

Implementation of Green Economy and Green Accounting in International Companies

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ABSTRACT

The aim of this study is to investigate how the Green Economy and Green Accounting can be applied in an international business context. This study uses a descriptive approach that aims to provide an objective picture of the use of the Green Economy in international business. This approach gathers valuable data to describe the relevant facts, and then generates detailed conclusions regarding the issue, event, or phenomenon being studied. The importance of the green economy is increasingly felt in the evaluation of business impacts on the environment and in encouraging sustainable business practices.

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1. INTRODUCTION

With the increasing globalization of the economy and industrialization, non-renewable resources have experienced a significant decline. This results in environmental damage and natural disasters due to the excessive use of various types of fuels. Therefore, it is important to find global solutions to this problem and explore alternative energy sources to overcome the depletion of natural resources.

Since the beginning of the 21st century, many countries have begun to realize that the economy, development, and environmental sustainability must be considered in a balanced manner. The increase in economic activities related to the use of resources is a major challenge for humans who are highly dependent on nature and the environment. This not only threatens the limited supply of resources, but also has a serious impact on the ecosystem (Guo, 2012).

The green economy, according to the United Nations Environment Programme (UNEP) as quoted by Liani (2021), is an economic system that aims to improve living standards and social justice, while physically reducing risks to the environment and ecological damage. The GEC (Green Economy Coalition) also emphasizes that the green economy is part of economic activities that aim to create prosperity for all parties, regardless of limitations (Liani, 2021).

This study aims to investigate how green accounting and environmental performance affect the profitability of leading industrial companies listed on the Indonesia Stock Exchange (IDX) during the period 2017-2021. A company's operational activities can have a significant impact on the environment, so preventive measures are needed to mitigate further damage. However, in the context of social and environmental responsibility, the financial aspect is also a crucial consideration.

The independent variables of this study are green accounting and environmental performance. The dependent variable is the profitability of the company. This study also included a control variable, namely firm size. The research population consists of leading industrial companies listed on the Indonesia Stock Exchange (IDX) in the period 2017-2021. The sample was selected using the purposive sampling method, with a total of 69 selected companies and 255 observation data analyzed in this study.

Based on the results of the study using a multiple linear regression test with the SPSS 25 program, the following findings were obtained:

1. Green accounting does not have a significant effect on the company's profitability.
2. Environmental performance has a significant positive effect on the company's profitability.
3. Firm size has a significant negative effect on the company's profitability.

This means that in the context of leading industrial companies listed on the Indonesia Stock Exchange (IDX) in the period 2017-2021, factors such as green accounting practices and environmental performance have different implications on a company's profitability, while company size has a significant negative impact on profitability.

According to Saleem, Khattak, & Rehman (2021), the results of the study from 1977 to 2020 show that the study of green marketing has increased significantly, especially in the last five years. During this period, a total of 1025 scientific articles have been published in 634 journals indexed in the Web of Science (WOS). The study also evaluated the ten most productive countries in the study. A large number of institutions from developing and developed countries compare each other based on the number of articles and citation scores in the context of keywords and analysis of three factors: green marketing, sustainability, and sustainable development. These areas, including environmental marketing and sustainable marketing, have attracted significant attention in this research.

However, data from 2009 to 2019 show a downward trend in studies or studies that use the term "green economy", as seen in Figure 1 below. This may indicate that attention in research has shifted to other terms that are more directly related to the business world, such as sustainable marketing, green tourism, green marketing, sustainable development, and environmental marketing (Gurning & Tangkau, 2022; Government, DeLacy, & Jiang, 2019).

2. METHOD

Descriptive or more research is a type of research that is used to provide an objective picture of a particular event or phenomenon using valuable data. Its main purpose is to provide an in-depth understanding of the problem, event, or phenomenon being researched, and to produce detailed conclusions based on the analysis of the facts and data collected. In the context of this study, the researcher uses a descriptive approach to describe the phenomenon of green economy or green economy practices in global business. By collecting

relevant and valid data, this study aims to provide a clear and objective picture of how the green economy is implemented and its impact on the environment.

This approach not only records what happened, but also tries to explain why and how the phenomenon occurs. Thus, this descriptive or more research is expected to provide in-depth and useful insights for the understanding and management of the green economy in the future.

3. RESULTS AND DISCUSSION

There is no doubt that Anglo-American accounting practices have influenced accounting standards around the world, including in Europe, Asia, Latin America, and many other regions. The practice was not only dominant in the United States and the United Kingdom, but it was also widespread in countries such as Australia, Canada, Hong Kong, India, Ireland, Kenya, Malaysia, New Zealand, Nigeria, Singapore, and South Africa, all of which had significant colonial influence from the British.

Anglo-American accounting tends to be more equity-oriented, less conservative, and more transparent compared to accounting practices in Latin or East Asian countries such as Japan. This reflects differences in approaches to financial information disclosure, risk evaluation, and disclosure in financial statements between various accounting systems around the world.

Amerika Serikat

The United States remains the world's largest economy in almost every measure, such as GDP, investment, carbon emissions, energy consumption, institutional strength, and corporate ownership. This gives the country significant influence in international politics. In addition, to achieve structural change in a more sustainable global economy, a strong and sustained commitment to the green economy from major countries such as the United States is needed.

Commitment to a green economy involves efforts to reduce environmental impact, promote energy efficiency, improve clean technology, and strengthen policies that support sustainable economic growth. With its dominant position in the global economy, the United States has the potential to lead and influence steps toward a greener economy at the international level.

As such, the latest efforts in green government initiatives from the local, provincial, and federal levels are highly appreciated. Democratic lawmakers at all levels have shown a renewed readiness to push green issues. These measures include a plan to achieve carbon neutrality by 2050 with a target of reducing new gas and oil exploration by 2030, as well as major investments in green infrastructure. In addition, there are also ambitious targets for renewable energy at the state level, as well as programs such as Green Jobs, Electric Vehicles, and Energy Efficiency Plans. These measures also reflect a response to global climate challenges and efforts to improve the quality of life for U.S.

The socio-political picture in the United States presents a variety of challenges. The country still lags far behind in terms of universal health care systems, state-funded pre-school education, paid sick or maternity leave mandates, and more generous unemployment support when compared to the average of other OECD countries. Wealth inequality is also on the rise, which was high before the COVID-19 pandemic and further deepens the social and political gap between the "elite" and the increasingly marginalized lower classes. Inequalities in access to essential services such as health care and education reflect a major challenge in achieving broader social equity in the United States. Growing wealth inequality also exacerbates social and political tensions in society. This is a complex issue and requires serious attention in an effort to improve social and economic conditions in the country.

In response, the Biden administration has passed legislation requiring 40% of the benefits of federal investment in the environment to be distributed to disadvantaged communities. In addition, the American Jobs Plan, which aims to create jobs and long-term investment in infrastructure in the wake of the COVID-19 pandemic, allocates billions of dollars to rehabilitate former coal, gas, oil, and mineral mining fields. These locations are often a source of environmental violations, especially in poorer non-white communities.

The statement that the United States has entered a "circle of democratic catastrophe", where institutional uncertainty accelerates social chaos and ideological radicalism, which leads to a decline in the standards of governance, illustrates significant concern about the current political situation. While some may consider this to be exaggerated, it is undeniable that American politics today faces an incredible level of instability. The level of institutional uncertainty, intense debate about public policy, and increasing political polarization have led to many questions about the future direction of U.S. policy as well as the U.S. role in global leadership. Various problems, including internal challenges such as socio-economic inequality, inequality in access to public services, and deepening political conflicts, further complicate efforts to achieve political

consensus and stability. So, while there may be some overestimation in some respects, there are clear indications that U.S. politics is currently experiencing an unprecedented period of instability, with far-reaching implications both domestically and globally.

Japan

Japan has taken serious steps in addressing waste and resource management problems by implementing strict laws and regulations. One of them is the Basic Law for Building a Basic Plan for the Sound Material Cycle Society, known as the Basic Law. This law aims to promote the efficient and sustainable use of resources. Under this Basic Law, Japan implements waste management laws and regulations that include additional rules for separate processing. This rule applies to a wide range of products and materials, including packaging, food, building materials, household appliances such as refrigerators, washing machines, air conditioners, and TVs, as well as vehicles. The main purpose of these rules is to reduce the amount of waste generated, promote the recycling and reuse of materials, and improve the overall efficiency of resource use. These measures reflect Japan's commitment to becoming a more sustainable country in environmental and resource management.

The following are the responsibilities of each ministry related to the implementation of the voice material cycle in Japan:

1. Ministry of the Environment (MoE): The MoE is responsible for the basic laws governing the cycle of sound materials in Japan. They are tasked with overseeing municipal waste management and ensuring the implementation of policies to promote the efficient use of resources.
2. Ministry of Economy, Trade and Industry (METI): METI is responsible for the efficient use of materials and encourages recycling practices in the private sector. They are involved in developing policies and regulations to ensure that the industry adopts sustainable practices in materials and waste management.
3. Ministry of Agriculture, Forestry, and Fisheries (MAFF): MAFF is responsible for the flow of biomaterial materials in the context of the sound material cycle. They focus on managing and monitoring organic and biomaterial flows to support sustainable agriculture, forestry, and fisheries sectors.

Each ministry has a special role in supporting Japan's goal of creating a more sustainable society through efficient and sustainable management of resources and waste. This inter-ministerial cooperation is important to ensure the effective implementation of the country-wide sound material cycle policy.

Based on the Constitution of Japan, the basis for the development of the Material Cycle Society was first created in 2001. This plan was later revised to become the second basis for the development of the Material-Cycle Society (SMC), which came into effect in March 2008. The concept of SMC Society, as stipulated in Japanese law, refers to a society that consumes natural resources in a controlled manner and seeks to reduce ecosystem problems by promoting the 3Rs: reduce, reuse, and recycle.

This revision of the basic plan is based on a document approved by the cabinet in June 2007 known as the "State Strategy Towards a Superior Environmental Society in the 21st Century". This document covers strategies for building a sustainable society in Japan. In addition, this revision is also based on three evaluations conducted by the Japanese government related to the implementation of environmental policies.

The main goal of the SMC Society is to promote sustainable resource management, reduce waste, and improve efficiency in the use of natural materials. These measures are in line with Japan's commitment to become a leader in global environmental issues and to achieve economic, social, and environmentally sustainable development.

4. CONCLUSION

The green economy is an economic model that not only encourages economic growth and income, but also aims to improve the relationship between economic progress and environmental sustainability. This is especially relevant when a country's wealth is measured by its natural assets, not just economic productivity. The implementation of the green economy has been proven to reduce social disparities between countries and reduce global poverty rates. Studies show that the adoption of the green economy can drive technological change that supports the implementation of long-term plans that are environmentally friendly. By utilizing natural resources and generated waste back into the manufacturing process, the green economy can reduce the amount of pollution generated by economic activities. To achieve this goal, the government needs to adopt various policies that promote sustainable economic segmentation. This involves developing incentives for clean technologies, strict environmental regulations, and support for innovation in sustainable

production-practices. Thus, the green economy not only allows for sustainable economic growth, but also protects the environment and improves overall social well-being.

The need for the establishment of a new economic framework that can be applied without neglecting the basic principles of sustainable development is increasingly urgent. The green economy aims to address global challenges such as environmental degradation, climate change, and socioeconomic inequality. The green economy model emphasizes the importance of treating natural resources responsibly, minimizing pollution, and encouraging environmentally friendly technological innovation. In this way, the green economy not only strives to create sustainable economic growth, but also to integrate sustainability principles in every aspect of economic activity.

It is important to implement public policies that support the transition to a green economy, such as incentives for clean technologies, strict regulation of waste and emissions, and funding for research and development in green technologies. This framework must integrate social, economic, and environmental aspects in order to achieve sustainable development goals holistically. Thus, the green economy is not only a concept, but a systemic view that is needed to answer current and future global challenges.

To reduce poverty, the green economy aims to involve vulnerable social sectors in order to achieve sustainable economic development. This is done by prioritizing the maintenance of a healthy and decent environment. The green economy model emphasizes the importance of utilizing natural resources sustainably for the long term, without damaging the environment. In addition, the green economy also prioritizes social inclusion, which means paying attention to the needs and welfare of the underprivileged and vulnerable communities. This can include approaches such as green infrastructure development, access to renewable energy, and job creation in environmentally supportive sectors. By promoting a green economy, it is hoped that more equitable and sustainable economic opportunities can be created for all levels of society. These measures not only help reduce poverty, but also support economic growth that does not harm the environment and improve the overall quality of life.

Renewable energy is a key sector in efforts to decarbonize the global economy and achieve climate change goals. To drive the Green Recovery, there are specific strengths of public policy scenarios that must be applied. The principles of green economy development refer to the alignment of economic recovery measures with the achievement of climate change mitigation and medium- and long-term sustainability goals. Countries need to strengthen pro-nature policies by setting targets for sustainable, results-oriented natural capital. This includes ensuring consistent availability of funds to formulate and implement effective environmental policies, as well as considering long-term recovery targets.

The government must also strive to minimize gaps in policy, such as identifying and reducing the negative impact of policies or programs on natural capital. This includes addressing critical environmental regulatory deficiencies and leveraging lessons from green recovery initiatives around the world. In addition, it is important for governments to collaborate globally, regionally, and nationally with stakeholders to achieve global goals and commitments in climate change. This collaboration can result in a robust framework to drive transformation towards a greener and more sustainable economy. By effectively implementing these principles, it is hoped that a faster and more efficient transition to a low-carbon and environmentally friendly economy can be achieved, as well as ensuring the sustainability of natural resources for future generations.

Research shows that the implementation of the green economy can provide significant benefits both in the short and long term. Fundamentally, the green economy can be considered a tool to overcome the economic challenges faced by various countries around the world. By implementing the right policies, as well as involving supervision and participation from various related parties, the green economy has the potential to achieve its goals. This includes improving the balance between economic growth and environmental protection, reducing carbon emissions and pollution, and promoting sustainable technological innovation.

The success of the green economy can also provide far-reaching benefits, both for the country and the international community as a whole. This includes improving social welfare, creating new jobs in green sectors, and contributing to global economic stability. However, to achieve the full potential of the green economy, it is important to adopt a holistic and sustainable approach to policy planning and its implementation. This requires cooperation between countries, strong regulations, investment in research and development of environmentally friendly technologies, and awareness of the importance of protecting natural resources for future generations..

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