GREEN ACCOUNTING AND AUDITOR'S OPINION ON FIRM PERFORMANCE
(STUDY FROM CONSUMER NON CYCLICAL IN INDONESIA)

Judith Tagal Gallena Sinaga1
Valentine Siagian2

ABSTRACT

Objective: The objective of this study is to investigate the impact on green accounting and auditor opinion, with the aim of finding out the effect to firm performance

Theoretical Framework: In this topic, the main concepts and theories that underpin the research are presented. Transparency theory and reporting standard stand out, providing a solid basis for understanding the context of the investigation.

Method: The methodology adopted for this research comprises firms listed in consumer non cyclical sub sector in 2021 and 2022 and their reporting on green accounting including control variables. Data collection was carried out through data collection from IDX website.

Results and Discussion: The results obtained revealed that Green Accounting does significantly affect Net Profit Margin, showing that reporting and following Green Accounting does increase firm's revenue.

Research Implications: The practical and theoretical implications of this research are discussed, providing insights into how the results can be applied or influence practices in the field of economy. These implications could encompass the importance of green accounting on firm performance.

Originality/Value: This study contributes to the literature by showing the variables directly affected by the readiness of the firm to do reporting on green accounting.

Keywords: Green Accounting, Auditor Opinion, Firm Performance.

1 Universitas Advent Indonesia, Bandung, West Java, Indonesia. E-mail: judith.sinaga@unai.edu
2 Universitas Advent Indonesia, Bandung, West Java, Indonesia. E-mail: valentine@unai.edu
Orcid: https://orcid.org/0000-0001-5122-7406
Green Accounting and Auditor's Opinion on Firm Performance (Study From Consumer Non Cyclical in Indonesia)

Resultados e Discussão: Os resultados obtidos revelaram que a Contabilidade Verde afeta significativamente a Margem de Lucro Líquido, mostrando que a emissão de relatórios e a seguinte Contabilidade Verde aumentam a receita da firma.

Implicações da Pesquisa: As implicações práticas e teóricas desta pesquisa são discutidas, fornecendo insights sobre como os resultados podem ser aplicados ou influenciar práticas no campo da economia. Essas implicações podem englobar a importância de uma contabilidade ecológica no desempenho das empresas.

Originalidade/Valor: Este estudo contribui para a literatura, mostrando as variáveis diretamente afetadas pela prontidão da empresa em fazer relatórios sobre contabilidade verde.

Palavras-chave: Contabilidade Ecológica, Opinião de Auditor, Desempenho Firme.

CONTABILIDAD VERDE Y OPINIÓN DEL AUDITOR SOBRE EL RENDIMIENTO DE LAS EMPRESAS(ESTUDIO DE CONSUMIDORES NO CÍCLICOS EN INDONESIA)

RESUMEN

Objetivo: El objetivo de este estudio es investigar el impacto en la contabilidad verde y la opinión del auditor, con el objetivo de averiguar el efecto en el rendimiento de la empresa

Marco Teórico: En este tema se presentan los principales conceptos y teorías que sustentan la investigación. Se destacan la teoría de la transparencia y el estándar de presentación de informes, que proporcionan una base sólida para comprender el contexto de la investigación.

Método: La metodología adoptada para esta investigación comprende las empresas que cotizan en el subsector de consumo no cíclico en 2021 y 2022 y sus informes sobre contabilidad verde, incluidas las variables de control. La recopilación de datos se llevó a cabo a través de la recopilación de datos del sitio web de IDX.

Resultados y Discusión: Los resultados obtenidos revelaron que la Contabilidad Verde afecta significativamente el Margen de Ganancia Neta, mostrando que informar y seguir la Contabilidad Verde aumenta los ingresos de la empresa.

Implicaciones de la Investigación: Se discuten las implicaciones prácticas y teóricas de esta investigación, proporcionando información sobre cómo se pueden aplicar los resultados o influir en las prácticas en el campo de la economía. Estas implicaciones podrían abarcar la importancia de la contabilidad verde en el desempeño de las empresas.

Originalidad/Valor: Este estudio contribuye a la literatura al mostrar las variables directamente afectadas por la disposición de la empresa a hacer informes sobre contabilidad verde.

Palabras clave: Contabilidad Verde, Opinión del Auditor, Desempeño de la Empresa.

RGSA adota a Licença de Atribuição CC BY do Creative Commons (https://creativecommons.org/licenses/by/4.0/).

1 INTRODUCTION

In the modern era, the green economy – an economic framework focused on sustainable development without degrading the environment – has emerged as a paramount consideration for corporations globally. As businesses increasingly incorporate environmental sustainability
into their operations, the role of auditors in evaluating these practices becomes indispensable. This research aims to explore the interrelation between the green economy and auditor opinions, and how these opinions may influence or reflect firm performance. By delving into this nexus, the study seeks to illuminate whether auditors’ evaluations provide a reliable indicator of a company’s genuine commitment to environmental sustainability and whether this commitment, in turn, has tangible effects on its financial performance.

In the year 2021, there are 131,414 companies in the trade sector in Indonesia, the number increased by 1.76% compared to the previous year (BPS, 2022). The firm performance is measured indifferent ways. Most of the companies are measured financially and non-financially. Firm performance is evaluated to determine its sustainability and well-being. Leverage and profitability are obvious indicators of financial health. (Choo, 2013). A good corporation is concerned not just with economic earnings, but also with environmental preservation and the well-being of the surrounding community. Indonesia is a country that is promoting green accounting nowadays. Indonesian president during a G20 leader’s summit in Bali claimed that Indonesia is dedicated to harnessing our energy transition to establish a green economy and drive sustainable development (Darmoyono, 2024). This green economy implicates environmental security and welfare. In recent decades, both the business sector and society at large have increasingly recognized the importance of environmental issues as critical determinants of economic development and corporate decisions. (Brooks & Schopohl, 2021). Countries all over the world are incorporating such green accounting to assess efficiency and productivity of companies. As a result, businesses may be able to discover areas of environmental inefficiency and efficiency, assisting in the improvement of decision making in their productive and financial processes. (Gonzalez & Peña-Vinces, 2022). While some of these environmental factors will have a long-term impact on firm value and the economic system, recent natural disasters and extreme weather events have a more immediate and often drastic impact on the affected businesses and communities, necessitating more immediate and drastic responses (Brooks & Schopohl, 2021).

Most corporations' actions have obvious and immediate negative consequences for the general population, which has been a source of dispute within communities and within these corporations. (Wiredu et al., 2023). The notion of Green Accounting urges firms to make business decisions that benefit not just the company but also the environment and society surrounding it (Prahara & A’yuni, 2021). Green accounting entails determining how much a country spends on resources while simultaneously measuring its environmental im-plications (Dhar, 2022).
The audit opinion is the end result of the audit process. It is the most-awaited report to convey to all stakeholders. In many cases, independent auditors amend their audit views (disagreement with management, violation of legal texts, scope limitation, violation of accounting standards, and so on (Fakhfakh, 2023). The issuance of audit opinion gives credibility to financial reports and straightens the asymmetrical information.

Over the past 20 years, there has been a growing need for environmental issues to receive more attention, and businesses are under increasing pressure to take social and environmental responsibility (Soroos, 2023).

A relatively new area of bookkeeping called "green accounting" is involved with identifying, classifying, measuring, calculating, estimating, documenting, and disclosing environmental information. Environmental accounting is the field that gathers and disseminates environmental information that is valuable for commercial decision-making (Appannan et al., 2022).

In short, it tracks and summarises the financial value of environmental products and services. To produce integrated, intact, and pertinent accounting data that helps users make both economic and non-economic decisions, green accounting is defined as the process of recognising, measuring the value of, recording, summarising, reporting, and disclosing information about transactions, events, and/or financial, social objects, and environment in an integrated manner in the accounting process (Bhattarai, 2019). Integrated environmental, social, and financial accounting data are the fundamental building blocks of green accounting information (Deegan, 2013; Yusoff et al 2019; Sukmadilaga et al, 2023). Green accounting, then, is a subset of accounting that characterizes attempts to integrate social and environmental advantages into business financial results for economic decision making, all in the form of a single report package.

This study seeks to address this void by investigating the topic and proposing a framework for explaining the influence of environmental accounting charges and audit opinion on financial performance.
2 OBJECTIVES

2.1 TRANSPARENT REPORTING THEORY

Transparency seeks to offer operators with knowledge of an autonomous agent's behavior, dependability, and intent. Agent transparency refers to the operator's ability to comprehend why an agent operates in a certain way (Kumar et al., 2020; Bhaskara et al, 2020).

Transparency has proven to be an effective aggregate term in management and organizational theory for a number of dimensions of importance for their effects on individual and organizational performance: Transparency as monitoring—any non-hierarchical observation system that collects and disseminates information about an activity or task. Transparency as process visibility—providing visual information focused on the process or implementation of a workflow or set of activities—is an example of transparency. To put it another way, "watch our workflow." Transparency as surveillance—close, persistent, and all-encompassing management supervision. Transparency is defined as disclosure—the act of making new or previously hidden information public. To put it another way, "let me tell you about our work," "other way, "let us all see your activity." (Bernstein, 2017).

2.2 GREEN ACCOUNTING

Green accounting, as an important part of corporate social responsibility, is identifying and quantifying a company's economic impact on the environment. Green accounting is a concept that necessitates a rigorous examination of the costs and benefits of environmental pollution in the context of economic operations. Green accounting, often known as environmental accounting, is a new phenomenon that must be developed. Accounting for the environment is essential because business houses and organizations must be made aware of the environmental consequences of their operations. Green accounting is a useful tool for understanding the contribution of economic initiatives to environmental security and welfare. It is a well-known term for accounting for the environment and natural resources. Many firms throughout the world have begun to include environmental dis-closures in their annual reports. Green accounting allows businesses to analyze and grow greener through supporting sustainability (Dhar, 2022). Green accounting, often known as environmental accounting, is a new discipline of accounting that accounts for the environmental impact. Green accounting, as opposed to traditional accounting, takes into account the environment and its well-being. It
incorporates environmental costs into its financial outcomes. It takes into account the long-term effects of economic activities on the environment (Sadiku et al., 2021).

Green accounting (also known as sustainable accounting or environmental accounting) has arisen as a measure of long-term income security that does not deplete the stock of natural assets. (Sadiku et al., 2021)

According to the report, incorporating green accounting methods can lead to improved energy efficiency and environmental performance, which can boost these organizations' reputation and competitive advantage (Afrin & Rahman, 2023). Environmental accounting is the incorporation of all environmental costs into a company's financial accounts, and it is critical for achieving sustainable development since the company must commit to fulfilling its social and environmental duties. The company's current success is judged by its financial performance as well as its social and environmental dimensions, with social responsibility performance being one of the metrics (Lusiana et al., 2021). The study discovered that good green accounting implementation has greatly improved the long-term development capabilities of heavily polluting enterprises (Dhar et al., 2022).

Green finance and accounting can help to address environmental concerns by investigating how the large cash accessible through public capital markets might be used to finance the transition to a greener economy (Brooks et al, 2023). A greener economy brings a better fulfillment of a sustainable economy. Fulfilling social responsibility has its own consequences for the development of every company.

According to the findings of this study, green accounting and CSR have a considerable impact on financial performance and corporate value. Green accounting application in the organization can improve its environmental performance, which in turn improves its financial performance (Lusiana et al., 2021). The adoption of environmental accounting also has a positive impact with increasing revenue (Budiono & Dura, 2021). Green accounting influences profitability outweighs that of environmental performance. (Sumiati et al., 2021). Green accounting incorporates environmental costs into a company's financial outcomes. It not only depicts the firm's progress in terms of economic benefits, but it also illustrates the environmental costs that the corporation must bear in exchange for economic gains (Dhar et al., 2022). Green accounting, as an accounting treatment approach actively promoted by the country, may effectively increase the enterprise's sustainable growth capacity after successful adoption. People's attention can be drawn to the more important benefits of implying green accounting and promoting company sustainability. (Dhar et al., 2022).
Building and implementing green accounting models that result in the incorporation of environmental processes, units, and activities is critical since it affects financial data. As a result, firms will be able to issue more full and dependable financial data. (Gonzalez & Peña-Vinces, 2022). The findings demonstrated that environmental compliance and company efficiency have a significant and positive impact on sustainability, and that environmental costs mediated the impact of green accounting on sustainability. (Wiredu et al., 2023). The use of green accounting has an impact on the company's profitability level.

On the other hand, green credit policies lower company performance in highly polluting sectors of the economy (Zhang et al., 2021). Green accounting and environmental performance indicators have no impact on a company's financial performance (Angelina & Nursasi, 2021). The finding of autonomous Green Accounting costs on financial performance has a negative relationship (Riyadh et al., 2020). With the statement mentioned, the hypothesis developed is:

H1: Firms that implement green accounting have better firm performance.

2.3 AUDITOR OPINION

An audit opinion refers to a formal declaration that is appended to financial accounts. The process involves an analysis of the methodologies and documentation employed in the compilation of the financial statements, and presents a judgment on the presence of significant inaccuracies within these statements. The term "audit opinion" can sometimes be interchangeably used with the term "auditor's report." The auditor's opinion is a result of the auditors' examination of the financial statements of a certain company.

In many cases, independent auditors amend their audit views (disagreement with management, violation of legal texts, scope limitation, violation of accounting standards, and so on). When the financial statements are untrustworthy, the auditor's opinion must be modified (Authors, 2016; Fakhfakh, 2016). Stock market investors have several sources of information at their disposal to help them make investment and divestment decisions for the companies in their portfolio. The audit opinions published on the financial accounts of publicly traded companies are one such probable source (Choo, 2013). Auditor can issue unqualified, qualified, adverse, and disclaimer opinion (Arens, 2014). The issuance audit opinion depends of the findings of auditors who conducted an audit. In all types of audit opinion, the unqualified opinion gives a reasonable assurance that an audit was done is accordance with all the standards and established criteria.
Leverage and profitability are obvious indicators of financial health. When a company's financial health deteriorates, the likelihood of a qualified audit opinion increases (Choo, 2013). Qualified audit opinions are frequently considered by management as having a negative impact on stock prices as well as the firm's ability to acquire debt capital; consequently, issuing a qualified opinion may damage the auditor-client relationship. (Choo, 2013). Firms that receive changed opinions have lower earnings persistence than firms that receive unqualified opinions, and the degree of earnings persistence varies depending on the sort of modification. We discover that enterprises that receive a qualified or disclaimer have lower profits persistence than firms that receive an unqualified opinion with a focus on matter (Vichitsarawong & Pornupatham, 2015).

The study's findings revealed that a qualified audit opinion has no discernible or substantial effect on share prices and returns (Hoti et al., 2012; Abad, 2017). The audit report's criteria have a detrimental impact on stock values. It is also demonstrated that an unqualified view with an emphasis on the subject paragraph about going concern uncertainty or financial difficulties has a positive influence on stock prices (Ianniello & Galloppo, 2015). It is possible that an auditing firm with a large number of going concern audit views in its reports may be regarded vulnerable to them by the firms who use them. This could result in lower sales volume in these organizations, particularly in small businesses, because many clients would switch to enterprises that are less likely to have going concern audit findings. (Gallizo & Saladrigues, 2016). With all the statements mentioned, the hypothesis is,

H2: Firms with unqualified opinion have better firm performance.

2.4 FIRM PERFORMANCE

Financial indicators were utilized to define and obtain success measures, as they provided a means of quantifying the achievement of the financial objectives set by shareholders. Accounting metrics, including net profits, revenues, margins, and returns, were computed in relation to their peer competitors (Torrington, 2014). In order to account for the dynamic character of business activity, financial measurements such as return on investment (ROI), return on sales (ROS), sales per employee, price variations, productivity, and profitability per product unit were calculated and tracked over time.

Profits, sales, ROI, ROS, and return on equity (ROE) are the most commonly utilized financial objective measurements in this methodology, whether measured alone or over time (Panno, 2020). While financial models are associated with sales growth, cash flow, profitability,
return on assets, and other financial performance measures, non-financial models are tied to market share, market position, product quality, and customer loyalty (Addae-Boateng et al., 2015). This rise in incentives to maximize overall firm value occurs as a result of controlling owners and managers who have a financial stake in the business's overall worth working harder and taking fair risks to assure increased firm performance (Gardner et al., 2017).

Tobin's Q, ROA, and ROE are used to gauge a company's performance. Enterprise financial return indicators include ROA and ROE. Firm performance is represented by Tobin's Q, ROE, and ROA, which take into account the firm's projected future income as well as its current financial performance. Enterprise financial return indicators include ROA and ROE. Tobin's Q is a measure of a company's past performance as well as its anticipated future revenue (Yao et al., 2021). Firm performance is gauge based on all those kinds of measures.

3 RESEARCH METHODS

3.1 RESEARCH MODEL

3.1.1 Green accounting and firm performance

Following previous literature, we study the changes in the stock prices by using these estimations partially:

\[ F_{\text{Performance}, t+1} = \beta_0 + \beta_1 \text{GreenAcci},t + \beta_2 \text{FSizei},t + \phi t + \epsilon \]  

where:

FPerformance is measured by ROA, ROE and NPM. GreenAcc is measured by dummy variable where 1 refers to firms disclose environmental cost on their sustainability report and 0 otherwise. The control variable used in this study is FirmSize, which is derived from the natural logarithm of total assets. In order to account for unobserved factors that may influence a firm's performance, a fixed effect model is employed. This model incorporates year dummies (\( \phi t \)) to capture time-specific characteristics that affect all companies simultaneously.
3.1.2 Auditor's opinion and firm performance

Following previous literature, we study the changes in the stock prices by using these estimations partially:

\[ \text{FPerformance}_{i,t+1} = \beta_0 + \beta_1 \text{DUMMY(AuditorOp)}_{i,t} + \beta_2 \text{FSize}_{i,t} + \phi t + \epsilon \]  

(2)

FPerformance is measured by ROA, ROE and NPM. \text{DUMMY(OA)} The dummy variable for Auditor's Opinion is assigned a value of 1 when the opinion is categorized as Unqualified, and a value of 0 when the opinion falls into any other category besides Unqualified. The control variable used in this study is FirmSize, which is derived from the natural logarithm of total assets. In order to account for unobserved factors that may influence a firm's performance, a fixed effect model is employed. This model incorporates year dummies \((\phi t)\) to capture time-specific characteristics that affect all companies simultaneously.

3.1.3 Green accounting and auditor's opinion on firm performance

Following previous literature, we study the changes in the stock prices by using these estimations simultaneously:

\[ \text{FPerformance}_{i,t+1} = \beta_0 + \beta_1 \text{GreenAcc}_{i,t} + \beta_2 \text{DUMMY(AuditorOp)}_{i,t} + \beta_2 \text{FSize}_{i,t} + \phi t + \epsilon \]  

(3)

FPerformance is measured by ROA, ROE and NPM. GreenAcc is measured by dummy variable where 1 refers to firms disclose environmental cost on their sustainability report and 0 otherwise. \text{DUMMY(OA)} The dummy variable for Auditor's Opinion is assigned a value of 1 when the opinion is categorized as Unqualified, and a value of 0 when the opinion falls into any other category besides Unqualified. The control variable used in this study is FirmSize, which is derived from the natural logarithm of total assets. In order to account for unobserved factors that may influence a firm's performance, a fixed effect model is employed. This model incorporates year dummies \((\phi t)\) to capture time-specific characteristics that affect all companies simultaneously.
3.2 RESEARCH DATA

In this paper, we study the firms listed in the Consumer Non-Cyclical firms of Indonesia Stock Market. We use panel data taken from annual report and sustainability report of the firm for the period of 2018-2022. Consumer Non-Cyclical consist of 11 sub industries category. The total number of samples is 312 firm-year observation since the sample need to meet the criteria of consistency listed in the Consumer Non Cyclical for the whole period of observation.

Table 1 shows the variable definition of all variables used in this paper.

Table 1

<table>
<thead>
<tr>
<th>Variables</th>
<th>Abbreviation</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Accounting</td>
<td>GreenAcc</td>
<td>Dummy Variable. 1 if the firms disclose environmental cost on Sustainability Report, 0 otherwise.</td>
</tr>
<tr>
<td>Auditor Opinion</td>
<td>AuditOp</td>
<td>Dummy variable. 1 if the opinion is Unqualified, 0 if the opinion is other that Unqualified of firm i at time t.</td>
</tr>
<tr>
<td>Return on Asset</td>
<td>ROA</td>
<td>Net Income/Total Asset</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>ROE</td>
<td>Net Income/Total Equity</td>
</tr>
<tr>
<td>NPM</td>
<td>Net Profit Margin</td>
<td>Net Income/ Sales</td>
</tr>
<tr>
<td>Firm Size</td>
<td>FSize</td>
<td>Natural logarithm of total asset from firm i at time t</td>
</tr>
<tr>
<td>Leverage</td>
<td>Lev</td>
<td>Total debt divided by total asset</td>
</tr>
</tbody>
</table>

Source: Authors’ text

Table 2 provides the information on purposive sampling for the data used in this paper.

Table 2

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Firms listed at Consumer Non Cyclical for year 2018-2022</td>
<td>388</td>
</tr>
<tr>
<td>2</td>
<td>Firms listed at Consumer Non Cyclical year 2018-2022 with incomplete and data</td>
<td>76</td>
</tr>
<tr>
<td>3</td>
<td>Total observation</td>
<td>312</td>
</tr>
</tbody>
</table>

Source: Calculated by Authors

The result of the descriptive statistics and frequencies are shown in Table 3. Table 3 shown that on the Consumer Non Cyclical, for the year 2018-2022 the ROA and ROE, which are profitability ratios indicating the efficiency with which a company generates profits from its assets and equity respectively, the range is quite wide. ROA varies from -33.43 to 35.29 with a mean near 1, suggesting that while most companies generate a positive return, some are
experiencing losses. The standard deviation is moderate, which indicates variability in how firms utilize their assets. ROE has an even larger range, from -107.01 to 126.92, and a mean slightly above 1. This wide range and higher standard deviation reflect a significant disparity in the returns that equity investors can expect from these firms, with some firms giving high returns while others may be in a state of considerable loss.

Table 3

Descriptive Statistics of Variables in the Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>312</td>
<td>-33.43</td>
<td>35.29</td>
<td>0.97</td>
<td>5.089</td>
</tr>
<tr>
<td>ROE</td>
<td>312</td>
<td>-107.01</td>
<td>126.92</td>
<td>1.18</td>
<td>14.608</td>
</tr>
<tr>
<td>NPM</td>
<td>312</td>
<td>-232.98</td>
<td>48.64</td>
<td>-0.88</td>
<td>17.383</td>
</tr>
<tr>
<td>Green Acc</td>
<td>312</td>
<td>3.78</td>
<td>12.12</td>
<td>7.83</td>
<td>1.727</td>
</tr>
<tr>
<td>Firm size</td>
<td>312</td>
<td>0.00</td>
<td>1.93</td>
<td>0.50</td>
<td>0.264</td>
</tr>
</tbody>
</table>

Source: Calculated by Authors

Net Profit Margin (NPM), which measures how much net income is generated as a percentage of revenues, has a negative mean, indicating that on average, the firms in the sample are losing money. The range from -232.98 to 48.64 and a high standard deviation denote a high variability in firms' profitability. This could reflect a mixture of highly profitable firms and those that are struggling, or it may indicate that a few outliers are skewing the average.

Green Accounting (Green Acc) shows a positive mean of 7.83, with a relatively small standard deviation, which suggests that the firms, on average, are engaging in environmentally positive accounting practices with not so much variation between them. The range from 3.78 to 12.12 indicates that all observed firms have some level of green accounting practices in place.

Firm size, likely a normalized or indexed measure given the range from 0.00 to 1.93, has a mean of 0.50. This suggests that the average size of the firms in the sample is at the midpoint of the scale used. The standard deviation is small, indicating that the sizes of the firms do not vary widely from the average firm size.

Table 4

Frequencies of Dummy Variables in the Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dummy</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>GreenAcc</td>
<td>0</td>
<td>135</td>
<td>43.3%</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>177</td>
<td>56.7%</td>
</tr>
<tr>
<td>AuditOp</td>
<td>0</td>
<td>53</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>259</td>
<td>83%</td>
</tr>
</tbody>
</table>

Source: Calculated by Authors
Table 4 shown the frequencies of dummy variables used in this paper. From 312 firm-year observation of Consumer Non Cyclical, 83% of the sample got the Unqualified opinion and only 17% firms given opinion other than Unqualified opinion.

4 RESULTS AND DISCUSSION

4.1 THE RELATION OF GREEN ACCOUNTING AND FIRM PERFORMANCE

Table 5

<table>
<thead>
<tr>
<th>Variable</th>
<th>ROA</th>
<th>ROE</th>
<th>NPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constanta</td>
<td>-0.732</td>
<td>-0.441</td>
<td>-0.327</td>
</tr>
<tr>
<td></td>
<td>0.465</td>
<td>0.659</td>
<td>0.744</td>
</tr>
<tr>
<td>GreenAcc</td>
<td>0.526</td>
<td>0.174</td>
<td>0.978</td>
</tr>
<tr>
<td></td>
<td>0.599</td>
<td>0.862</td>
<td>0.329</td>
</tr>
<tr>
<td>FSize</td>
<td>2.354</td>
<td>1.560</td>
<td>0.584</td>
</tr>
<tr>
<td></td>
<td>0.019***</td>
<td>0.120</td>
<td>0.560</td>
</tr>
<tr>
<td>Lev</td>
<td>-2.371</td>
<td>-2.002</td>
<td>-1.635</td>
</tr>
<tr>
<td></td>
<td>0.018***</td>
<td>0.046</td>
<td>0.103</td>
</tr>
</tbody>
</table>

At the 10%, 5%, and 1% levels, respectively, the regression coefficient is significantly different from zero, as indicated by the t statistics in parenthesis * p < 0.10, ** p < 0.05, and *** p < 0.01.

Source: Calculated by Authors

Table 5 shows the regression analysis between Green Accounting and Firm Performance. Looking at the Green Accounting coefficients, we see that Green Accounting has a positive coefficient for ROA (0.526), ROE (0.174), and NPM (0.978), suggesting that there is a positive relationship between Green Accounting practices and all three measures of firm performance. This means that, holding all else constant, increases in Green Accounting are associated with increases in ROA, ROE, and NPM. However, the degree of this positive relationship varies among the performance measures.

For ROA, which is a measure of a company's operational efficiency, the coefficient is moderate (0.526), implying that Green Accounting has a positive but not extremely strong impact on operational profitability. For ROE, which measures how effectively a company uses equity to generate profits, the coefficient is smaller (0.174), indicating a positive but weaker relationship compared to ROA. This could mean that while Green Accounting contributes to profitability, its impact is less pronounced when looking at returns generated on equity alone.
4.2 THE RELATION OF AUDITOR'S OPINION ON FIRM PERFORMANCE

Table 6

**Auditor's Opinion and Firm Performance**

<table>
<thead>
<tr>
<th>Variable</th>
<th>ROA</th>
<th>ROE</th>
<th>NPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constanta</td>
<td>-0.732</td>
<td>-0.441</td>
<td>-0.327</td>
</tr>
<tr>
<td>AuditOp</td>
<td>0.526</td>
<td>0.174</td>
<td>0.978</td>
</tr>
<tr>
<td>FSize</td>
<td>2.354</td>
<td>1.560</td>
<td>0.584</td>
</tr>
<tr>
<td>Lev</td>
<td>-2.371</td>
<td>-2.002</td>
<td>-1.635</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>0.019***</th>
<th>0.120</th>
<th>0.103</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.018***</td>
<td>0.046***</td>
<td></td>
</tr>
</tbody>
</table>

At the 10%, 5%, and 1% levels, respectively, the regression coefficient is significantly different from zero, as indicated by the t statistics in parenthesis * p < 0.10, ** p < 0.05, and *** p < 0.01.

Source: Calculated by Authors

Table 6 shows the regression analysis between Auditor's Opinion and Firm Performance. The coefficients for AuditOp are positive for ROA (0.526), ROE (0.174), and NPM (0.978). This suggests that a favorable auditor's opinion is associated with an improvement in all three-performance metrics. A higher ROA indicates that companies are more efficient in using their assets to generate earnings. A higher ROE signifies that companies are more effective at generating profits from shareholders' equity. A higher NPM shows that companies are better at converting revenue into actual profit.

However, the associated p-values (0.599, 0.862, 0.329 for ROA, ROE, and NPM, respectively) are all above the common threshold of 0.05, which suggests that the positive relationships are not statistically significant. This means that while the coefficients indicate a positive trend, the impact of the auditor's opinion on firm performance is not strong enough to be considered reliable predictors in this model.

5 CONCLUSIONS

Green Accounting seems to have a positive effect on firm performance across all three measured variables: ROA, ROE, and NPM. The varying coefficients suggest a differential impact, with a moderate influence on ROA, a smaller one on ROE, and a notably larger impact on NPM. Auditor's Opinion, while showing positive coefficients for the same performance measures, does not display statistical significance, as indicated by the p-values being above the conventional threshold of 0.05.
The finding that Green Accounting practices are positively associated with firm performance suggests that companies that invest in or improve their environmental accounting practices might see enhanced profitability and operational efficiency. The lack of statistical significance for Auditor's Opinion implies that while auditors' assessments might be positively viewed by firms, they do not necessarily translate into measurable financial performance improvements. This could indicate that other factors not considered in the model might mediate or overshadow the influence of auditors' opinions.

Firms should consider investing in Green Accounting practices as they could contribute to improved financial performance. However, firms should also ensure that such investments are tailored to their specific operational contexts to maximize benefits. Auditors should be aware that while their opinions are valuable, they may not directly influence firm performance metrics. This suggests a need for auditors to focus on areas that could have a more direct impact on financial performance.

REFERENCES


Darmoyono, I. (2024). Study on challenges and opportunities for electric vehicle development for land-based public transport sector in cities of Indonesia.


