Green Accounting Affects Stock Prices And Financial Performance Of Sri Kehati Index

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ABSTRACT

This study investigates the effect of green accounting on stock prices and financial performance in companies listed on the SRI-KEHATI Index from 2019 to 2023. Using a quantitative approach, the research analyzes secondary data from annual and sustainability reports of 14 selected companies, totaling 70 observations. Green accounting is measured by the ratio of environmental costs to net profit after tax, while stock price is represented by stock returns and financial performance by return on assets (ROA). The analysis includes classical assumption testing and simple linear regression. The results show that green accounting has a negative but insignificant effect on stock returns and a positive but also insignificant effect on ROA. This indicates that, during the observed period, green accounting practices did not significantly influence stock performance or financial outcomes in SRI-KEHATI listed firms. These findings imply that the market and company stakeholders may not yet fully integrate environmental accounting practices into their evaluation of company value and performance.

Keywords : Green Accounting; Stock Return; Financial Performance; ROA; SRI-KEHATI.

Introduction

Environmental issues have become a global concern, prompting regulatory institutions such as the IASB and the U.S. SEC to mandate climate-related disclosures in financial reporting (Jones, 2024) (Mezzio, Brusgul, Garcia, & Conger, 2024). In Indonesia, similar efforts are reflected through the launch of the Sustainable Finance Taxonomy by the Financial Services Authority (OJK) and the enforcement of Law No. 47 of 2012 concerning corporate social and environmental responsibility.

Despite these initiatives, environmental degradation remains critical. For example, East Kalimantan has more than 44,000 abandoned mining pits, and several companies continue to violate environmental regulations without proper accountability (Sucipto, 2024). These cases highlight the importance of integrating environmental costs into corporate financial systems through Green Accounting.

Green Accounting encourages companies to disclose ecological impacts and allocate resources for environmental management, potentially influencing investor decisions and improving both financial performance and stock value (Hamidi, 2019) (L, 2024). In Indonesia, the SRI-KEHATI Index serves as a benchmark for sustainable investment. Historically, its performance has outpaced conventional indices, suggesting investor preference toward companies with strong ESG (Environmental, Social, Governance) practices.

The theoretical foundation of this study is supported by Stakeholder Theory, which posits that companies must consider the interests of both primary stakeholders (e.g., investors, employees, communities) and secondary stakeholders (e.g., NGOs, media) in their operations (Chanifah, Ermaya, & Mashuri, 2019) (Rokhlinasari, 2015). Additionally, Legitimacy Theory suggests that firms disclose environmental information to align with societal norms and gain approval from the public (Sulistiawati & Dirgatari, 2016) (Purnama, 2018).

However, prior studies on the relationship between Green Accounting and stock prices or financial performance show inconsistent results (Angelina & Nursasi, 2021) (Pratiwi & Rahayu, 2018) (Selfiani & Yunita, 2021). This gap indicates the need for further research, particularly in the context of companies listed on the SRI-KEHATI Index.

Therefore, this study aims to examine the effect of Green Accounting on stock prices and financial performance in SRI-KEHATI-listed companies, offering insights into the strategic role of environmental disclosure in enhancing firm value and market perception.

Research Method

This study employs a quantitative research approach, which focuses on hypothesis testing through statistical analysis of numerical data. The purpose of this study is to examine the effect of green accounting on stock prices and financial performance in companies listed on the SRI-KEHATI Index during the period 2019–2023. The data used are secondary in nature and obtained from companies' annual reports, sustainability reports, and official sources such as the Indonesia Stock Exchange website (www.idx.co.id).

The variables in this study consist of one independent variable, green accounting, which is measured based on the disclosure of environmental costs, and two dependent variables: stock prices and financial performance. Stock prices are measured based on market value, while financial performance is evaluated using financial ratios such as return on assets. All variables are measured using a ratio scale.

Data were collected using the documentation method by reviewing and extracting relevant information from company reports. The research instruments included data coding sheets and documentation tables. The collected data were analyzed using descriptive statistics to describe the characteristics of the variables. Classical assumption tests were conducted, including the Kolmogorov–Smirnov test for normality, multicollinearity test, Glejser test for heteroscedasticity, and the Durbin-Watson test for autocorrelation. Hypothesis testing was carried out using simple linear regression analysis and partial t-tests to determine the significance of the independent variable's effect on each dependent variable. The significance level used in this study is 0.05. The null hypothesis is rejected if the p-value is less than 0.05, indicating that green accounting has a statistically significant effect on stock prices or financial performance.

Result

Table 1
Descriptive Statistical Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X_GREEN_ACCOUNTING	70	-2.52	.31	-1.6663	.66673
Y1_RETURN_SAHAM	70	-.740	1.460	.02047	.310763
Y2_RETURN_ON_ASSETS	70	-2.70	.00	-1.3473	.58581
Valid N (listwise)	70				

The results of this study begin with descriptive statistical analysis, which revealed variations in the data for green accounting, stock returns, and financial performance (measured by ROA). The green accounting variable, calculated as CSR cost divided by net income after tax, had a minimum value of -2.52, a maximum of 0.31, an average of -1.6663, and a standard deviation of 0.66673. The stock return variable, measured using the simple capital gain method, ranged from -0.740 to 1.460, with a mean of 0.02047 and a standard deviation of 0.31076. ROA, calculated from net profit after tax divided by total assets, had values ranging from -2.70 to 0.00, with an average of -1.3473 and a standard deviation of 0.58581.

Table 2
Kolmogorov-Smirnov Y1 Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		70
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.30257921
Most Extreme Differences	Absolute	.106
	Positive	.106
	Negative	-.070
Kolmogorov-Smirnov Z		.889
Asymp. Sig. (2-tailed)		.408

a. Test distribution is Normal.

b. Calculated from data.

The results of the Kolmogorov-Smirnov test in the table above show the value of Asymp. Sig. (2-tailed) of 0.408 where the value is greater than 0.05, it can be concluded that the data is normally distributed.

Table 3
Kolmogorov-Smirnov Y2 Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		70
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	.57855262
Most Extreme Differences	Absolute	.072
	Positive	.045
	Negative	-.072
Kolmogorov-Smirnov Z		.600
Asymp. Sig. (2-tailed)		.864

a. Test distribution is Normal.

b. Calculated from data.

The results of the Kolmogorov-Smirnov test in the table above show the value of Asymp. Sig. (2-tailed) of 0.864 where the value is also greater than 0.05, then it can be concluded that the data is distributed normally.

Table 4
Y1 Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	X_GREEN_ACCOUNTING	1.000	1.000

a. Dependent Variable: Y1_RETURN_SAHAM

Table 5
Y2 Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	X_GREEN_ACCOUNTING	1.000	1.000

a. Dependent Variable: Y2_RETURN_ON_ASSETS

Based on the multicollinearity test table above, it can be seen that the tolerance value of green accounting in the dependent variables of stock return and return on assets of 1,000 is greater than 0.1 and the VIF value of 1,000 is less than 10 so that it can be concluded that there is no multicollinearity in the free variable of green accounting.

Table 6
Y1 Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.157	.099		-1.587	.117
	X_GREEN_ACCOUNTING	-.106	.055	-.228	-1.931	.058

a. Dependent Variable: Y1_RETURN_SAHAM

Based on the table above, the significant value of green accounting on the stock return variable of 0.058 is greater than 0.05, so it can be concluded that there is no heteroscedasticity symptom.

Table 7
Y2 Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.118	.189		-5.923	.000
	X_GREEN_ACCOUNTING	.138	.105	.157	1.310	.195

a. Dependent Variable: Y2_RETURN_ON_ASSETS

Based on the table above, it can be seen that the significant value of green accounting in the return on asset variable of 0.195 is greater than 0.05, so it can be concluded that there is no symptom of heteroscedasticity.

Table 8
Y1 Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.228^a	.052	.038	.304796	2.196

a. Predictors: (Constant), X_GREEN_ACCOUNTING

b. Dependent Variable: Y1_RETURN_SAHAM

The autocorrelation test obtained a Durbin Watson (DW) value of 2,198. The DU value can be seen from the DW table where the number of samples (n) is 70 and the number of variables (k) is 2. So the DU value was 1.6715 and the DL was 2.3285. then the results of the analysis obtained were 1.6715 (DU) < 2.196 (DW) < 2.3285 (DL), so it can be concluded that there are no symptoms of autocorrelation.

Table 9
Y2 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.157[a]	.025	.010	.58279	1.884

a. Predictors: (Constant), X_GREEN_ACCOUNTING
b. Dependent Variable: Y2_RETURN_ON_ASSETS

In the table above, the Durbin Watson value is 1,884 The DU value can be seen from the DW table where the number of samples (n) is 70 and the number of variables (k) is 2. So the DU value was 1.6715 and the DL was 2.3285. then the results of the analysis obtained are 1.6715 (DU) < 1.884 (DW) < 2.3285 (DL), so it can be concluded that there are no symptoms of autocorrelation.

Table 10
Simple Regression Analysis Y1

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.157	.099		-1.587	.117
	X_GREEN_ACCOUNTING	-.106	.055	-.228	-1.931	.058

a. Dependent Variable: Y1_RETURN_SAHAM

In this study, the regression analysis used is a simple regression analysis, with the form of the equation Y = a + bX. Based on the table above, it is known that the form of a simple regression equation is: Y1 = -0.157 -0.106X.

The constant value of -0.157 indicates that if there is no implementation of green accounting (X = 0), then the stock return is estimated at -0.157. This means that without the influence of green accounting, the stock returns are negative.

The value of the regression coefficient of -0.106 indicates that any increase in the implementation of green accounting by one unit will cause a decrease in stock returns by 0.106 units. Because it has a negative value, this means that the relationship between green accounting and stock returns is in a negative direction.

Table 11
Y2 Simple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1.118	.189		-5.923	.000
	X_GREEN_ACCOUNTING	.138	.105	.157	1.310	.195

a. Dependent Variable: Y2_RETURN_ON_ASSETS

Based on the table above, it is known that the form of a simple regression equation is: Y1 = -1.118 + 0.138X. A constant value of -1.118 indicates that if there is no implementation of green accounting (X = 0), then the return on assets is estimated at -0.157. This means that this value shows that without green accounting, companies tend to experience low (even negative) ROA.

The value of the regression coefficient is 0.138. This means that if there is an increase in the implementation of green accounting by one unit, the Return on Assets (ROA) is expected to increase by 0.138 units.

Table 12
Test T Y1

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.157	.099		-1.587	.117
	X_GREEN_ACCOUNTING	-.106	.055	-.228	-1.931	.058

a. Dependent Variable: Y1_RETURN_SAHAM

Based on the table above, the green accounting variable obtained a significance value of 0.058 greater than 0.05. So that H1 is rejected and H0 is accepted, it can be concluded that green accounting does not have a significant effect on stock returns in companies listed in the SRI KEHATI index for the 2019-2023 period.

Table 13
Test T Y2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.118	.189		-5.923	.000
	X_GREEN_ACCOUNTING	.138	.105	.157	1.310	.195

a. Dependent Variable: Y2_RETURN_ON_ASSETS

Based on the table above, the green accounting variable obtained a significance value of 0.195 greater than 0.05. So that H1 is rejected and H0 is accepted, it can be concluded that green accounting does not have a significant effect on Return on Assets in companies listed in the SRI KEHATI index for the 2019-2023 period.

Discussion

The results indicate that green accounting does not significantly affect stock prices, as shown by a regression coefficient of –0.106 and a p-value of 0.058 (> 0.05). This suggests that environmental cost disclosures have not yet influenced investor perceptions or stock return expectations. These findings support Selvini and Yunita (2021), who found a similar insignificant relationship. From the stakeholder theory perspective, this implies that investors may not yet prioritize environmental responsibility in decision-making. Likewise, legitimacy theory suggests that while companies disclose environmental actions to gain societal approval, such efforts may not translate into financial market responses if social legitimacy is not valued economically.

Similarly, green accounting was found to have no significant effect on financial performance (ROA), with a coefficient of 0.138 and a p-value of 0.195. This implies that environmental cost activities do not directly enhance asset efficiency or profitability. The results align with Qatrunnada (2023), who found a non-significant yet positive relationship. From the stakeholder viewpoint, the lack of financial improvement may reflect limited economic support for green initiatives. In the context of legitimacy theory, despite efforts to meet societal expectations, the absence of market or policy incentives reduces the financial impact of green accounting on profitability.

Conclusion

Green accounting has no effect on stock prices. The significance value obtained of 0.058 is greater than 0.05 which shows that the environmental reporting information submitted by companies in the SRI KEHATI index for the 2019-2023 period has not been the main factor that investors pay attention to in making investment decisions.

Green accounting has no significant effect on financial performance (ROA). The significance value obtained is 0.195 greater than 0.05. Therefore, it can be concluded that the implementation of green accounting has not been able to improve the efficiency of companies in managing their assets to generate profits for the company in the SRI KEHATI index for the period 2019 to 2023.

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