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The Effect Of Green Accounting, Profitability, And Environmental Performance On Sustainable Development Goals

[1*]**Muhammad Dzaki,** [2]**Nurul Hamidah**
[1*]Sekolah Tinggi Ilmu Ekonomi Tri Bhakti, Bekasi, Indonesia
[2]Universitas Indraprasta PGRI, Jakarta, Indonesia
Email : [2]nurulhamidah83846@gmail.com
Corresponding author e-mail: [1*]muhdzaki2406@gmail.com

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Abstract

Purpose – *This study aims to examine and analyze the relationship between Green Accounting, Profitability and Environmental Performance on Sustainable Development Goals.*

Design/methodology/approach – *This study uses quantitative data, with a sample of raw material companies listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024. The analysis technique used to test the hypothesis is multiple regression analysis using e-views 9 software.*

Findings – *The results of this study show that in the Green Accounting variable has a positive and statistically insignificant effect on Sustainable Development Goals, Profitability has a positive and statistically significant effect on Sustainable Development Goals, and Environmental Performance has a positive and statistically insignificant effect on Sustainable Development Goals.*

Research limitations/implications – *This study has limitations related to the use of secondary data that depend on the completeness of corporate reports, resulting in a limited sample size. In addition, differences in variable measurement approaches and a relatively short observation period (2022–2024) restrict the ability to capture long-term trends. And future studies are recommended to incorporate additional variables related to SDG achievement, apply alternative measurement approaches, and extend the research scope to industries beyond the raw materials sector, such as financial services, infrastructure, and technology and telecommunications.*

JEL : M41, Q01, Q56

INTRODUCTION

In 2025, the Basic Materials sector in Indonesia demonstrated strong performance and emerged as one of the leading sectors in the capital market. The strengthening of the sectoral index reflects increasing industrial activity and growing demand for raw material commodities in both domestic and global markets, supported by government policies

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emphasizing industrial downstreaming and domestic value addition (News, 2025). This development highlights the strategic role of the Basic Materials sector as a primary supplier for manufacturing, construction, and energy industries, while also serving as a key driver of national economic growth.

Beyond its economic contribution, the Basic Materials sector is closely associated with environmental and social challenges due to its intensive use of natural resources. Government policies on domestic mineral processing and refining have been shown to increase mineral value added by up to 30 percent while stimulating investment and job creation (ESDM, 2024). Indonesia also holds a strategic position in the global supply chain, particularly for base metals such as nickel, copper, and bauxite, which play a critical role in supporting future industries and the clean energy transition (ISEI, 2023). Given these characteristics, the Basic Materials sector is highly relevant to the achievement of the Sustainable Development Goals, especially those related to industry development, responsible production, and climate action.

Despite its strategic importance, the level of Sustainable Development Goals disclosure and achievement among Indonesian listed companies remains relatively low. Megawati and Pratama (2024) report that Indonesian public companies disclose, on average, only about 38 percent of SDGs indicators, with a strong emphasis on economic aspects rather than social and environmental dimensions. This condition highlights a critical research gap, particularly when juxtaposed with the improving performance and growth prospects of the raw material sector in 2025. Despite the sector's increasing economic contribution, the low level of SDGs disclosure suggests that sustainability commitments have not been proportionally reflected in corporate reporting practices.

The raw material sector is particularly important to examine during the 2022–2024 period because of its high dependency on natural resources and its significant potential environmental impact compared to other sectors. As an upstream industry, this sector plays a strategic role in the national industrial value chain, meaning that corporate practices related to Green Accounting, profitability, and environmental performance may generate broader sustainability implications. Therefore, focusing on the raw material sector during the post-pandemic period provides a relevant context to assess whether improvements in economic performance are aligned with corporate responsibility toward social and environmental dimensions as reflected in SDGs disclosure. In the Basic Materials sector, although SDGs disclosure tends to be relatively broad, its quality remains limited and predominantly economically oriented (Arifianti & Widianingsih, 2023). A similar pattern is observed in the energy sector, where sustainability disclosure is relatively higher but still uneven across different SDGs dimensions (Aneta Rakhmawati & Oktria Fani Rahmasari, 2024).

Previous studies indicate that the achievement of Sustainable Development Goals is influenced by several internal corporate factors, particularly green accounting, profitability, and environmental performance. Several studies find that the implementation of green accounting enhances firms' contributions to SDGs by encouraging decision-making that integrates economic and environmental considerations (Irene Kurnianingtyas & Luh Putu Puji Trisnawati, 2024; Suprianing Arum & Farida, 2023) . In contrast, (Pangestika et al., 2025) document a negative relationship between green accounting and SDGs in the mining

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subsector, suggesting that high environmental costs and regulatory pressures may constrain sustainability performance in resource-intensive industries.

Empirical evidence on profitability also remains inconclusive. Some studies report that profitability positively affects SDGs, as firms with higher profits have greater financial capacity to support sustainability initiatives (Adnyana et al., 2024; Surianti & Gresya, 2024). Conversely, Putri and Trisnawati (2021) find a negative effect of profitability on SDGs, indicating that a strong short-term profit orientation may reduce corporate attention to social and environmental responsibilities. Mixed findings are also observed for environmental performance, with several studies reporting positive but insignificant effects on SDGs (May et al., 2023; Risma Aulia Putri et al., 2024), while others identify negative relationships (Risma Aulia Putri et al., 2024).

Based on this background, this study aims to examine the effects of board green accounting, profitability, and environmental performance on Sustainable Development Goals (SDGs) in Indonesian Basic Materials companies. This study is expected to provide sector-specific empirical evidence for the sustainability accounting literature and offer practical insights for managers, investors, and policymakers in promoting sustainable and responsible industrial development.

LITERATUR REVIEW

Stakeholder Theory

Stakeholder Theory, introduced by Freeman (1984), emphasizes that firms are responsible not only to shareholders but also to a broad range of stakeholders, including society and the environment. In this context, Green Accounting serves as a mechanism for measuring and disclosing environmental impacts, thereby enhancing corporate transparency and accountability in addressing stakeholder interests (Freeman & Vea, 1984).

Previous studies indicate that the application of Green Accounting aligned with Stakeholder Theory can strengthen corporate legitimacy and sustainability. Research conducted by (Fan & Lin, 2025) find that environmental accounting disclosure positively contributes to firm value by meeting stakeholder expectations. However, empirical evidence focusing specifically on resource-intensive industries remains limited, highlighting the need for further sector-specific investigation.

Signalling Theory

Signalling Theory, introduced by (Michael, 1973), explains how firms use performance signals to reduce information asymmetry with stakeholders. In this study, profitability is viewed as a key signal reflecting managerial efficiency and firm prospects. This theory is applied because it clarifies how strong financial performance can enhance stakeholder confidence.

Prior research indicates that profitability as a positive signal influences market perceptions and investment decisions (Connelly et al., 2011). However, studies linking Signalling Theory to Sustainable Development Goals (SDGs) remain limited. Therefore, this study extends existing literature by integrating profitability as a performance signal within a sustainability context, particularly in the Basic Materials sector.

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Resource-Based View Theory

The Resource-Based View (RBV) Theory, introduced by (Wernerfelt, 1984) and further developed by (Barney, 1991), posits that a firm's competitive advantage stems from its ability to manage internal resources that are valuable, rare, difficult to imitate, and non-substitutable. In this study, environmental performance is viewed as a reflection of a firm's internal capabilities in managing environmental resources and practices strategically to support long-term sustainability.

Previous studies suggest that firms with strong environmental management tend to achieve better reputation and competitive positioning (Russo & Fouts, 1997). Effective environmental practices not only assist firms in complying with regulations but also enhance operational efficiency and stakeholder trust. However, environmental performance is still often perceived as a cost burden, indicating the need for further research to emphasize its role as a strategic resource, particularly in resource-intensive industries.

Triple Bottom Line Theory

The Triple Bottom Line (TBL) Theory, introduced by Elkington (1997), emphasizes that corporate performance should be evaluated based on three core dimensions: profit, people, and planet. This theory is adopted in this study as it provides a relevant conceptual framework for explaining the integration of economic performance, social responsibility, and environmental stewardship in achieving corporate sustainability (John Elkington, 2000).

Previous studies indicate that the implementation of TBL principles supports long-term value creation and enhances corporate legitimacy through contributions to sustainable development. The TBL concept is closely aligned with the Sustainable Development Goals (SDGs), which promote a balance between economic growth, social well-being, and environmental protection (Nations, 2015). However, much of the existing literature remains normative, highlighting the need for further empirical investigation into the practical role of TBL in supporting SDG achievement across industrial sectors.

Green Accounting

Green accounting is a form of environmental accounting that reflects a company's efforts to integrate environmental costs and benefits as essential information in decision-making processes (Nabila, 2021). It focuses on incorporating environmental considerations into accounting practices, thereby contributing to sustainable development through more efficient and effective use of resources in business operations (Putri et al., 2024). Based on these definitions, green accounting can be defined as an accounting system that integrates environmental costs and benefits into corporate financial recording and reporting to assess the ecological impact of business activities, enhance resource-use efficiency, and support sustainability-oriented decision making.

Profitability

Profitability is a financial ratio that measures a company's ability to generate profits from its sales, assets, and equity based on specific measurement criteria (Hartati, 2024). It represents the difference between revenue (operating income) and expenses (operating costs), and therefore serves as an indicator of efficiency and effectiveness in a firm's

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operational performance (Alifedrin & Firmansyah, 2023). Based on these definitions, profitability can be defined as a financial ratio that reflects a company's ability to generate earnings over a specific period through the effective utilization of assets, capital, and sales, thereby indicating the level of efficiency and effectiveness in achieving its operational objectives.

Environmental Performance

Environmental performance refers to the extent to which a company or organization effectively manages and reduces the negative environmental impacts of its operational activities. It encompasses various strategies, actions, and practices adopted by firms to ensure that their business operations not only comply with environmental regulations but also contribute positively to overall environmental sustainability (Lubis et al., 2024). Environmental performance also reflects the level of a company's efforts in preserving the surrounding environment as part of its social and environmental responsibility (Arieftiara & Venusita, 2017). Based on these definitions, environmental performance can be defined as a measure of a firm's effectiveness in managing the environmental impacts of its operations through the implementation of environmentally friendly practices, regulatory compliance, and conservation efforts, thereby reflecting social responsibility and a commitment to sustainability.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a long-term global program aimed at optimizing the potential and resources of each country to achieve sustainable development (Irhamsyah, 2020). The SDGs focus on development that sustains economic welfare, supports social well-being, preserves environmental quality, and promotes equitable growth through effective governance, thereby ensuring improved quality of life across generations (Nurilhidayah & Wijayanti, 2022). Based on these definitions, the Sustainable Development Goals (SDGs) can be defined as a long-term sustainable development agenda that seeks to balance economic, social, and environmental progress while ensuring the continuity of quality of life for both present and future generations.

Hypotheses Development

The Impact Green Accounting on Sustainable Development Goals

Green Accounting refers to corporate accounting activities related to environmental management and reporting, including waste management, energy efficiency, and pollution control (May et al., 2023). The implementation of green accounting encourages firms to shift from a short-term profit orientation toward more efficient and sustainable environmental management, thereby supporting long-term corporate sustainability (Loen, 2018). From the perspective of Stakeholder Theory, the disclosure of green accounting information represents corporate accountability in fulfilling stakeholders' expectations regarding environmental responsibility. Transparent environmental disclosure enhances stakeholders' trust and support, which in turn strengthens a firm's contribution to the achievement of the Sustainable Development Goals (SDGs). Prior empirical studies also document a positive relationship between green accounting and SDGs (Irene

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Kurnianingtyas & Luh Putu Puji Trisnawati, 2024; Suprianing Arum & Farida, 2023). Accordingly, the proposed hypothesis is as follows:
H_1: Green Accounting has a positive effect on Sustainable Development Goals.

The Effect Profitability on Sustainable Development Goals

Profitability reflects a company's ability to generate profit from its assets and operations, serving as a key indicator of financial performance (Ganendra & Inawati, 2025; Alshaiba & Abu Khalaf, 2024). High profitability indicates the company's capacity to support economic growth, fulfill social obligations, and mobilize resources for sustainable activities. In line with this, companies with high profitability tend to be more capable of contributing to the achievement of the Sustainable Development Goals (SDGs), particularly in the areas of sustainable economic development and societal well-being (Surianti & Gresya, 2024). Previous studies have shown that profitability has a positive effect on achieving the Sustainable Development Goals (SDGs) (Adnyana et al., 2024). Based on these findings, the research hypothesis is formulated as follows:
H_2: Profitability positively affects Sustainable Development Goals.

The Impact Environmental Performance on Sustainable Development Goals

Environmental performance refers to a company's effectiveness in managing and minimizing the negative impacts of its operations on the environment, including the implementation of practices that support sustainability and compliance with environmental regulations (Lubis et al., 2024). In simple terms, environmental performance reflects the company's ability to conduct its business with minimal ecological impact while contributing positively to environmental preservation. From the Resource-Based View (RBV) perspective, strong environmental performance represents a unique and hard-to-imitate strategic resource, providing a long-term competitive advantage (Barney, 1991). Previous studies have also shown that companies with high environmental performance positively contribute to the achievement of the Sustainable Development Goals (SDGs) (May et al., 2023; Putri et al., 2024). Based on this rationale, the research hypothesis is formulated as follows:
H_3: Environmental Performance positively affects Sustainable Development Goals.

RESEARCH METHOD

Research Design

This study aims to determine the possibility of a relationship between the independent variables of Green Accounting and Profitability and the dependent variable of Sustainable Development Goals, with Environmental Performance as a moderating variable. The purpose of this study is to test hypotheses that explain the relationship between two or more factors in a given situation. The sample design in this study is non-probability sampling using purposive sampling techniques. For the implementation period, panel data, which is a combination of cross-section and time series, was used with hypothesis testing data analysis.

Population

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The population is defined as an event, group of individuals, or interesting subject on which researchers wish to draw conclusions based on statistical samples. This study uses non-probability sampling with purposive sampling techniques. The population in this study is companies in the raw materials sector listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. The research population was obtained based on data collected during the period of September 2025, resulting in a total population of 114 companies from the Raw Materials sector that had audited their annual financial reports.

Sample

Sample is a portion of a population. A sample consists of a number of members selected from the population. The criteria for inclusion in the sample for this study are as follows:

1. Companies in the raw materials sector listed on the Indonesia Stock Exchange in 2022-2024.
2. Companies in the raw materials sector that have submitted Annual Reports for 2022-2024 that can be used in this study.
3. Companies in the raw materials sector that report profits for 2022-2024.
4. Companies in the raw materials sector that have submitted Sustainability Reports for 2022-2024 that can be used in this study.

Based on the above criteria, from a total population of 114 companies, 44 companies from the raw materials sector were found to meet the requirements for this study, covering a period of 3 years and yielding a total of 132 data observations.

Data Source

This study uses secondary data, the data sources in this study are sourced from annual reports and sustainability reports of raw material sector companies listed on the Indonesia Stock Exchange for the period 2022-2024, obtained from the companies' official websites and www.idx.co.id for 2022-2024. The research period of 2022–2024 was selected as it represents the post-pandemic phase in which firms exhibited greater financial stability, alongside more consistent implementation of Green Accounting and environmental performance practices. This period is particularly relevant for examining the relationship between profitability, environmental performance, and corporate contributions to the achievement of the Sustainable Development Goals (SDGs), amid increasing regulatory pressure and stakeholder demands for sustainability transparency.

Data Collection Method

In obtaining data for this study, two techniques were used, namely literature research and field research. (1) Literature Research: The researcher obtained data related to the issue being studied. (2) Field Research: The type of data used in this study was secondary data.

Table 1. Measurement of Variables

Type	Variable	Measurement	Source

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	Green Accounting	Variable Dummy	(Suprianing Arum & Farida, 2023)
Independent Variables	Profitabilitas	ROA $= \frac{\text{Laba Bersih}}{\text{Total Asset}}$	(Surianti & Gresya, 2024)
	Environmental Performance	EnDI $= \frac{n}{k}$	(Retnowati & Cahyani Putri, 2024)
Dependent Variables	Sustainable Development Goals	SDGs $= \frac{\text{Total Pengungkapan SDG}}{17}$	(Putri et al., 2024)

Source: Processed data (2025)

The panel data regression equation model used is:

$$SDGs = a + \beta 1GA + \beta 2PFT + \beta 3EP + \varepsilon$$

RESULTS

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std.Dev
GA	132	0.000	1.000	0.871	0.336
PFT	132	0.002	0.313	0.072	0.060
EP	132	0.259	1.000	0.577	0.189
SDG	132	0.117	1.000	0.741	0.243

Source: Eviews9 Data Processing (2025)

Selection of the Best Panel Data Model

Chow Test

Decision-making criteria and based on the value of F calculated:

- If the probability (Prob) on the cross-section F<0.05 and if F calculates > F table then a better model is Fixed Effect.
- If the probability (Prob) on the Cross Section F is >0.05 and If F is calculated < F table then a better model is Common Effect
-

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.854040	(43,85)	0.0000
Cross-section Chi-square	236.181499	43	0.0000

Source: Eviews9 Data Processing (2025)

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Based on the Chow Test results using Eviews 9, the Cross Section F probability value is 0.00. This result shows that the value is less than the significance level (a= 0.05). Thus, the best model to use is the Fixed Effect Model (FEM). Therefore, a Hausman Test is needed to select the best model between the Fixed Effect Model and the Random Effect Model.

Hausman Test

Decision-making criteria and based on the value of F calculated:

- If the probability on the Cross Section Random > 0.05, then the better model is the Random Effect Model (REM).
- If the probability on Cross Section Random <0.05, then the better model is the Fixed Effect Model (FEM).

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.646898	3	0.3022

Source: Eviews9 Data Processing (2025)

Based on the Hausman test results, the probability value is 0.3022. This result is greater than the significance level (a= 0.05). Thus, the best model to use is the Random Effect Model (REM). Therefore, a Lagrange Multiplier test is needed to determine the best model between the Common Effect Model and the Random Effect Model.

Lagrange Multiplier Test

Decision-making criteria and based on LM values:

- If the significance on Both < 0.05 and if the value of LM > Chi square then the better model is Random Effect
- If it is significant on Both > 0.05 and if the value of LM < Chi square table then the better mode 1 is Common Effect.

Table 5. Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	70.05931 (0.0000)	1.358910 (0.2437)	71.41822 (0.0000)
Honda	8.370144 (0.0000)	-1.165723 --	5.094295 (0.0000)
King-Wu	8.370144	-1.165723	0.625058

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	(0.0000)	--	(0.2660)
Standardized Honda	8.758965	-0.926715	0.731078
	(0.0000)	--	(0.2324)
Standardized King-Wu	8.758965	-0.926715	-1.652776
	(0.0000)	--	--
Gourierioux, et al.*	--	--	70.05931
			(< 0.01)

*Mixed chi-square asymptotic critical values:

1%	7.289
5%	4.321
10%	2.952

Source: Eviews9 Data Processing (2025)

Based on the results of the Lagrange Multiplier Test, the significance value in Both Breusch-Pagan is 0.000. This result is less than the significance level (a= 0.05). Thus, the best model to use is the Random Effect Model (REM).

Hypothesis Test Result

Table 6. Hypothesis Test Result

Variable	Prediction	Coefficient	T-Statistic	Prob.
C		0.563	5.729	0.000*
GA	+	0.148	2.263	0.012*
PFT	+	0.015	0.061	0.475
EP	+	0.080	0.619	0.268

* Significant: 5%
Source: Eviews9 Data Processing (2025)

The best regression model after estimation and selection of the model in this study is the *Random Effect Model* (REM). The test results obtained through the Random Effect Model (REM) can be summarized as follows:

1. Green Accounting has an impact on Sustainable Development Goals.
   The first hypothesis (H_1) proposed in this study states that Green Accounting has a positive influence on Sustainable Development Goals. The analysis results show a regression coefficient value of 0.148, which means that the direction of influence is in accordance with the hypothesis because it shows a positive value, and the t-test results produce a t-count value of 2.263 > t-table of 1.978. Furthermore, because this study uses a one-tailed hypothesis, the probability value is divided by 2 (two), namely 0.025/2 = 0.0125, which is smaller than the significance level of 0.05 (5%). This means that there is a significant effect of Green Accounting on Sustainable Development Goals. Therefore, H0 is accepted and Ha is rejected.

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2. Profitability has no effect on Sustainable Development Goals.
   The second hypothesis (H2) proposed in this study states that profitability has a positive effect on Sustainable Development Goals. The analysis results show a regression coefficient value of 0.015, which means that the direction of the effect is in accordance with the hypothesis because it shows a positive value, and the t-test results produce a t-count value of 0.061 < t-table of 1.978. Furthermore, because this study uses a one-tailed hypothesis, the probability value is divided by 2 (two), namely 0.951/2 = 0.475, which is greater than the significance level of 0.05 (5%). This means that there is no significant effect between profitability and Sustainable Development Goals. Therefore, H0 is rejected and Ha is accepted. These results indicate that the level of profitability possessed by companies does not directly contribute to the improvement of Sustainable Development Goals.
3. Environmental Performance has no effect on Sustainable Development Goals.
   The third hypothesis (H3) proposed in this study states that Environmental Performance has a positive effect on Sustainable Development Goals. The analysis results show a regression coefficient value of 0.080, which means that the direction of the effect is in accordance with the hypothesis because it shows a positive value, and the t-test results produce a t-count value of 0.619 < t-table of 1.978. Furthermore, because this study uses a one-tailed hypothesis, the probability value is divided by 2 (two), namely 0.536/2 = 0.268, which is greater than the significance level of 0.05 (5%). This means that there is no significant effect between Environmental Performance and Sustainable Development Goals. Therefore, H0 is rejected and Ha is accepted. These results indicate that corporate environmental performance is not yet a factor that directly determines the achievement of Sustainable Development Goals.

Coefficient of Determination Test

Table 7. Coefficient of Determination Test

R-squared	0.043385	Mean dependent var	0.230184
Adjusted R-squared	0.020964	S.D. dependent var	0.119132
S.E. of regression	0.117876	Sum squared resid	1.778540
F-statistic	1.935031	Durbin-Watson stat	1.475454
Prob(F-statistic)	0.127191		

Source: Eviews9 Data Processing (2025)

The R-Square value of 0.043 indicates that the independent variables, namely Green Accounting, Profitability, and Environmental Performance, can explain the variation in Sustainable Development Goals (SDGs).

The adjusted R-square shows a value of 0.020, which means that 2.0% of the Green Accounting, Profitability, and Environmental Performance variables can explain the Sustainable Development Goals variable. Meanwhile, 98.0% is explained by other factors that are not included in this model. The low adjusted R-square value of 0.020 indicates that the achievement of the Sustainable Development Goals (SDGs) in the raw material sector is

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largely influenced by factors beyond Green Accounting, profitability, and environmental performance. This result reflects the multidimensional nature of the SDGs, which are shaped by various external determinants, including regulatory frameworks and enforcement, stakeholder pressure, global commodity market dynamics, and corporate governance practices. Consequently, the substantial proportion of unexplained variance (98%) suggests that corporate contributions to sustainable development in this sector are driven by complex institutional and structural factors that extend beyond internal financial and environmental performance measures.

DISCUSSIONS

Green Accounting on Sustainable Development Goals

This study aims to examine the effect of Green Accounting on the achievement of Sustainable Development Goals (SDGs). The results of the hypothesis testing (H1) indicate that Green Accounting has a positive and statistically significant effect on SDGs, suggesting that improved implementation and disclosure of green accounting practices enhance corporate contributions to sustainable development. This finding implies that Green Accounting functions not merely as an environmental reporting mechanism, but also as a strategic tool that strengthens the integration of economic, social, and environmental aspects within corporate activities. Moreover, the results provide empirical evidence that environmental transparency and accountability derived from green accounting practices play a crucial role in aligning business operations with sustainability objectives. These findings are consistent with Stakeholder Theory, which asserts that firms are accountable not only to shareholders but also to a broader range of stakeholders, including society, government, and the environment; thus, the adoption of Green Accounting supports stakeholder expectations and reinforces corporate commitment to the achievement of the SDGs. Furthermore, this finding is in line with previous research by (Suprianing Arum & Farida, 2023), which reported a positive relationship between Green Accounting and SDGs among manufacturing companies listed on the Indonesia Stock Exchange. The significant effect of Green Accounting on the achievement of the Sustainable Development Goals (SDGs) indicates that high-quality environmental accounting implementation and disclosure reflect a firm's genuine commitment to sustainability. This finding suggests that greater consistency and standardization of green accounting practices strengthen corporate contributions to integrating economic, social, and environmental dimensions, positioning Green Accounting as a strategic instrument in supporting SDG achievement.

Profitability on Sustainable Development Goals

This study aims to examine the effect of profitability on the achievement of the Sustainable Development Goals (SDGs). The results of the second hypothesis testing (H2) indicate that profitability has a positive but statistically insignificant effect on the achievement of the Sustainable Development Goals (SDGs). This finding suggests that although firms with higher profitability tend to have greater financial capacity to support sustainability-oriented initiatives, such capacity is not consistently translated into a meaningful contribution to SDG achievement. The main contribution of this study lies in providing empirical evidence that profitability, while potentially facilitating sustainability efforts, is not a dominant determinant of corporate engagement in achieving the SDGs. From

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the perspective of Signalling Theory, high profitability does not necessarily signal a strong commitment to sustainability, as firms may prioritize short-term economic objectives over long-term investments in environmental and social initiatives. These findings are consistent with prior studies by (Adnyana et al., 2024; Surianti & Gresya, 2024), which reported a positive relationship between profitability and SDG achievement among manufacturing firms in Indonesia. Profitability, measured using Return on Assets (ROA), reflects management effectiveness in utilizing company assets to generate earnings. However, the findings indicate that this financial strength does not significantly encourage firms to integrate sustainability principles into their business strategies. Overall, the results suggest that although stronger financial performance may potentially support corporate contributions to sustainable development, sound financial conditions alone are not sufficient to consistently balance economic objectives with social and environmental responsibilities.

Environmental Performance on Sustainable Development Goals

This study aims to examine the effect of Environmental Performance on the achievement of the Sustainable Development Goals (SDGs). The results of the third hypothesis testing (H3) indicate that Environmental Performance has a positive but statistically insignificant effect on SDGs. This finding suggests that improvements in corporate environmental performance tend to be associated with higher contributions to sustainable development, although the strength of this relationship remains limited. The main contribution of this study is to provide empirical evidence that environmental performance has the potential to support the achievement of SDGs, particularly in areas related to environmental protection and natural resource sustainability. From a Resource-Based View (RBV) perspective, environmental management capabilities can serve as strategic internal resources when they are valuable and difficult to imitate. However, the lack of statistical significance indicates that environmental practices implemented by companies are still largely compliance-oriented and standardized, rather than differentiated strategic capabilities embedded in long-term sustainability strategies. These findings are consistent with prior research by (Putri et al., 2024), which also reported a positive but limited relationship between Environmental Performance and SDGs. The insignificant effect may be explained by variations in the quality and consistency of environmental disclosure across firms, as well as measurement approaches that emphasize the extent of disclosure rather than the effectiveness or real environmental impact of such practices. Therefore, strengthening the quality, integration, and strategic orientation of environmental performance is expected to enhance its contribution to the achievement of Sustainable Development Goals in the future.

CONCLUSIONS

(1) Green Accounting has an impact on Sustainable Development Goals, which means that its implementation can encourage more responsible, efficient, and transparent business practices, thereby contributing directly to the achievement of sustainable development goals. (2) Profitability has no impact on Sustainable Development Goals. These results confirm that profit levels do not directly encourage sustainable practices because the

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achievement of SDGs is more influenced by internal policies, regulatory requirements, and stakeholder encouragement. (3) Environmental Performance does not affect Sustainable Development Goals. This result shows that environmental performance does not yet contribute directly to the achievement of SDGs because its influence is not statistically significant, and sustainability success is more determined by comprehensive company policies and strategies.

IMPLICATIONS AND LIMITATIONS

Future researchers are advised to add other variables that are strongly related to the disclosure and achievement of Sustainable Development Goals, such as Corporate Social Responsibility, Good Corporate Governance, Firm Size, and Leverage. Theoretically, the inclusion of Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), firm size, and leverage is expected to increase the R-square value because these variables capture institutional and structural factors that directly influence the disclosure and achievement of the Sustainable Development Goals (SDGs). CSR reflects the actual implementation of corporate social and environmental commitments, while GCG represents governance quality that promotes transparency and long-term orientation. Firm size is associated with greater public visibility and resource availability, and leverage reflects creditor pressure that encourages higher accountability, thereby enhancing the model's explanatory power in capturing variations in SDG achievement. Future researchers are advised to use alternative variable measurements so that the research results can provide a more complete and accurate picture of the relationship between the variables studied. Future researchers are advised to expand the research object to other industrial sectors beyond the raw materials sector and sectors that have been extensively researched previously, such as manufacturing, mining, and energy. Several sectors that can be considered include the banking and financial services sector, the infrastructure and transportation sector, and the technology and telecommunications sector.

This study has several limitations that need to be considered when interpreting the results. First, the data used is secondary data obtained from companies' annual reports and sustainability reports, so researchers are completely dependent on the completeness and quality of the published data. Second, the number of research samples decreased from 114 companies to 44 companies because not all companies provide financial reports and sustainability reports on their official websites. Third, the use of formulas and variable measurements adopted from previous studies had differences in definition and approach, requiring adjustments that could potentially cause limitations in their application. Fourth, this study only covered the observation period of 2022–2024, so it was not yet able to describe the overall long-term conditions and trends.

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