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Accounting Students' Perception of Green Accounting: Implications on Financial Performance and Corporate Sustainability

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ABSTRACT

This study aims to explore the perception of accounting students toward green accounting and its implications for financial performance and corporate sustainability. The method used is a qualitative method with a phenomenological approach to understanding student perceptions in depth as 60 students in the accounting program semester 4 in Bumigora University. The data collection technique was carried out through in-depth interviews with students of the accounting study program. The instrument used is a semi-structured interview guide that allows for further exploration flexibility. The study results show that accounting students have a progressive view of green accounting, corporate sustainability issues, respecting corporate social responsibility and environmental impact. These findings emphasize the importance for companies to implement green accounting and pay attention to the environmental impact of the company's operational activities so as not to damage the environment which will have a positive impact on the company's sustainability and financial performance in the long term

Keywords*: Perception, Green accounting, financial performance, and corporate sustainability.*

1. INTRODUCTION

Awareness of sustainability issues and corporate social responsibility is increasing, especially among the younger generation. They have unique views on social and environmental issues. The importance of environmental sustainability as a strategic goal to improve corporate performance, which includes social, economic, and environmental aspects—has grown over the past few years (Astari et al., 2023) . Companies are increasingly recognizing the importance of corporate responsibility for long-term success, especially in terms of environmental sustainability (Blome et al., 2014) . As a result, investing in environmental sustainability has emerged as a key focus for many companies, driven by the realization that such investments can provide a competitive advantage through demonstrating a commitment to addressing environmental challenges. This proactive approach enhances financial success in addition to attracting clients, capital, and talent (Yong et al., 2020) . Furthermore, outside the corporate sector, various stakeholders including social organizations and educational institutions have also taken a role in

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promoting environmental sustainability. (Kamble et al., 2020) .

Green accounting is a term that refers to an accounting method that discloses accounts related to costs incurred for the environment (Murti, 2023) . Users of the company's financial statements will receive an overview of the company's environmental activities and costs through the disclosure of environmental activities and costs in the company's annual report. This can help users in making decisions about the company's programs related to environmental conservation in the future.

Green accounting is one of the factors that contribute to financial performance. Corporate financial performance is becoming an increasingly important concern for shareholders and other stakeholders in the new economy on a global scale. The literature on corporate value has grown in this context as new aspects are gradually added (Buallay, 2020) . This is due to the multidisciplinary nature of the subject being studied (Battisti et al., 2020) . In addition, sustainable business development also plays an equally important role in the company.

Sustainability is a management paradigm that today's key business leaders need to address if they are to make their companies successful (Fakir & JUSOH, 2020) . Businesses that do not address sustainability issues will almost certainly go out of business (Abbas & Sağsan, 2019) . According to Napitupulu et al., (2024) the ability to incorporate sustainability into corporate strategy and stakeholder engagement will determine which businesses will thrive in the 21st century and which will fail. The idea of Corporate Sustainability is broken down into its constituent parts, namely: sustainable development policy; sustainable development planning; sustainable development implementation; sustainable development communication; and sustainable development review and corrective action. According to Ashrafi et al., (2019) these five stages can be conceptualized by looking at four different indicators: economic, technological, social, and environmental.

The object of research in this study is accounting students at Bumigora University semester 4. This study aims to explore accounting students' perceptions of green accounting and its implications for financial performance and corporate sustainability. Research by (Ortas Fredes & Moneva Abadía, 2019) shows that despite increasing awareness of interest, many accounting professionals have not fully understood or implemented the concept of green accounting in their practice. This creates a research space that needs to be filled to understand how this new generation will impact the market in the future.

This study offers novelty by focusing on the perception of the younger generation towards green accounting as a research object, which has not been widely studied in the context of social and environmental responsibility accounting. This is different from previous studies that focused more on Generation Z or other age groups.

By examining their views on environmental accounting practices, this study can provide new insights into how companies can adapt their financial

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strategies to be more relevant to the values of the younger generation as potential future investors.

2. LITERATURE REVIEW

According to Rounaghi, (2019) Green accounting refers to an accounting system that integrates environmental considerations into a company's financial reporting and decision-making process. It involves identifying and quantifying the environmental costs and benefits of a company's activities and incorporating this information into the financial statements. Green accounting is used to help companies assess the sustainability of their operations by providing a comprehensive view of their environmental impacts and financial performance. Environmental accounting, on the other hand, is a broader concept that encompasses the measurement and reporting of all environmental impacts, including those not directly related to a company's financial performance. The purpose of using green accounting and environmental accounting together is to identify the environmental costs of a company's activities and the sustainability indicators that can be used to measure its environmental performance.

Green accounting refers to an accounting system that considers the economic, social, and environmental costs and benefits of a company's activities (Purnomo et al., 2021) . It is a framework that allows companies to measure, monitor, and report their environmental impacts alongside their financial performance. Green accounting includes both financial and non-financial information and helps companies evaluate the effectiveness of their environmental management systems, identify areas for improvement, and make informed decisions that balance economic growth with environmental sustainability.

According to Tobing et al., (2019) Green accounting refers to an accounting system that incorporates environmental considerations into a company's financial reporting and decision-making process. It involves measuring and reporting the environmental costs and benefits of a company's activities, and incorporating this information into the financial statements. Sustainable green accounting systems are designed to promote sustainable practices by providing a comprehensive view of a company's environmental impacts and their economic implications.

The study by (Ulupui et al., 2020) aimed to analyze the effect of green accounting and Material Flow Cost Accounting (MFCA) on environmental performance. The results indicate that green accounting and CSR disclosure positively affect profitability, suggesting that companies that implement green accounting and disclose their CSR activities are more profitable than those who do not. The study also found that the size of the company and leverage have a significant effect on profitability.

3. RESEARCH METHOD

The research method used in this study is a qualitative descriptive method in the form of written or spoken words from people and informants who can provide direct information needed by researchers. This qualitative study aims to explore the perceptions of 60 4th semester accounting students at Bumigora University located in Mataram City, West Nusa Tenggara.

3.1. Data Collection Techniques

The qualitative data collection technique used in this study was In-Depth

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Interviews. This technique aims to explore students' individual views and perceptions regarding the concept of green accounting and its impact on financial performance and corporate sustainability. The instrument used was a semi-structured interview guide that allows for flexibility in deeper exploration. Interviews were conducted face-to-face and through the online platform google meet. Each interview was transcribed for further analysis.

3.2 Operational Definitions of Variables

In this study, the data source used is qualitative primary. This data was obtained directly through interviews with 4th semester accounting students of Bumigora University. The research variables were measured using certain indicators. Green accounting indicators are understanding of green accounting, attitudes towards green accounting, knowledge of green accounting implementation, green accounting challenges, beliefs about sustainability and financial performance. The implications of green accounting on the company's financial performance are measured by several indicators, namely the impact on profitability, environmental cost management and sustainable investment. The implications of green accounting on corporate sustainability are measured using the following indicators, namely contribution to environmental sustainability, corporate social responsibility, impact on reputation and relationships with stakeholders (customers, investors and government).

3.3. Data Analysis Techniques

The qualitative data analysis technique that can be used in this study is **Thematic Analysis.** Thematic analysis is a technique used to identify, analyze, and report patterns or themes that emerge in qualitative data. This technique is very suitable for research that focuses on an in-depth understanding of the perceptions and views of individuals or groups, such as those in this study. The steps of thematic analysis are data familiarization, coding, searching for themes and patterns, reviewing themes, and compiling reports as a form of data interpretation. In this report, it will be formulate key findings based on the themes found that describe how students view green accounting in relation to financial performance and corporate sustainability.

4. RESULTS AND DISCUSSION

The results of this study were obtained through in-depth analysis of data collected from various informants through in-depth interviews on the topic of green accounting and accounting students' perceptions. This section will discuss the results of the study in detail, including an analysis of accounting students' perceptions of green accounting, implications for the company's financial performance, and implications for the company's sustainability.

4.1. Results

4.1.1 Accounting Students' Perceptions of Green Accounting.

Based on the results of interviews conducted with 60 accounting students at Bumigora University, various interesting findings were found related to their perceptions of green accounting. Most students (89%) said that they had heard of green accounting, but only 55% really understood the concept in depth. They identified that green accounting focuses on recording and reporting the environmental impacts generated by company activities, such as waste

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management and use of natural resources.

As many as 60% of students stated that they support the implementation of green accounting in the workplace, arguing that it can increase corporate transparency and support environmental sustainability. However, another 20% doubt the widespread implementation of green accounting in companies due to challenges in measuring environmental impact accurately and additional costs that may arise from implementing a more complex environmental reporting system. Meanwhile, 20% of students feel neutral and tend not to have a clear view regarding the implementation of green accounting.

In terms of acceptance of sustainability, most students (80%) considered the importance of environmental issues and how accounting can help companies be responsible for sustainability. Regarding the challenges faced in implementing green accounting, almost half of the respondents (47%) stated that the lack of clear guidelines and standards on how to measure and report environmental impacts was a major obstacle. Several students also highlighted the lack of adequate technological facilities to support such measurements, as well as the resistance of companies in allocating resources to implement green accounting.

Overall, the interview results show that although accounting students show a high awareness of the importance of green accounting, they are also aware of the major challenges in its implementation, especially related to limited understanding and limited facilities and resources in the workplace. This is in line with the results of research conducted by Hamizar et al., (2024) , which shows that today's young generation demands companies to focus not only on profitability, but also on sustainability and corporate social responsibility.

4.1.2 Implications of Green Accounting on Corporate Financial Performance.

Based on the interview results, most respondents (75%) showed a positive view of the implications of green accounting on the company's financial performance. They argued that the implementation of green accounting, although requiring a large initial investment, can provide significant long-term benefits for the company. Students who supported this view stated that by integrating environmental factors into financial statements, companies can improve their reputation and image in the eyes of consumers, which in turn can increase sales and profits.

However, about 25% of students expressed concerns about the direct impact of green accounting implementation on the company's short-term financial performance. They argued that the costs incurred to implement a more transparent environmental reporting system could reduce the company's profits in a certain period, especially for companies that are not financially ready or those operating in industries with low profit margins.

In addition, 68% of students felt that the implementation of green accounting has the potential to reduce the company's financial risk in the long term, because it can reduce the impact of increasingly stringent laws and regulations on environmental issues. They believe that by paying attention to sustainability aspects, companies will be better prepared to face regulatory changes and demands from investors who are increasingly paying attention to environmental factors in making investment decisions.

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Although there are differences of opinion regarding the direct impact of green accounting on the company's financial performance, many accounting students agree that the implementation of green accounting has a positive effect on the company's financial performance. This study is in line with the research conducted by (Lindawati et al., (2022) ; Lusiana et al., (2021) ; (ENDIANA et al., 2020)) which states that green accounting has a positive effect on the company's financial performance.

4.1.3 Implications of Green Accounting for Corporate Sustainability.

Based on the interview, most of the respondents (82%) have a positive view of the implications of green accounting on corporate sustainability. They argue that the implementation of green accounting can help companies manage natural resources more efficiently and reduce negative impacts on the environment, which in turn supports the company's sustainability goals. Students who support this view believe that by paying attention to environmental aspects in financial reports, companies can identify areas that need improvement in their operations, thereby reducing waste and increasing efficiency.

Meanwhile, 33% of students believe that green accounting is not only useful for improving a company's environmental performance but can also strengthen relationships with stakeholders such as consumers, investors, and regulators who are increasingly paying attention to sustainability issues. They believe that companies that are transparent in environmental reporting will be more appreciated and trusted, which can support the sustainability of the company's operations in the long term.

The results of this study indicate that most accounting students believe that green accounting has an important role in supporting corporate sustainability, despite challenges in its implementation. They believe that with proper adoption, green accounting can strengthen the company's position in facing future sustainability demands. This is in line with the research (Blome et al., 2014) which shows how important corporate responsibility is for the long-term success and sustainability of the company. According to (S. Napitupulu et al., 2020) , the company's ability to incorporate sustainability into corporate strategy and stakeholder engagement will determine the company's business success.

4. 2 . Discussion

This study aims to understand accounting students' perceptions of green accounting and its implications for financial performance and corporate sustainability. Data obtained through in-depth interviews with 60 accounting students revealed several interesting key findings.

Most respondents stated that they understand the importance of green accounting in the context of corporate sustainability. One dominant theme was the belief that green accounting can improve a company’s reputation in the eyes of stakeholders. One informant stated, *“When companies report their environmental impacts transparently, I think it shows high responsibility, and this will make the company more trusted by investors and the public.”*

However, there is variation in views regarding the implications of green accounting on financial performance. Most respondents believe that implementing green accounting can provide long-term economic benefits, such as reducing operational costs through resource efficiency. This is reflected in the statement of one student, *“Although it may be expensive at first,*

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investing in green practices will provide financial benefits because companies can reduce waste and save energy."

On the other hand, some respondents were concerned about the initial cost of implementing a green accounting system, which was considered significant. One respondent said, *"Small companies may have difficulty implementing green accounting because they have to spend a lot of money to comply with environmental reporting standards."* This opinion shows an awareness of the practical challenges that companies may face in integrating sustainability principles.

The study also covered students' perceptions of the impact of green accounting on corporate sustainability. Most respondents believed that companies that prioritize environmental reporting have a better competitive advantage in the capital market. One student argued, *"investors are now more interested in environmentally friendly companies. If companies implement green accounting, they can win the hearts of investors."*

From these findings, it can be concluded that accounting students have a positive perception of green accounting, although there are some concerns about the cost of implementation and lack of technical understanding. Therefore, further efforts are needed to provide more in-depth education through the curriculum and other academic activities, such as seminars or special training related to green accounting.

5. CONCLUSION

This study found that students' perceptions of green accounting were generally positive. Students understood green accounting as a company's effort to demonstrate responsibility towards environmental and social sustainability issues. They believed that implementing green accounting could provide benefits to the company's financial performance, especially in the long term, through operational cost efficiency and better resource management. However, some students also highlighted the challenges faced by companies, such as the high initial cost of implementation, which can be a barrier, especially for small companies.

In addition, students see that green accounting contributes to corporate sustainability through improved reputation, stakeholder trust, and competitive advantage. Students have an optimistic view of green accounting as one way to achieve corporate sustainability.

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