does not experience symptoms of heteroscedasticity.$X_1\ X_2\ X_3$

4. Autocorrelation Test

Table 8. Autocorrelation Test Results

R-squared	0.319598	Mean dependent var	0.026175
Adjusted R-squared	0.283147	S.D. dependent var	0.036805
S.E. of regression	0.031162	Sum squared resid	0.054379
F-statistic	8.768080	Durbin-Watson stat	1.616996
Prob(F-statistic)	0.000074		

Source: EViews 12 (2026) processed data

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Based on the results of the autocorrelation test using the Durbin-Watson test, the DW value is 1.6169. This value lies between -2 and +2 (-2 < 1.6169 < 2), so it can be concluded that the regression model does not contain autocorrelation.

Hypothesis Testing

1. Partial Test (T)

Table 9. Partial Test Results (T-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.082164	0.029232	2.810776	0.0068
X1	0.011312	0.002950	3.834586	0.0003
X2	-0.007969	0.008384	-0.950520	0.3459
X3	0.063417	0.021802	2.908713	0.0052

Source: EViews 12 (2026) processed data

Based on the results of the t-test, it shows that:

A. The results of the t-test for the variable (*green accounting*) have a t-count value of 3.8345, which means that the t-count value is greater than the t-table ofX_1 1.67252(3.8345 >1.67252) and the probability value of 0.0003 is smaller than 0.05 (0.0003 < 0.05). Thus, it can be concluded that the *green accounting* variable has a positive and significant effect on financial performance, or in other words, it is accepted H_1.

B. The results of the t-test for the variable (environmental performance) have a t-count value of -0.9505, which means that the t-count value is smaller than the t-table ofX_2 1.67252(-0.9505 <1.67252) and the probability value of 0.3459 is greater than 0.05 (0.3459 > 0.05). Thus, it can be concluded that partially the environmental performance variable has no positive and insignificant effect on financial performance or in other words, it is rejected.H_1

C. The results of the t-test for the variable (sales growth) have a t-count value of 2.9087, which means that the t-count value is greater than the t-table ofX_3 1.67252(2,9087 >1.67252) and the probability value of 0.0052 is smaller than 0.05 (0.0052 < 0.05). Thus, it can be concluded that partially the sales growth variable has a positive and significant effect on financial performance or in other words, it is accepted.H_1

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2. **Simultaneous Test (F)**

Table 10. Partial Test Results (F Test)

R-squared	0.319598	Mean dependent var	0.026175
Adjusted R-squared	0.283147	S.D. dependent var	0.036805
S.E. of regression	0.031162	Sum squared resid	0.054379
F-statistic	8.768080	Durbin-Watson stat	1.616996
Prob(F-statistic)	0.000074		

Source: EViews 12 (2026) processed data

Based on the results of the tests that have been carried out, the f-count value was obtained at 8.7680. Meanwhile, the f-table value obtained was 2.7694, which means the f-count value is greater than the f-table value (8.7680 > 2.7694) and the probability value of 0.000074 is smaller than the significance value of 0.05 (0.000074 < 0.05). Thus, it can be concluded that simultaneously the variables of *green accounting*, environmental performance, and sales growth have a positive and significant effect on financial performance or in other wordsH_4accepted.

3. Coefficient of Determination()R^2

Table 11. Results of the Determination Coefficient Test (R^2)

Weighted Statistics			
R-squared	0.319598	Mean dependent var	0.026175
Adjusted R-squared	0.283147	S.D. dependent var	0.036805
S.E. of regression	0.031162	Sum squared resid	0.054379
F-statistic	8.768080	Durbin-Watson stat	1.616996
Prob(F-statistic)	0.000074		

Source: EViews 12 (2026) processed data

Based on the test results, the adjusted value was obtained$R^2$of 0.2831. This indicates that 28% of the variation in financial performance can be influenced by *green accounting*, environmental performance, and sales growth, while the remaining 72% can be influenced by other variables outside the research model.

DISCUSSION

InfluenceThe Influence of *Green Accounting* on Financial Performance

The results of the study show that *green accounting* has a positive and significant effect on financial performance.These results indicate that the better a company implements *green accounting*, the better its financial performance. This research aligns with legitimacy theory, which argues that companies strive to gain and maintain societal legitimacy through adherence to social norms, values, and expectations, particularly those related to environmental issues. In this context, *green accounting* serves as a

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legitimacy strategy implemented by companies through the disclosure of environmental costs from environmental management activities in company reports.

Through *green accounting*, companies not only fulfill their environmental responsibilities but also disclose them transparently to the public. When this information is presented transparently, the public perceives the company's commitment to sustainability. This then creates positive perceptions, increases trust, and strengthens the company's reputation among investors and the public (Ariansyah & Bintara, 2025). Under these conditions, companies tend to have an easier time securing economic support, whether in the form of investment, easier access to funding, or increased market interest in their products. Furthermore, *green accounting* also helps companies manage and control resource use more efficiently, thereby reducing operational and production costs. Thus, *green accounting* can improve a company's financial performance.

The results of this study support the results of research conducted by(Safitri et al., 2025)which states that *green accounting* has a positive and significant influence on financial performance. Strengthened by research by(Fairus Yumna & Kartika, 2025)which revealed that *green accounting* can improve financial performance by managing assets efficiently through environmental management. Accurate documentation of environmental costs will provide stakeholders with insight in decision-making. However, this study differs from the results of other studies (Sutisna & Utami, 2025). Which states that *green accounting* does not have a significant effect on financial performance.

The Influence of Environmental Performance on Financial Performance

The results of the study show that environmental performance has no effect and is not significant on financial performance.These results indicate that high or low environmental performance has not been shown to impact a company's financial performance. This suggests that the legitimacy a company gains through environmental aspects is not yet strong enough to influence the economic decisions of stakeholders or consumers.Furthermore, the environmental performance levels among companies in this study sample were relatively homogeneous, with the majority of companies ranked blue. Consequently, environmental performance is unable to explain the variations in financial performance among these companies. Therefore, neither the market nor investors perceive environmental performance as a valuable source of economic advantage, resulting in companies not gaining significant financial benefits from increased investor appeal or consumer loyalty.

On the other hand, to achieve a high PROPER rating, a company must exceed the established minimum standards. In practice, these efforts require significant financial support. Companies must allocate additional funds to enhance monitoring activities and

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develop various environmental programs. Therefore, the resulting benefits are not directly reflected in improved financial performance in the short term. The benefits of environmental performance are more realized in the form of improved reputation, loyalty, and stakeholder trust, the economic impact of which tends to be felt in the long term.

This research is supported by(Husna et al., 2025)who argue that environmental performance does not affect financial performance. This is based on the fact that stakeholders do not always consider environmental aspects in their economic decision-making, so environmental performance has not been able to influence a company's financial performance. However, research results contradict this (Suaidah & Kartini Putri, 2020). Which states that environmental performance has a significant influence on financial performance.

The Impact of Sales Growth on Financial Performance

The results of the study show that environmental performance has a positive and significant impact on financial performance.This indicates that the higher a company's sales growth, the better its financial performance. In line with signaling theory, sales growth is a positive signal a company sends to external parties through its financial reports. This positive signal will be responded to by external parties, such as consumers and investors, by increasing trust in the company.

High sales growth indicates increasing demand for the company's products. This indicates the company's competitiveness and proven market demand for its products, both in terms of quality, price, and benefits. This also strengthens consumer trust, which ultimately fosters customer loyalty. Furthermore, sales growth also reflects the smooth and effective running of business activities, enabling the company to maintain consistent market revenue. This results in a more stable revenue stream. With increased and more stable revenue, the company has a better ability to improve its financial performance.

This finding is further supported by research by Zulaika and Mariani, which states that sales growth has a positive impact on financial performance. High sales growth indicates a company has the opportunity to expand its business, and increased sales volume will also increase revenue, ultimately improving financial performance (Zulaika & Mariani, 2024).

The Influence of *Green Accounting*, Environmental Performance, and Sales Growth on Financial Performance

The results of simultaneous testing indicate that *green accounting*, environmental performance, and sales growth simultaneously have a positive and significant impact on financial performance. This study indicates that companies that focus not only on

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economic aspects but also on environmental aspects and are able to increase their sales tend to have better financial performance.

According to legitimacy theory, *green accounting* and improved environmental performance can help companies gain legitimacy and trust from the public and stakeholders. This trust has the potential to enhance a company's reputation, which can ultimately have a positive impact on financial performance. Furthermore, signaling theory explains that sales growth is an indicator that reflects a company's success in running its operations and indicates good business prospects in the future. High sales growth provides a positive signal to investors regarding a company's ability to create value and maintain business sustainability. Therefore, the combination of implementing environmentally friendly practices and strong sales growth can be a crucial factor in driving improved financial performance.

CONCLUSION

Green accounting has a positive and significant impact on financial performance. Companies that effectively manage and disclose *green accounting* can increase transparency and efficiency in managing environmental costs, thereby helping companies improve their financial performance.

Environmental performance has no positive or significant impact on financial performance. The level of PROPER ratings is not yet a significant factor in influencing a company's financial performance. This situation may occur because stakeholders do not always consider environmental performance aspects in their economic decision-making. Furthermore, achieving a high PROPER rating requires significant expenditures, which is not sufficient to improve financial performance.

Sales growth has a positive and significant impact on financial performance. Higher sales growth, better financial performance. Sales growth reflects high demand for a company's products, which in turn drives increased profits, which directly impacts financial performance. Together, these three variables can influence financial performance. *Green accounting*, environmental performance, and sales growth simultaneously have a positive and significant impact on financial performance.

SUGGESTION

Future research is expected to include other variables that could potentially influence financial performance, such as company size, leverage, capital structure, Good Corporate Governance (GCG), and Corporate Social Responsibility (CSR). Furthermore, the government, particularly agencies involved in environmental oversight and corporate reporting regulations, is expected to improve policies and oversight related to the implementation of *green accounting* and corporate environmental performance.

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