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The Influence Of Green Accounting, Environmental Performance, And Corporate Risk On Financial Performance With Corporate Governance As A Moderating Variable

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ABSTRACT

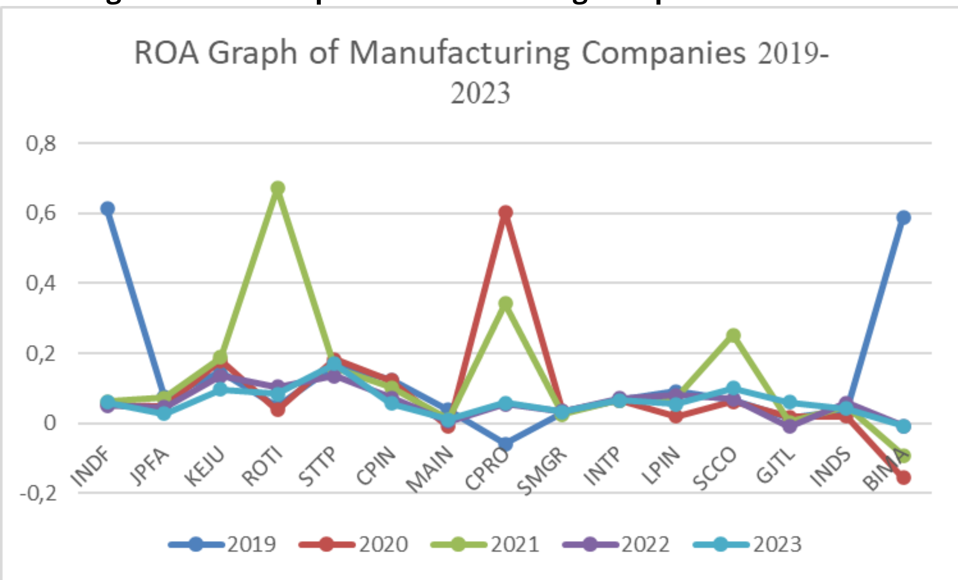
This research examines the relationship between financial performance, environmental performance, and corporate accounting via the lens of corporate governance as a moderating variable. Data was retrieved from the financial reports of manufacturing businesses listed on the Indonesian Efek Exchange (BEI) from 2019 to 2023. The study was conducted using a quantitative method using Eviews 12 for regression. Environmental performance does not have a substantial effect on financial success, according to the research results, but green accounting and business risk do. Evidence suggests that good company governance amplifies the impact of accounting and risk on financial performance without modifying the correlation between environmental performance and financial success. In order to improve financial performance, these results show that innovative accounting methods backed by solid governance and efficient risk management are crucial. This research makes a valuable contribution to our understanding of financial performance-influencing elements, especially in the context of advanced business and risk management.

INTRODUCTION

One of the primary ways to measure the operational success of a firm is by looking at its financial performance. Comply (Noviyanti & Nadi, 2024; Wulandari et al., 2024) Financial performance reflects the company's effectiveness in carrying out its business activities. Investors often use financial performance as a basis for making investment decisions, where companies with stable and positive financial performance are more attractive to investors. (Aryanti et al., 2023; Ruhiyat & Kurniawan, 2024). In recent years, awareness of sustainable business practices has increased, driven by global regulation and growing investor concern for corporate environmental responsibility. (Aryanti et al., 2023; Sumariani et al., 2024). Companies are not only required to achieve optimal financial performance but also to manage the environmental impact of their operational activities. (Agnesia & Situngkir, 2023; Ardiansyah et al., 2023; Rima & Puspitasari, 2023). One key strategy for companies to demonstrate their commitment to environmental sustainability is by using green accounting. (Handoko & Santoso, 2023). In addition, environmental performance and corporate risk also play a crucial role in determining the financial sustainability of a business entity. (Simon et al., 2023).

Good financial performance is highly expected by all stakeholders because it reflects the condition of the company (Hidayat & Aris, 2023; Octavia & Ardini, 2023). However, based on data from the Indonesia Stock Exchange (BEI), many manufacturing companies experienced fluctuations and declines in financial performance in the 2019-2023 period.

Figure 1. ROA Graph of Manufacturing Companies 2019-2023



Sumber: www.idx.co.id, data diolah (2024)

Based on the ROA graph of Manufacturing Companies in 2019-2023, it can be seen that the level of profitability (ROA) fluctuates significantly in several companies, indicating instability in financial performance. For example, PT Indofood Sukses Makmur Tbk (INDF) shows significant fluctuations in the ROA ratio, while PT Charoen Pokphand Indonesia Tbk (CPIN) experiences a consistent downward trend from 2019 to 2023. Instability in financial performance can have an impact on investor confidence and the stability of the company in the long term. Based on stakeholder theory, the sustainability of a company is greatly influenced by its ability to manage the interests of various interested parties. Therefore, it is important to research the factors that influence the financial performance of manufacturing companies in Indonesia.

One of the factors that influences financial performance is the application of global accounting. Green accounting is an accounting approach that integrates environmental aspects in the business decision-making process. Comply (Muhammad et al., 2023; Wardianda & Slamet, 2023), green accounting includes recognizing, measuring, recording and reporting environmental impacts in a company's financial reports. Research into the relationship between accounting green and financial performance shows varying results. For example, (Ramadhani, 2021; Rima & Puspitasari, 2023; Ruhiyat & Kurniawan, 2024; Wardianda & Slamet, 2023) found that there was a positive influence between green accounting and financial performance, while (Simon et al., 2023) found little evidence that green accounting significantly impacts bottom line results.

Environmental performance reflects the extent to which a company manages its operational impacts on the environment. According to (Ramadhani, 2021; Rima & Puspitasari, 2023; Sumariani et al., 2024), Companies with a strong commitment to environmental concerns often have a high reputation among investors, which in turn can boost their financial success. However, (Aryanti et al., 2023) The link between environmental sustainability and financial performance may not be immediately apparent, according to some, because the costs incurred for environmental programs can reduce the company's level of profitability.

Company risk can also affect financial performance. High risk increases uncertainty in achieving the company's financial goals. (Octavia & Ardini, 2023; Octaviani & Utama, 2022) revealing corporate risk has a positive influence on financial performance, where higher risk is often associated with greater opportunities for returns. However, poor risk management can result in company financial instability.

The impact of corporate accounting, environmental performance, and business risk on financial performance has been the subject of contradictory conclusions in the literature. Consequently, the purpose of this study is to incorporate corporate governance as a moderating component and reevaluate the impact of these three factors on financial performance. Managing risk, increasing transparency, and increasing investor confidence are all goals of good corporate governance.

This research develops previous studies conducted by H (Ramadhani, 2021) by adding company risk as an independent variable and using longer data, namely from 2019 to 2023. This research period covers 2020, where the COVID-19 pandemic caused significant economic instability and had an impact on the financial performance of manufacturing companies.

LITERATURE REVIEW

Stakeholder Theory

The stake$holde$r theory was first put forward by R. E$dward Fre$e$man in 1984 and explains that the survival of a company is greatly influenced by the interests of various stakeholders (stakeholders) who interact with it. company (Se$lfiani & Usmar, 2023). Stakeholders not only consist of shareholders, but also include employees, customers, suppliers, government and the wider community (Kinasih e$t al., 2022). According to (Ramadhani, 2021), A company's well-being really depends on its ability to harmonize the various interests of its stakeholders. Stakeholders have control and authority over company resources so that company policies must consider the impact on them (Handoko & Santoso, 2023). Companies that pay attention to the interests of stakeholders are less likely to choose strategies that are financially profitable and sustainable (Aryanti e$t al., 2023). Furthermore, the link between the stakeholder theory and financial performance is not due to increasing corporate accountability which can increase the stakeholder's trust. This trust ultimately has a positive impact on financial performance, because a harmonious relationship with stakeholders can increase customer loyalty, employee satisfaction, as well as investors' trust in the company.

Agency Theory

Agency theory discusses the relationship between the company owner (principal) and management or agent (Chłape$k e$t al., 2024). In this theory, management acts as an agent who is responsible for managing the company in the interests of the owner, in return for appropriate compensation. (Fadrul e$t al., 2020). However, in practice, conflicts of interest often occur between owners and management because management has incentives to act in personal interests that are not always in line with the owner's goals. (Adrie$l dos Santos Grodt e$t al., 2024; Se$tiorini e$t al., 2021; Wu & Nguye$n, 2024). To reduce the problem of information asymmetry and conflicts of interest, agency theory emphasizes the importance of implementing good corporate governance (corporate governance). (Ruhiyat & Kurniawan, 2024). Implementing strict monitoring mechanisms for management can ensure that the decisions taken remain in line with the owner's interests and can improve overall company performance. Apart from that, agency theory is also closely related to risk management in companies. Management that has a commitment to sustainability is likely to be more careful in identifying and managing company risks, so that it can increase the company's financial stability in the long term. (Me$nicucci & Paolucci, 2024).

Legitimacy Theory

Legitimacy theory was first put forward by Dowling and Pfeffer (1975) and is used to explain how companies establish their role and maintain social legitimacy through social, environmental and sustainability disclosures. (Al Amosh & Khatib, 2022; Me$nicucci & Paolucci, 2024; Ne$l & Van de$r Spuy, 2021). A company's legitimacy depends on its conformity to societal norms and expectations. If a company does not respect applicable norms, then the company can lose legitimacy and risk losing its operational license. Companies that have achieved a role of legitimacy tend to have a good reputation in society, which has an impact on increasing stakeholder trust in the company. (Aryanti e$t al., 2023). According to (Conve$ry e$t al., 2023), Legitimacy also plays a role in strengthening support from the community and government for the continued rational operations of the company. If a company fails to meet social expectations, a legitimacy gap will occur, in particular, the discordance between the conventional wisdom and the ways in which businesses operate. This disparity has the potential to lower the company's reputation and hurt its bottom line. (Ashour & Elmage, 2021). Specifically within the framework of CSR, legitimacy theory has substantial consequences for financial performance. Companies that fail to address environmental concerns, such as inadequate waste management, will inevitably face negative public perception. Consumer and investor confidence may take a nosedive as a result, which would hurt the company's bottom line. Hence, since companies must strive to maintain social legitimacy by carrying out business operations in accordance with applicable ethical and regulatory standards.

Financial Performance

Financial performance is an important indicator in assessing a company's success in managing resources and generating profits (Fadrul e$t al., 2020). Financial performance not only reflects the company's profitability but also becomes the basis for management decision making, business strategy evaluation, as well as a communication tool with stakeholders such as investors and investors. (Aryanti e$t al., 2023). Achieving organizational goals and guaranteeing the firm's sustainability are both influenced by financial efficiency. Selfiani and Usmar (2023). One of the main indicators in measuring financial performance is Return on Assets (ROA). ROA measures a company's efficiency in generating profits from the total assets it owns, so the higher the ROA, the better the company is at using its assets to generate profits (Putri & Rifa, 2022; Ruhiyat & Kurniawan, 2024; Te$ng e$t al., 2024).

Green Accounting

Green accounting aims to $integrate environmental considerations in economic decision making, so that companies voluntarily comply with government policies. (Habe$rmann, 2021; Zhang e$t al., 2024). Green accounting focuses on combining environmental benefits and costs in business strategies to achieve sustainability. (Rahayu e$t al., 2024). The application of green accounting helps companies minimize the use of energy and natural resources while reducing environmental and health risks. In addition, this approach also contributes to achieving sustainable development through changes in corporate social and environmental responsibility practices. (Lokuwaduge$ & De$ Silva, 2022). Green accounting presents financial, social, and environmental accounting information in one report that can be used in making economic and investment decisions. The measurement is based on the disclosure of environmental costs in the annual or sustainability report, with a score of 0 if there is no disclosure and 1 if there is. (Rima & Puspitasari, 2023). This indicator helps companies assess their transparency and commitment to environmental accounting.

- H_1: Green accounting have a positive influence on financial performance

Environmental Performance

The effectiveness of an organization's environmental management system in mitigating the negative effects of its operations on the environment is known as environmental performance. (Aryanti et al., 2023; Jaya et al., 2022; Siagian & Khair, 2021). This performance reflects the company's concern for environmental sustainability and efforts to overcome environmental problems resulting from its operations (Handoko & Santoso, 2023). The implementation of good environmental performance provides positive value for the company because it increases stakeholder confidence in the company's ability to manage the environment (Ramadhani, 2021). Environmental performance can be improved by reducing the negative impacts of operational activities, so that the company is considered successful in its environmental responsibilities. (Rima & Puspitasari, 2023). Environmental performance measurements can be carried out using PROPER (Environmental Performance Rating Program in Environmental Management) issued by the Environmental Ministry. (Ramadhani, 2021). PROPER assesses companies based on their level of compliance and initiative in environmental management, with ratings ranging from gold (very good) to black (very poor) (Handoko & Santoso, 2023). This evaluation provides an overview of the extent to which the company meets environmental standards and carries out its social responsibilities.

- H_2: Environmental performance has a positive impact on financial performance

Corporate Risk

Corporate risk is uncertainty faced by a company that can cause unexpected losses (Arta, 2021; Fernandes & Dewi, 2021; Le, 2024). This risk can arise due to various factors, including high debt, deviations in earnings, and managerial policies taken by the company. (Octaviani & Utama, 2022). The risk that the firm faces increases as the standard deviation of income increases. Companies may stabilize and enhance their financial performance with effective risk management. In an unpredictable economic climate, companies that master risk management will be better equipped to weather the storm and keep their finances growing strong. Company risk can be measured using several indicators, such as the standard deviation of EBITDA which reflects operational performance without the influence of capital structure and tax policy. (Octavia & Ardini, 2023). In addition, Non-Performing Loan (NPL) measurement is used to assess the level of problematic credit in a company, called the Current Ratio evaluates the liquidity of a company's current assets relative to its short-term liabilities. (Goenawan Soedarso & Dewi, 2022).

- H_3: Corporate risk has a positive effect on financial performance

Corporate governance

Corporate governance is a series of principles and practices used to ensure that a company operates in accordance with applicable regulations and maintains a balance of interests between shareholders, management and other stakeholders. (Aziza et al., 2024; Muhammad et al., 2023). Corporate governance or good corporate governance (GCG) plays a role in increasing transparency, accountability and corporate sustainability, which contributes to better financial performance (Aziza et al., 2024). In its implementation, corporate governance is closely related to stakeholder theory, in a way that benefits all stakeholders via openness and accountability on the part of corporations. (Ramadhani, 2021). Measuring corporate governance can be done through several indicators, such as the proportion of individual commissioners to the total commissioners (Wardianda & Slamet, 2023), level of institutional ownership in total shares varies (Khasanah e$t al., 2021), and how well the audit committee checks the books for the business (Khasanah e$t al., 2021). In addition, corporate governance can also be measured through managerial ownership, which reflects the extent to which management owns shares in the company. (Wardianda & Slame$t, 2023), the number of members of the board of directors responsible for the company's operations (Yulianti & Cahyonowati, 2023), and the CGPI (Corporate Governance Perception Index) level players who evaluate the structure, processes, and results of corporate governance. (Ramadhani, 2021). CGPI provides score categories ranging from "fairly trustworthy" to "very trustworthy" to assess the effectiveness of governance in a company.

- Hypothesis 4: The effect of corporate accounting on financial performance may be mitigated by good company governance.
- •Hypothesis 5: Good corporate governance can reduce the negative impact of environmental performance on bottom-line results.
- company governance has the potential to mitigate the impact of company risk on financial performance (H6).

METHODS

In order to quantify correlations between variables and get a better understanding of occurrences by statistical analysis, this study used a quantitative methodology (Ardiansyah et al., 2023; Wajdi et al., 2024). You may find the financial reports of manufacturing businesses listed on the Indonesia Economic Exchange (BEI) for the 2019–2023 period on either the BEI website (www.idx.co.id) or the company website; this data is utilized on a worldwide scale. A moderating variable (corporate governance) and independent factors (financial performance, accounting level, environmental performance, and firm risk) make up the research variables. Return on Assets is a numerical indicator of a company's financial health. (Selfiani & Usmar, 2023), green accounting is measured by dummy variables (Zhang et al., 2024), environmental performance using PROPE$R (Jaya et al., 2022), Company risk is calculated by EBITDA divided by total assets (Assa & Loindong, 2023), and corporate governance is measured based on the proportion of independent board of commissioners (Rima & Puspitasari, 2023; Yuliyana & Waluyo, 2019).

The research population is manufacturing companies registered in BEI for the 2019-2023 period, with samples taken using purposive sampling techniques based on established criteria, such as companies that do not experience losses and use the rupiah currency in their reports. $finance. Using Eviews 12 software, which includes descriptive statistics, classical assumption tests, and hypothesis testing, panel data regression is employed for data analysis. The Chow, Hausman, and Lagrange multiplier tests are used to identify the appropriate pane data regression method, which can be Common Effect method (CEM), Fixed Effect Mode (FEM), or Random Effect Mode (REM) (Basri et al., 2024). To guarantee the regression mode is valid, classical assumption tests check for heroskedasticity, autocorrelation, multicollinearity, and normality.

In order to test hypotheses, we use the F test, which looks at how each variable affects all n variables at once, and the T test, which looks at how each variable affects all n variables partially. "Sugiyono, 2019" states. Examining the impact of corporate governance as a moderating variable in the link between accounting green, environmental performance, and business risk on financial performance is done using moderation regression analysis (MRA). Based on the importance of the interactions and their impact on the mode, moderation variables can take on the roles of pure mode, quasi mode, predictor mode, or homologise mode (Simon et al., 2023). The overarching goal of this study is to illuminate the moderating effects of corporate governance on the linkages between financial performance, environmental performance, and company risk.

RESULTS

As part of the descriptive statistical analysis, we calculated the minimum, maximum, average (mean), and standard deviation for each research variable to better understand the features of the data utilized in this study. An overview of the data distribution and the overall trend of the studied variables may be obtained via descriptive statistics. Here is a table displaying the outcomes of descriptive statistics:

Table 1. Descriptive Statistics of Research Variables

	ROA	GI	KL	RP	TKP
Mean	0.110707	0.712000	3.280000	0.155359	0.396621
Median	0.097800	0.800000	3.000000	0.134980	0.375000
Maximum	0.416320	1.000000	5.000000	0.565760	0.600000
Minimum	0.001910	0.600000	2.000000	0.016920	0.166670
Std.Dev	0.079666	0.105952	0.501610	0.104437	0.093899
Observations	125	125	125	125	125

Source: Processed Data, 2025

Based on descriptive statistical results, the average Return on Assets (ROA) of companies in the sample is 11.07%, with the highest value reaching 41.63% and the lowest 0.19%, indicating that there are quite significant differences in profitability between companies. Green Accounting (GI) has an average of 0.712, with a range between 0.600 to 1.000, which indicates that the majority of companies have implemented green accounting principles. Environmental Performance (EPS) has an average value of 3.28, with a minimum value of 2,000 and a maximum of 5,000, indicating differences in the level of environmental compliance and initiatives between companies. Corporate Risk (RP) averages 0.1554, with a fairly large variation, where the maximum value reaches 0.5658 and the minimum is 0.0169, reflecting different levels of financial risk. Meanwhile, Corporate Governance (TKP) has an average of 0.3966, with a standard deviation of 0.0939, indicating that there is variation in the implementation of corporate governance which has the potential to moderate the relationship between other variables.

Table 2. Model Estimation Test Results

Effect Test	Prob>F	Best Model		
		Determining test	(Prob>F) / (Prob>Chibar2) / (Prob>Chi2)	Description
CEM	0.0000	Chow test (CE vs FE)	0.0000	FEM
FEM	0.1195	Hausman test (FE vs RE)	0.1195	REM
REM	0.0000	LM test (CE vs RE)	0.0000	REM

Source: Processed Data, 2025

A battery of specification tests, including the Chow, Hausman, and Lagrange Multiplier (LM) tests, are used to choose the optimal model according to the outcomes of the model effectiveness test. An extremely low probability value of 0.0000 in the Chow test indicates that the Fixed Effect Model (FEM) mode, rather than the Common Effect Model (CEM), should be used. In addition, the probability of 0.1195 produced by the Hausman test is more than 0.05, suggesting that the Random Effect Model (REM) mode is the more suitable alternative to FEM. Finally, a probability of 0.0000 from the LM test proves that REM outperforms CEM. According to the results of the three tests conducted, Random Effect Mode (REM) is the most suitable mode to describe the relationship between the variables under study.

Table 3. Regression Analysis for Testing H1 to H6

Hyp	Details	Coeff	S.E	t-test	Sig	Remaks
	Coefficient	2.768747	1.636456	4.525147	0.0006	
H1	Green Accounting	1.895960	2.034283	2.742358	0.0230	Supported
H2	Environmental Performance	0.157060	1.242591	1.847426	0.0967	Not Supported
H3	Corporate Risk	0.238875	1.576607	2.688607	0.0082	Supported
H4	Green Accounting * Corporate Governance	1.553079	5.142816	3.663112	0.0099	Supported
H5	Environmental Performance * Corporate Goverance	0.089363	0.607872	1.147010	0.0683	Not Supported
H6	Corporate Risk * Corporate Governance	1.074970	3.884809	2.752633	0.0202	Supported
	R Squared			0.895699		
	Adjusted R-Squared			0.857553		
	F-statistic			25.01854		
	Prob (F- statistic)			0.000000		

Source: Processed Data, 2025

The performance of the regression model employed in this study is shown in Table 3, which contains the results of the Regression Analysis. Several important statistics were calculated to assess the model's quality, including R-squared, adjusted R-squared, F-statistic, and F-statistic probability. An R-Squared value of 0.895699 suggests that the regression model can account for approximately 89.57% of the variance in ROA, according to the analysis. The Adjusted R-Squared value of 0.857553, or 85.75%, shows that the model's strength is maintained even after accounting for changes in the number of variables. The conclusion that the association between variables in this model is not coincidental is supported by the extremely tiny Prob (F-statistic) value (0.000000 < 0.05) and the fact that the F-statistic value of 25.01854, which is more than the F-table value of 2.08878, suggests that the model overall is significant. Therefore, the company's financial performance can be explained by this regression model, which is powerful and substantial.

Table 3 displays the results of the tests conducted on the variables Green Accounting, Environmental Performance, and Corporate Risk. It also illustrates the association between these factors and the company's financial performance as assessed by Return on Assets (ROA). An improved understanding of how the studied factors affected the company's bottom line is shown by the analysis's findings. Here we will go over each hypothesis that was tested in great detail:

1. Green Accounting (GI) significantly impacts ROA, according to H1. H1 is supported by the analytical findings, which show a significant impact (t-statistic = 2.742358, probability = 0.0230).
2. H2 asserts that ROA is significantly impacted by Environmental Performance (KL). H2 cannot be supported since the study shows that there is no statistical significance (t-statistic = 1.847426, probability = 0.0967).
3. Third, according to H3, ROA is significantly affected by Corporate Risk (RP). With a t-statistic of 2.688607 and a probability of 0.0082, the analysis supports H3, indicating a substantial impact.
4. A mediator in the association between Green Accounting and ROA is Corporate Governance (CGO), according to H4. A quasi-moderating effect of CGO is demonstrated by the data (t-statistic 3.663112, prob. 0.0099), lending credibility to H7.

5. H5 states that Corporate Governance acts as a moderator in the relationship between Environmental Performance and ROA. The results of the analysis show that TKP does not play a role as a moderator because the probability value is not significant (t-statistic 1.147010, prob. 0.0683), so H8 is not supported. 6. H6 states that Corporate Governance plays a role as a moderator in the relationship between Corporate Risk and ROA. The results of the analysis show that TKP plays a role as a moderator (t-statistic 2.752633, prob. 0.0202), so H9 is supported.

Table 4. Identification of moderation test results

Independent Variable	t-Statistics / Prob	Variable Moderation	t-Statistics / Prob	Independent * Moderation	t-Statistics / Prob	Information
(GI --> ROA)	2.742358 / 0.0230	(TKP --> ROA)	2.44260 / 0.0152	(GI * TKP --> ROA)	3.663112 / 0.0099	Quasi Moderator
(KL --> ROA)	1.847426 / 0.0967			(KL * TKP --> ROA)	1.147010 / 0.0683	Not Moderator
(RP --> ROA)	2.688607 / 0082			(RP * TKP --> ROA)	2.752633 / 0.0202	Quasi Moderator

Source: Processed Data, 2025

Notes: ROA, Financial Performance; GI, Green Accounting; KL, Environmental Performance; RP, Corporate Risk; TKP, Corporate Governance.

Table 4 shows the findings of the Moderation Test, which looks at how Accounting Green, Environmental Performance, and Corporate Risk all affect financial performance as assessed by Return on Assets (ROA). TKP is the variable that modifies this connection. To what extent may TKP mitigate the effect of each independent variable on ROA? That is the question our moderation test seeks to answer. The results of the analysis show that TKP acts as a quasi moderator in the relationship between Green Accounting and ROA, as well as Corporate Risk and ROA. However, in the relationship between Environmental Performance and ROA, TKP does not show a significant moderating role. The next section goes into further detail about this discovery:

1. The association between Green Accounting and ROA is mediated by Corporate Governance (CGO), according to the moderation test (t-statistic 3.663112, prob. 0.0099). This indicates that CGO amplifies the impact of Green Accounting on Return on Assets (ROA).
2. CGO is not a moderator in the link between Environmental Performance and ROA. Environmental Performance's effect on ROA is unaffected by CGO's moderating function, according to the t-statistic value of 1.147010 with a probability of 0.0683.
3. The link between Corporate Risk and ROA is moderated by Corporate Governance (TKP) (t-statistic 2.752633, prob. 0.0202). The results demonstrate that TKP significantly affects the impact of Corporate Risk on ROA.

DISCUSSION

Green Accounting Affect Financial Performance

The impact of Green Accounting on Return on Assets (ROA), a measure of a company's financial success, is substantial, according to the research. The t-statistic result of 2.742358, with a probability of 0.0230, is lower than 0.05, indicating this. These findings support hypothesis H1 and are in line with research by (Ramadhani, 2021; Rima & Puspitasari, 2023; Ruhiyat & Kurniawan, 2024; Wardianda & Slamet, 2023) which also found the positive influence of Green Accounting on financial performance. Green accounting, which involves recording and reporting environmental impacts in financial reports, helps companies make decisions that pay attention to environmental sustainability. If the organization is able to successfully manage its environmental implications, it will improve its reputation among investors and, consequently, its financial performance. Nonetheless, previous studies have shown that Green Accounting has little effect on financial performance (Habermann, 2021; Hidayat & Aris, 2023; Simon et al., 2023), which contradicts the current findings.

Stakeholder theory, which is related to green accounting, argues that businesses should prioritize the needs of their stakeholders. Green accounting demonstrates that the firm cares about environmental concerns since it documents the influence that the company has on the environment. Consumers, the government, and the society at large are all stakeholders whose perceptions of the firm may be improved in this way. Companies may improve their financial performance by increasing consumer loyalty, employee happiness, and investor trust by strengthening the trust of stakeholders. According to the concept of stakeholder theory, which emphasizes the significance of matching the interests of related parties, Green Accounting may develop harmonious relationships with stakeholders, which in turn influences financial performance positively.

Environmental Performance Affects Financial Performance

In fact, the research found no statistically significant relationship between Environmental Performance and Return on Assets (ROA). Environmental Performance does not account for the variance in the company's financial performance, as the t-statistic value is 1.847426 and the probability is 0.0967, which is more than 0.05. This result contradicts hypothesis H2 and is consistent with previous research that found no relationship between environmental performance and financial success (Aryanti et al., 2023; Ramadhani, 2021; Rima & Puspitasari, 2023; Sumariani et al., 2024). As a result of the costs associated with implementing environmental programs, a company's profitability may take a hit. Consequently, while good environmental performance can boost a company's reputation, it may not have a major impact on financial performance. A number of studies have found that environmental performance affects financial performance (Hidayat & Aris, 2023; Kinasih et al., 2022; Ladyve et al., 2020; Ramadhani, 2021; Rima & Puspitasari, 2023), however this study's findings contradict other studies.

While this study did not find a substantial relationship of environmental performance on financial performance, Legitimacy Theory may still be used to explain it. Because they live up to society's expectations of social and environmental responsibility, companies with strong environmental performance tend to have more social legitimacy. Legitimacy theory shows that companies that operate in accordance with social and environmental norms will strengthen their image, which in turn can increase the trust of stakeholders. However, if the costs incurred for environmental programs are too high, the company is at risk of facing a legitimacy gap which can reduce financial performance. Nevertheless, companies that fail to meet social expectations will face a decline in reputation and poor financial performance, in line with legitimacy theory that emphasizes the importance of conformity between corporate practices and social norms.

Corporate Risk Affects Financial Performance

Corporate Risk also significantly affects financial performance (ROA), according to the research. Despite the inherent uncertainty, high risk might present the organization with more lucrative opportunities, as shown by the t-statistic value of 2.688607 and the likelihood of 0.0082, both of which are less than 0.05. Consistent with previous studies showing that business risk positively affects financial performance, our results provide credence to hypothesis H3. (Octavia & Ardini, 2023; Putri & Rifa, 2022). Higher risk can be associated with greater opportunities for returns, although companies need to have good risk management to avoid experiencing financial instability. Effective risk management can influence financial performance in a positive way.

In the context of Age Strategy, good risk management is closely related to the company's financial performance. Agency theory explains that management is responsible for managing company risks in the interests of the owner. In this case, companies that are able to manage risk carefully and strategically can create long-term financial stability and improve financial performance. Management that has a commitment to sustainability will tend to be more careful in identifying and managing risks, so as to reduce potential losses and ensure continued growth. Therefore, well-managed company risk can increase financial stability and performance, in support of the Agency Theory, which states that managers should strive for a balance between their agents and principals.

Corporate Governance Moderates the Effect of Green Accounting on Financial Performance

The association between Green Accounting and financial performance (Return on Assets/ROA) is mediated by Corporate Governance (TKP), according to the moderation test. This is supported by a t-statistic of 3.663112, which is less than 0.05, and a probability of 0.0099. This indicates that Green Accounting has a stronger impact on financial performance when Corporate Governance is present. In agreement with these findings are studies by H (Putri & Rifa, 2022; Ramadhani, 2021; Wardianda & Slamet, 2023), while in disagreement with (Ruhiyat & Kurniawan, 2024) are the findings of M.

Due to the increased credibility of financial reports that incorporate environmental consequences, a more robust link between Global Accounting and financial success may be achieved through transparent and responsible corporate management that adheres to the principles of good governance. Companies that apply Green Accounting with the support of good governance will gain more trust from stake holders, which in turn supports increased company financial performance. Therefore, the application of Green Accounting in a corporate context with good governance can have a more significant impact on financial performance.

Corporate Governance Moderates the Effect of Environmental Performance on Financial Performance

The findings of the moderation test indicate that TKP does not have a significant moderating role in the link between Environmental Performance and financial performance (ROA). The impact of Environmental Performance on financial performance is unaffected by Corporate Governance's moderating effect, according to a t-statistic value of 1.147010 and a likelihood of 0.0683. Corporate governance can mitigate the association between environmental performance and financial success, according to study by Ramadhani (2021), however this research contradicts that finding.

While it's true that stakeholders would view corporations with strong environmental performance in higher esteem and that these companies would have more social legitimacy, their influence on financial performance may not always be reinforced or moderated by corporate governance. This shows that although Corporate Governance is important in increasing stakeholder confidence, the influence of Environmental Performance on financial performance is not always directly related to existing governance, especially if high environmental costs reduce profitability. Thus, good environmental management is not always balanced by improved financial performance if the costs incurred are too large.

Corporate Governance Moderates the Effect of Corporate Risk on Financial Performance

Corporate Governance also acts as a moderator in the relationship between Corporate Risk and financial performance (ROA). The results of the moderation test show a t-statistic of

2.752633 with a probability of 0.0202, which is smaller than 0.05, which means that crime scene has a strong influence on corporate risk on financial performance.

This indicates that risk management carried out well within the framework of effective corporate governance can minimize the negative impact of high risks on the profitability of the business. In Agency Theory, this is in accordance with the principle that management acts in accordance with the interests of the owner (principal) and manages risk strategically can create stability and better profitability. Having solid company policies in place, companies are better able to identify and manage risks effectively, which contributes to improving long-term financial performance.

CONCLUSION

Based on the statistically significant findings regarding Return on Assets (ROA), this study concludes that Green Accounting positively impacts the financial performance of the organization. It is evident that including environmental consequences in financial reporting may enhance the company's reputation and encourage sustainable decision-making, ultimately leading to improved financial results. Although environmental performance can boost a company's image, it can cut into profits if implementation costs are too high. This is demonstrated by the fact that environmental performance has no discernible effect on financial performance. Management must exercise caution so as not to cause financial instability, but corporate risk does have a beneficial effect on financial performance when done properly, opening the door to potential for higher returns.

By mediating the connection between Green Accounting and financial performance, Corporate Governance (TKP) amplifies the beneficial effect of Green Accounting on financial performance. Contrarily, TKP does not moderate the connection between environmental performance and financial performance to a substantial degree, indicating that good corporate governance does not necessarily make environmental performance a stronger predictor of financial success. When it comes down to it, TKP acts as a moderator between risk and financial performance for corporations by amplifying the beneficial effect of well managed risk on financial performance.

In sum, this study's findings highlight the significance of excellent corporate governance and Green Accounting for optimum financial performance and the necessity of adequate risk management for establishing stability and profitability over the long run.

LIMITATION

The limitations of this research include several aspects that need to be paid attention to. Firstly, the data used is limited to manufacturing companies listed on the Indonesian Effect Exchange during the 2019-2023 period, so the results may not be generalizable to other sectors or regions. Second, this research uses secondary data from company financial reports which can be influenced by different reporting policies between companies. Third, although various relevant variables have been included in the model, there are likely other external factors that influence financial performance that cannot be measured in this study. Lastly, green accounting measurements that use dummy variables can result in limited interpretation of the company's environmental policy impacts.

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