

The Effect of Green Accounting and Leverage on Company Financial Performance with Good Corporate Governance as a Moderating Variable

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Article Info	Abstract
<p>Keywords:</p> <ul style="list-style-type: none">○ Green Accounting○ Leverage○ Good Corporate Governance○ Financial Performance	<p>Purpose – This study aims to obtain empirical evidence on the influence of green accounting and leverage on financial performance with good corporate governance as a moderating variable.</p> <p>Design/methodology/approach – This study uses a quantitative research design. The sample consists of 52 property and real estate companies listed on the Indonesia Stock Exchange from 2020 to 2024. The analysis techniques used to test the hypotheses are multiple regression analysis and moderation interaction regression using EViews 9 software.</p> <p>Findings – The results of this study indicate that green accounting has a negative effect and is not statistically significant on financial performance. Furthermore, leverage has a negative effect and is not statistically significant on financial performance, and good corporate governance has a negative effect and is not statistically significant on financial performance. However, good corporate governance does not strengthen the influence of green accounting on financial performance, and good corporate governance does not strengthen the influence of leverage on financial performance.</p> <p>Research limitations/implications – This study discusses financial performance and other factors such as green accounting, leverage, and good corporate governance, focusing on companies in the property and real estate sector. This study contributes new insights by positioning good corporate governance as a moderating variable that strengthens the relationship to explain variations in corporate financial performance amid increasing demands for sustainable business practices.</p>
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INTRODUCTION

The property and real estate sector plays an important role in supporting Indonesia's economic growth due to its links to the construction, manufacturing, and financial services sectors (Ratnaningtyas & Suwaidi, 2021). Population growth, lifestyle changes, and government support through various strategic programs strengthen this sector's contribution to the economy. One such initiative is the construction of three million homes within the first 100 working days of the new administration in 2025, targeting low-income households (MBR). As of January 2025, 87,736 subsidized houses have been realized through FLPP, Tapera, and incentives in the form of BPHTB exemption, accelerated PBG permits, and elimination of local

levies (Antaranews, 2025). This program is expected to have a multiplier effect on the national economy through increased related industrial activity and employment.

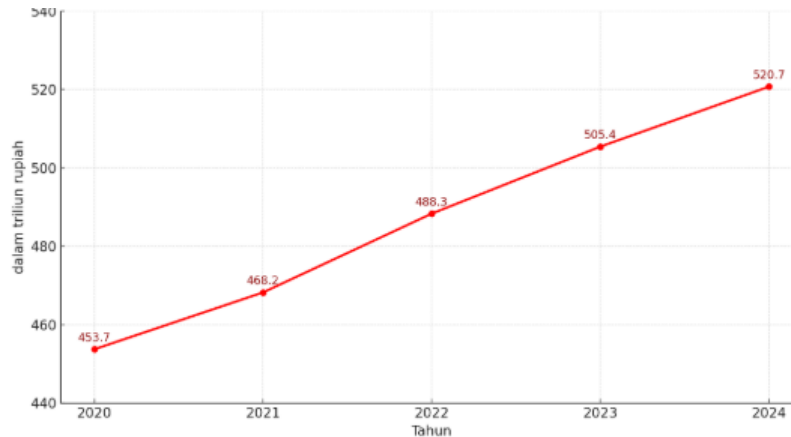


Figure 1. Gross Domestic Product Value Development

Source: Central Statistics Agency (BPS)

Based on data from Statistics Indonesia, the GDP value of the property and real estate sector has increased consistently from IDR 453.7 trillion in 2020 to IDR 520.7 trillion in 2024, reflecting a positive contribution to national economic growth. This increase also has an impact on the financial performance of companies, which is a key indicator in attracting investor interest.

However, the financial performance of property issuers showed mixed dynamics in the first quarter of 2025. Several companies showed positive revenue and net profit growth, such as PT. Ciputra Development Tbk (CTRA) and PT. Pakuwon Jati Tbk (PWON), which showed stable performance amid industry challenges. Meanwhile, others experienced a decline in net profit, such as PT. Bumi Serpong Damai Tbk (BSDE), PT. Pantai Indah Kapuk Dua Tbk (PANI), and PT. Summarecon Agung Tbk (SMRA). These differences in performance were due to several factors, including high cost of revenue from the companies' main segments. For example, BSDE experienced pressure from a decline in revenue recognition in the land and building segment, while PANI recorded an increase in cost of goods sold and general administrative expenses (Kontan, 2025). This condition reflects that although the industry's prospects are generally promising, the performance of each company is highly dependent on internal efficiency and cost management strategies.

One factor that affects financial performance is green accounting. This approach integrates environmental aspects into financial reports, thereby promoting cost efficiency, transparency, and a positive corporate image (Nianty et al., 2023). Given that the property sector accounts for 36% of global energy consumption and 39% of carbon emissions (IEA, 2023), the application of green accounting is crucial in supporting sustainability. A number of studies show that the implementation of green accounting, as reflected in the amount of environmental accounting disclosures, can encourage environmental performance, which ultimately has a positive impact on financial performance (Adikasiwi et al., 2024; Mubarokah et al., 2024; Ramadhani et al., 2022; Septiani & Khairunnisa, 2025). However, not all studies support these findings. (Prijiyanti & Aqamal Haq, 2023) found that manufacturing companies in 2016–2020

tended to view PROPER only as a legal formality to meet the standards of the Ministry of Environment, so that its impact on environmental performance was not optimal. In line with this, (Majidah & Aryanty, 2022) in manufacturing companies in 2019–2020 stated that green accounting actually had a negative and insignificant effect on financial performance.

In addition to environmental factors, financial aspects such as leverage also play an important role in determining a company's financial performance, including in the property and real estate sector. Leverage indicates the extent to which a company's assets are financed through debt, thereby directly affecting its capital structure and financial risk. Excessive use of debt can increase interest expenses and the risk of default, while optimally managed leverage can maximize returns on investment for shareholders. In the property and real estate industry, leverage is often used to finance large-scale projects that require high capital. Therefore, proper debt management is essential for companies to obtain profits that have a positive impact on financial performance, while maintaining long-term business stability and sustainability (Zahidah & Aris, 2024).

Research findings on leverage show mixed results. Studies conducted by (Laseari et al., 2022; S. T. Putri & Priyadi, 2021; Qilmi, 2021) even show that leverage has a significant positive effect on financial performance, meaning that companies have the potential to improve their performance if they are able to optimize their use of debt. Conversely, a number of studies have found that leverage has a negative impact on financial performance. (Pitaloka & Hartono, 2024) revealed that the higher the debt ratio of industrial companies, the lower their financial performance, so the use of equity is more recommended. (Nuryanti & Suryandani, 2025) also found that in food and beverage companies, excessive debt burdens can reduce net income and lower overall performance. Other studies by (Ramadeni & Dewi, 2023; Subiyanto et al., 2021) in the banking sector also show that leverage has a negative effect because high debt has the potential to reduce profitability.

Furthermore, good corporate governance (GCG) also plays an important role in determining a company's financial performance. Good corporate governance GCG functions as a supervisory mechanism that can minimize conflicts of interest between management (agents) and company owners (principals). According to the agency theory proposed by Jensen & Meckling (1976), conflicts arise due to differences in objectives between agents, who tend to pursue personal interests, and principals, who focus on achieving long-term profits. In this context, good corporate governance becomes an instrument that ensures management acts in accordance with the interests of capital owners through performance monitoring and accountability assurance (Amelinda & Rachmawati, 2021). Thus, the effective implementation of good corporate governance is expected to support economic growth and create sustainable profits for all stakeholders.

Several studies provide empirical support for the role of GCG in financial performance. (Saragih & Sihombing, 2021) found that a larger number of board members increases the effectiveness of supervision in banking companies. (Tricahya Avilya & Ghozali, 2022) showed that good corporate governance has a positive, albeit insignificant, effect on the financial performance of manufacturing companies. However, other findings are contradictory. (Margaret & Daljono, 2023) revealed that the large number of independent commissioners in state-owned enterprises can actually cause communication and coordination obstacles in

decision-making. Similarly, (Yuniwiansyah & Rahayu, 2022) found that good corporate governance has a negative and significant effect on the financial performance of various industries.

In the context of moderation, good corporate governance is viewed as an internal control system capable of optimizing management decisions, including in the application of green accounting and leverage management. Effective implementation of good corporate governance is believed to increase the transparency of environmental accounting disclosures while encouraging prudence in the use of debt. (Ramadhani et al., 2022) proved that good corporate governance strengthens the influence of green accounting on the financial performance of manufacturing companies. Conversely, research by (Pitaloka & Hartono, 2024) found that good corporate governance does not moderate the influence of leverage on return on assets (ROA) in the mining sector. This is in line with the findings of (Nuryanti & Suryandani, 2025), which show that leverage has a negative effect on the financial performance of food and beverage companies due to high debt payment pressures.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory, popularized by Freeman (1984), defines stakeholders as groups or individuals who have an influence on, or are affected by, the achievement of organizational goals. This theory asserts that companies should not only focus on the interests of shareholders, but also have a responsibility to create value and benefits for various stakeholders, such as investors, the government, creditors, employees, suppliers, customers, and the wider community (Maritza & Wenten, 2024). Thus, a company's success is not only measured by profitability, but also by its ability to create sustainable, balanced value for all stakeholders.

Signaling Theory

Signaling theory was introduced by Michael Spence (1973) to explain how parties with more information (insiders) signal to parties with less information (outsiders). In a financial context, this theory emphasizes how company management communicates information to investors or the market through financial policies, such as dividends, funding, and financial statement disclosures (Ross, 1977). According to (Connelly et al., 2011), signals are a form of communication deliberately conveyed by the sender with the aim of influencing the recipient through information that can be observed and interpreted as a representation of hidden values or characteristics. Thus, signaling theory serves to reduce information asymmetry between company management and external parties, such as investors and the market.

Agency Theory

Agency Theory was popularized by (Jensen & Meckling, 1976), who explained the relationship between owners (principals) and managers (agents) in business activities. This theory defines that principals give agents a mandate to act on their behalf, including in making decisions related to the company. However, in practice, differences in interests arise between the two parties. Owners are oriented towards increasing company value and shareholder welfare, while managers, as operational managers, may have personal goals, such as increasing

compensation, expanding division budgets, or expanding control over company resources.

Asmetry Information Theory

Asymmetry Information Theory was introduced by George A. Akerlof (1970), which describes a situation where there is an imbalance of information between two parties engaged in a transaction or contractual relationship, where one party has more information than the other. In a business context, this condition often occurs in the relationship between the principal (owner of capital) and the agent (manager). This information imbalance can affect the quality of decision-making, as the party with limited information is at a disadvantage (Akerlof, 1970).

Financial Performance

According to (Maelani et al., 2024) Financial performance is a measure of the success of financial activities achieved by a company in a certain period. A company can measure its success by financial performance. Financial performance helps companies to evaluate the company's strengths and weaknesses, as well as make decisions (Anggraeni, 2021).

Green Accounting

Green accounting is the process of measuring and recognizing the value of something, recording, summarizing, reporting, and disclosing information about things, transactions, events, or the impact of activities, or the impact of a company's economic, social, and environmental activities on society and the environment as well as the company itself (Lako, 2018).

Leverage

According to (Wahyu & Yani, 2023) Leverage is a ratio that assesses the company's ability to fulfill its obligations, both short-term and long-term with collateral for assets or wealth owned as collateral if the company is liquidated or closed.

Good Corporate Governance

According to (Sadi, 2022) *Good Corporate Governance* is a system and structure that regulates the relationship between management and company owners, with the aim of creating a system that can maintain balance in the company's control so that it can minimize the occurrence of management errors (*Mismanagement*) and to encourage managers to maximize the productivity of asset use.

HYPOTHESIS DEVELOPMENT

Green accounting on the company's financial performance

Green accounting provides a comprehensive overview of the company's commitment to the environment in its financial statements. Consistent implementation drives resource efficiency, reduces waste, improves reputation, and gains stakeholder trust (Septiani & Khairunnisa, 2025). Based on stakeholder theory, the company is not only shareholder-

oriented, but also responsible to consumers, creditors, governments, society, and the environment (Ramadhani et al., 2022).

By systematically identifying and managing environmental costs, green accounting can improve operational efficiency, reduce legal risks, and strengthen financial stability. The implementation of green accounting is not only limited to regulatory obligations, but also a form of corporate moral and social responsibility to stakeholders. The higher the company's attention to environmental aspects, the greater the chances of the company gaining support, trust, and loyalty from various interested parties. Thus, the higher the level of green accounting implementation, the better the company's financial performance (Ramadhani et al., 2022). This is in line with various studies that show that green accounting has a significant positive effect on financial performance in various sectors, such as pharmaceuticals (Mubarokah et al., 2024) Mining (Septiani & Khairunnisa, 2025), as well as manufacturing (Adikasiwi et al., 2024; Ramadhani et al., 2022).

H₁: *Green accounting* has a positive effect on financial performance.

Leverage on the company's financial performance

Financial leverage refers to the proportion of borrowed funds used to finance assets as well as the ability of a company to meet its financial obligations (Bahodirovich, 2024). The larger the portion of debt in the capital structure, the greater the company's responsibility to bear fixed interest expenses, whether in the condition of earning a profit or not. This puts pressure on management to keep cash flow stable, so that the company is able to meet its payment obligations on time. However, the use of leverage also provides positive opportunities for companies, as the availability of external sources of funds allows companies to expand operational and investment activities without having to lose control of ownership (Soemarso, 2020). From the perspective of stakeholder theory, leverage not only impacts the interests of shareholders, but also affects relationships with various stakeholders such as creditors, employees, governments, consumers, and the wider community (Freeman, 1984).

Effective use of debt can increase profitability, as loan funds are able to finance productive assets that generate greater profits (Laseari et al., 2022; Saputri & Setiawati, 2024). Well-managed leverage has the potential to strengthen financial performance through increased operational capacity and strategic investments (Qilmi, 2021). A number of studies also support this, such as (S. T. Putri & Priyadi, 2021) to local governments, (Laseari et al., 2022) in Islamic commercial banks, as well as (Qilmi, 2021) Both found that leverage has a significant positive effect on financial performance.

H₂: *Leverage* has a positive effect on financial performance.

Good corporate governance on the company's financial performance

Good corporate governance (GCG) is a set of mechanisms, rules, and principles that govern the relationship between management, the board of commissioners, shareholders, and other stakeholders in an accountable, transparent, structured, measurable, and systematic manner (Indrarini & Sukartiningsih, 2022). The main goal of implementing good corporate governance is to create good corporate governance in order to achieve public trust, create a healthy business environment, and build a sustainable investment climate. With the

implementation of effective good corporate governance, companies can minimize the risks arising from wrong decision-making, avoid the practice of manipulating financial statements, and reduce potential losses due to weak internal control systems (Bangun et al., 2024).

Based on agency theory, the relationship between the principal and the manager (agent) has the potential to cause a conflict of interest due to the difference in objectives and information imbalance (Jensen & Meckling, 1976). This condition of information asymmetry raises the risk of adverse selection, where the owner finds it difficult to assess the quality of the manager's decisions, as well as moral hazard, when the manager acts for personal interests because the owner is unable to carry out direct supervision (Akerlof, 1970). Good corporate governance is present as a mechanism that is able to minimize agency costs by strengthening the functions of supervision, transparency, and accountability in every strategic decision. A number of empirical studies support the importance of good corporate governance in improving financial performance. Research (Saragih & Sihombing, 2021) In banking companies in 2015–2019, it shows that the more members of the Board of Commissioners, the better the supervisory function is carried out, so that it has a positive impact on the company's performance. Moreover (Tricahya Avilya & Ghozali, 2022) In manufacturing companies in 2018–2020, it was found that although good corporate governance had a positive effect, the effect was not significant on financial performance.

H₃: *Good corporate governance* has a positive effect on financial performance.

Good corporate governance strengthens the influence of green accounting on the company's financial performance

Green accounting that focuses on recording and reporting environmental costs requires good governance support so that it can be implemented optimally. The implementation of green accounting allows companies to be more transparent in reporting on resource use, waste management, and carbon emissions, thus not only strengthening regulatory compliance, but also improving the company's sustainability reputation (Mubarokah et al., 2024; Yuniwiansyah & Rahayu, 2022). By *stakeholder theory*, this reflects the company's responsibility to all stakeholders, not just shareholders (Freeman, 1984). However, there is potential *Asymmetric Information Demanding Role Good Corporate Governance* (GCG) to monitor and ensure that environmental reporting is not manipulative, but can really be used as a basis for strategic decision-making (Laksono & Kusumaningtias, 2021).

In line with *Agency Theory*, GCG plays an important role in minimizing management conflicts of interest and ensuring the integration of green accounting into company policies. With a good oversight mechanism, the board of commissioners can encourage accurate environmental reporting, thereby improving operational efficiency, stakeholder trust, and financial stability. Empirical research proves that effective governance can strengthen the influence of green accounting on financial performance, as shown (Ramadhani et al., 2022) in manufacturing companies for the 2018–2021 period. Thus, the combination of green accounting and good corporate governance can complement each other as a sustainability instrument that contributes to improving the company's financial performance.

H₄: *Good corporate governance* strengthens the influence of green accounting on financial performance.

Good corporate governance strengthens the influence of leverage on the company's financial performance

Leverage is the ability of a company to use debt in its capital structure to finance assets and operational activities. The use of debt provides benefits in the form of *Tax Shield*, but on the other hand, it increases financial risk if the company is unable to meet its interest and principal obligations. By *stakeholder theory* (Freeman, 1984), funding decisions through debt must consider the balance between the benefits and costs incurred, as they concern the interests of various parties, ranging from shareholders, creditors, to the community. If managed well, leverage can be an instrument that drives profitability, for example through the use of borrowed funds for productive investments that contribute to increased net profit (Laseari et al., 2022). Thus, management's ability to optimize the debt structure determines the extent to which leverage has a positive effect on the company's financial performance.

In this context, *Good Corporate Governance* (GCG) has an important role as a mechanism for monitoring and controlling managerial decisions, including funding decisions. GCG aims to minimize *Agency Cost* arising from the separation of ownership and management (Anwar et al., 2023). The principles of transparency, accountability, and responsibility contained therein ensure that the use of leverage is done prudently and does not pose excessive financial risk. The effective implementation of GCG strengthens the influence of leverage on financial performance, as debt is directed to fund productive investments with strict supervision from an independent board of commissioners, audit committee, and transparency of financial statements. With this supervision, the potential for misuse of funds or excessive risk-taking can be suppressed, so that the positive impact of leverage on financial performance is more optimal. Empirical research also shows mixed results, (Tricahya Avilya & Ghozali, 2022) found that GCG had a positive but insignificant effect on the financial performance of manufacturing companies, while (Saragih & Sihombing, 2021) It found that the increasing number of board of commissioners strengthens supervision and has an impact on improving the performance of banking companies. Furthermore, the research (D. A. Putri & Raflis, 2024) tourism and recreation companies also show that the implementation of the GCG mechanism is able to provide favorable results for the company's capital management if the principles are implemented properly.

H₅: *Good corporate governance* strengthens the influence of *leverage* on financial performance.

RESEARCH METHOD

This study aims to identify the relationship between the influence of independent variables *Green Accounting* and *Leverage* to the dependent variables of the company's financial performance with *Good Corporate Governance* as a moderation variable. This study aims to test hypotheses that explain the relationship between two or more factors in the correlational study approach to identify important variables related to the problem. In this study, the level of researcher intervention was minimal, which means that the researcher has a direct interest in the research but is not deeply involved. In this study, a relational study is used, where research is conducted in a regulated situation or a special intervention. The study aims to test a variety of factors in natural situations without interfering with daily activities. Then, this study uses a

sample design *Non-probability sampling* with an engineering approach *purposive sampling*. The implementation time uses the panel data study approach, where this study involves a fairly long period of time in providing answers to existing questions. In the data analyst unit, the main focus of research is on the organization. This study uses hypothesis testing data analysis (Sekaran, 2009).

Table 1. Variable Measuring Instruments and Sources of Measurement

No.	Variable	Measurement	Source
1.	<i>Green Accounting</i>	Dummy Variable, with the following criteria: Value 1: If the company includes CSR costs in the <i>Annual Report</i> Value 0: If the company does not include CSR costs in the <i>Annual Report</i>	(Majidah & Aryanty, 2022)
2.	<i>Leverage</i>	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$	(Pitaloka & Hartono, 2024)
3.	Financial Performance	$ROA = \frac{\text{Net Income After Taxes}}{\text{Total Assets}}$	(Saputri & Setiawati, 2024)
4.	<i>Good corporate governance</i>	$PDKI = \frac{\Sigma \text{Independent Commissioners}}{\Sigma \text{Board of Commissioners}}$	(Nabiilah & Ghofar, 2025)

This study used purposive sampling techniques and a population of 64 companies and there was a sample withdrawal into 12 company samples.

Table 2. Sample Selection

Number of property and <i>real estate</i> companies listed on the Indonesia Stock Exchange as of December 31, 2024		95 Companies
Criterion	Property and <i>real estate</i> sector companies that are not listed on the Indonesia Stock Exchange in 2020-2024.	(16 Companies)
Criterion 1	Property and <i>real estate</i> sector companies listed on the Indonesia Stock Exchange in 2020-2024.	79 Companies
Criterion 2	Property and <i>real estate</i> sector companies that have not published financial statements for 5 consecutive years from 2020-2024.	(15 Companies)
	Property and <i>real estate</i> sector companies that publish financial statements for 5 consecutive years from 2020-2024.	64 Companies
Criterion 3	Property and <i>real estate</i> sector companies that issue financial statements that are not printed by the company using rupiah (IDR).	(0 Companies)
	Property and <i>real estate</i> sector companies that issue financial statements printed by companies using rupiah (IDR).	64 Companies
Criterion 4	Companies in the property and <i>real estate</i> sector that have not issued an annual report for 5 consecutive years from 2020-2024.	(12 Companies)
	Companies in the property and <i>real estate</i> sector that publish annual reports for 5 consecutive years from 2020-2024.	52 Companies

Company Sample

52 Companies

Total N is 52 x 5 Research Years = 260 Data Observations

RESULTS

Table 2. Descriptive Test Results

Variable	N	Min	Max	Mean	Std. Dev
GA	260	0.00	1.00	0.48	0.50
LG	260	-55.73	7.31	0.50	3.69
CTF	260	-0.38	0.43	0.01	0.08
GCG	260	0.25	0.75	0.43	0.11

GA = Green Accounting, LG = Leverage, GCG = Good Corporate Governance

Source: Processed data (2025)

Selection of The Best Panel Data Model 1

Chow Test

The criteria for making cow test decisions are ad follows:

1. If the probability (Prob) on Cross Section $F > 0.05$ then a better model is Common Effect.
2. If the probability (Prob) on Cross Section $F < 0.05$ then a better model is Fixed Effect.

Table 3. Chow Test

Effects Test	Statistics	D.F.	Prob.
Cross-section F	3.113457	(51,205)	0.0000
Cross-section Chi-square	149.124724	51	0.0000

Source: Output Eviews 9 (2025)

Based on the results of the Chow Test using Eviews9, it is stated that *the probability value of Cross Section F* is 0.00 which is less than the significance level value ($\alpha = 0.05$). This means that the best model used is the *Fixed Effect Model (FEM)*. Therefore, a Hausman Test is needed in order to choose the best model between *the Fixed Effect Model* and *the Random Effect Model*.

Hausman Test

The criteria for making cow test decisions are ad follows:

1. If the Probability (Prob) < 0.05 then the better model is Fixed effect.
2. If the Probability (Prob) > 0.05 then a better model is Random effect.

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	8.703934	3	0.0335

Source: Output Eviews 9 (2025)

Based on the results of the Hausman Test, the probability value is 0.0335 where this result is less than the significance level value ($\alpha = 0.05$). In this case, it means that the best model used is the Fixed Effect Model (FEM).

Coefficient of Determination Test

Table 5. Coefficient of Determination Test

R-squared	0.465250	Mean dependent var	0.010222
Adjusted R-squared	0.324389	S.D. dependent var	0.075316
S.E. of regression	0.061907	Akaike info criterion	-2.540970
Sum squared resid	0.785651	Schwarz criterion	-1.787749
Log likelihood	385.3261	Hannan-Quinn crister.	-2.238165
F-statistic	3.302904	Durbin-Watson stat	2.139118
Prob(F-statistic)	0.000000		

Source: Output Eviews 9 (2025)

Based on the results of data processing using Eviews 9, it shows that the value of Adjusted R-square in this research model is 0.324. This means that 32.4% of the variables of Green Accounting, Leverage, and Good Corporate Governance can explain the influence on Financial Performance and 67.6% are explained by other variables that are not used in this study. Based on previous research, other variables that can affect Financial Performance are environmental performance, green product, green intellectual capital, sustainability report, risk management, company size, liquidity, intellectual capital.

Partial Test (T-Test)

Table 6. Partial Test (T-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.042324	0.040796	1.037461	0.3007
GA	-0.016067	0.016466	-0.975757	0.3303
LG	-0.000257	0.001254	-0.205177	0.8376
GCG	-0.056331	0.094102	-0.598623	0.5501

GA = Green Accounting, LG = Leverage, GCG = Good Corporate Governance

Source: Processed data (2025)

Based on the partial test value table, it is used to determine the significant influence of independent variables on dependent variables. The results of the test using the Fixed Effect Model (FEM) can be concluded as follows:

1. Green Accounting has a negative and insignificant effect on Financial Performance. The first hypothesis (H_1) states that green accounting has a positive effect on financial performance. However, the results of the analysis showed a beta coefficient value of -0.0160 with a t-calculated value of $-0.9757 < t$ -table of 1.677. A probability value of 0.3303 (greater than $\alpha = 0.05$) indicates that the effect is not significant. Thus, H_1 is rejected and H_0 is accepted.

2. Leverage has a negative and insignificant effect on Financial Performance. The second hypothesis (H_2) states that leverage has a positive effect on financial performance. However, the results of the analysis showed a beta coefficient value of -0.0002 with a t-calculated value of $-0.2051 < t$ -table of 1.677. A probability value of 0.8376 (greater than $\alpha = 0.05$) indicates that the influence of leverage on financial performance is not significant, even the direction is negative. Thus, H_2 is rejected and H_0 is accepted.
3. Good Corporate Governance has a negative and insignificant effect on Financial Performance. The third hypothesis (H_3) states that *good corporate governance* (GCG) has a positive effect on financial performance. However, the results of the analysis showed a beta coefficient value of -0.0563 with a t-calculated value of $-0.5986 < t$ -table of 1.677. A probability value of 0.5501 (greater than $\alpha = 0.05$) indicates that the influence of GCG is insignificant and counter-intuitive to the hypothetical. Thus, H_3 is rejected and H_0 is accepted.

Selection of The Best Panel Data Model 2

Chow Test

The criteria for making cow test decisions are ad follows:

1. If the probability (Prob) on Cross Section $F > 0.05$ then a better model is Common Effect.
2. If the probability (Prob) on Cross Section $F < 0.05$ then a better model is Fixed Effect.

Table 7. Chow Test

Effects Test	Statistics	D.F.	Prob.
Cross-section F	3.455991	(51,206)	0.0000
Cross-section Chi-square	160.735426	51	0.0000

Source: Output Eviews 9 (2025)

Based on the results of the Chow Test using e-views 9, it is stated that the probability cross section value of F is 0.0000, which is smaller than the value of the significant level ($\alpha = 0.05$). This means that the best model used is the Fixed Effect Model (FEM).

Coefficient of Determination Test

Table 8. Coefficient of Determination Test

R-squared	0.466620	Mean dependent var	0.010222
Adjusted R-squared	0.329392	S.D. dependent var	0.075316
S.E. of regression	0.061677	Akaike info criterion	-2.551228
Sum squared resid	0.783638	Schwarz criterion	-1.811702
Log likelihood	385.6597	Hannan-Quinn crister.	-2.253929
F-statistic	3.400312	Durbin-Watson stat	2.150635
Prob(F-statistic)	0.000000		

Source: Output Eviews 9 (2025)

Based on the results of data processing using Eviews 9, it shows that the Adjusted R-

square value in this research model is 0.329. This means that 32.9% of the Green Accounting and Leverage variables, moderated by Good Corporate Governance, can explain the Financial Performance variable. The 67.1% were explained by other variables that were not used in this study. Based on previous research, other variables that can affect Financial Performance are environmental performance, green product, green intellectual capital, sustainability report, risk management, company size, liquidity, intellectual capital, green intellectual capital, firm size, capital structure, and environmental performance.

Partial Test (T-Test)

Table 9. Partial Test (T-Test)

R-squared	0.466620	Mean dependent var	0.010222
Adjusted R-squared	0.329392	S.D. dependent var	0.075316
S.E. of regression	0.061677	Akaike info criterion	-2.551228
Sum squared resid	0.783638	Schwarz criterion	-1.811702
Log likelihood	385.6597	Hannan-Quinn crister.	-2.253929
F-statistic	3.400312	Durbin-Watson stat	2.150635
Prob(F-statistic)	0.000000		

Source: Output Eviews 9 (2025)

Based on the partial test value table, it is used to determine the significant influence of independent variables on dependent variables by paying attention to the role of moderation variables. The test results obtained through the Fixed Effect Model (FEM) can be concluded as follows:

1. Good corporate governance strengthens the influence of green accounting on financial performance. The fourth hypothesis (H_4) raised in this study states that good corporate governance strengthens the influence of green accounting on financial performance. However, the results of the analysis showed a beta coefficient value of -0.0504, which means that it is the opposite direction to what is expected or shows a negative influence. The calculated t-value is $-1.3978 < t_{table} 1.677$, with a one-tailed probability value of 0.1637 which is greater than the significance level of $\alpha = 0.05$. Therefore, H_4 is rejected and H_0 is accepted.
2. Good corporate governance does not strengthen the influence of leverage on financial performance. The fifth hypothesis (H_5) states that good corporate governance strengthens the influence of leverage on financial performance. However, the results of this research analysis actually show that good corporate governance does not strengthen the relationship. The beta leverage coefficient with good corporate governance is -0.0002, with a t-value calculated as $-0.1057 < t_{table} 1.677$, and a one-tailed probability of $0.9159 > 0.05$. So H_5 is rejected and H_0 is accepted.

DISCUSSIONS

Green Accounting on Corporate Financial Performance

The results of the first hypothesis test showed that green accounting had a negative and

insignificant effect on financial performance, so the first hypothesis (H_1) was rejected. This means that the application of green accounting in property and real estate companies that are the object of research has not been able to make a direct positive contribution to improving financial performance. This illustrates that most companies still view environmental costs as an additional burden that reduces profits, rather than as a form of long-term strategic investment (Prijiyanti & Aqamal Haq, 2023).

Viewed from the perspective of stakeholder theory (Freeman, 1984), the company is not only obliged to meet the interests of shareholders, but also has responsibilities towards consumers, government, society, and the environment. Disclosure of environmental information through green accounting should be one of the important instruments to strengthen the company's positive image, increase stakeholder trust, and ensure long-term operational sustainability. However, the results of this study show that the implementation of green accounting in the property sector still tends to be a mere formality, more aimed at meeting regulations, rather than as an integrated sustainability strategy.

This phenomenon is in line with the practice of greenwashing, where companies only present themselves as if they care about the environment through sustainability reports, but are not followed by real steps in environmental management. Although regulations such as POJK 51/POJK.03/2017 on Sustainable Finance and POJK 60/POJK.04/2017 on the Submission of Annual Reports of Issuers have encouraged companies to submit sustainability reports, the implementation of green accounting has not been specifically required and its supervision has not been as strict as financial statements. As a result, recording environmental costs is still considered an administrative formality and has not provided real financial added value.

In practical terms, this can be seen from the company's spending on environmental activities, such as waste management, environmentally friendly technology investments, or energy efficiency programs, which are often considered to only add to operational costs. In fact, if managed with a strategic approach, these expenses can provide long-term benefits in the form of operational efficiency, consumer loyalty who are increasingly concerned about sustainability issues, and a stronger company reputation. In other words, green accounting is still not positioned as an instrument for managing environmental risks and increasing competitiveness, but rather as a burden that reduces profitability in the current period.

The results of this study are consistent with the findings of the (Prijiyanti & Aqamal Haq, 2023) and (Majidah & Aryanty, 2022) Both found that green accounting has a negative and insignificant effect on financial performance. This confirms that the implementation costs incurred by the company are not proportional to the financial benefits obtained in the short term. However, the findings of this study are different from the results of the study (Mubarokah et al., 2024) in the pharmaceutical sector, (Septiani & Khairunnisa, 2025) in the raw goods sector, (Ramadhani et al., 2022) in the manufacturing sector, as well as (Adikasiwi et al., 2024) in the manufacturing sector, which consistently finds that green accounting has a significant positive effect on financial performance.

Leverage on the Company's Financial Performance

The results of the second hypothesis test showed that leverage had a negative and insignificant effect on financial performance, so the hypothesis (H_2) was rejected. These findings

indicate that the higher the level of leverage, the greater the debt burden that the company has to bear. This condition drives a portion of operating profit to be allocated to pay interest and principal loans, which ultimately reduces net profit and depresses financial performance.

Viewed from the perspective of signaling theory, the company's decision to use debt should be able to signal to external parties, such as investors and creditors, about the company's prospects. Companies in good financial condition are usually able to use leverage proportionately to send positive signals regarding debt repayment and growth potential. On the other hand, high leverage can actually give rise to negative signals because it increases the risk of default, thereby lowering investor confidence.

The results of this study show that leverage with a negative but insignificant influence indicates a weak and inconsistent relationship between debt and financial performance. This can be influenced by several factors, such as variations in the efficiency of debt use between companies, stable cash flow conditions despite having a high debt burden, or the characteristics of the property and real estate industry that tends to be tolerant of debt-based financing. Thus, the quality of debt management is more important than just the amount of leverage you have.

High leverage can indeed be an obstacle in a company's flexibility to invest or develop new projects. In the property and real estate sectors, long-term project financing generally relies on large amounts of external loans. Companies need significant capital for land purchases, infrastructure development, and licensing, while new revenue can be earned once the project is completed (Abubakar et al., 2021). Therefore, although leverage provides large funds for project financing, high interest expenses and financial obligations can depress a company's profits, especially in the short term.

The findings of this study are in line with the research (Nuryanti & Suryandani, 2025; Nusantara et al., 2023; Stuart & Stuart, 2024; Ramadeni & Dewi, 2023; Subiyanto et al., 2021) both found that leverage has a negative effect on financial performance. In general, excessive debt burdens reduce net income, limit investment flexibility, and increase a company's financial risk. However, the results of this study contradict the findings (S. T. Putri & Priyadi, 2021) local governments in East Java, which stated that changes in leverage have no effect on financial performance. This difference in results can be explained by the characteristics of the institution: local governments have relatively stable sources of capital, such as transfer funds and local native revenues, so they are not as dependent on debt as the private sector.

Good Corporate Governance on the Company's Financial Performance

The results of the third hypothesis test show that Good Corporate Governance (GCG) has a negative and insignificant effect on financial performance, so the third hypothesis (H_3) is rejected. This shows that the implementation of good corporate governance in property and real estate companies has not been fully effective in improving financial performance. In other words, the existence of a Good Corporate Governance (GCG) mechanism is not necessarily a determining factor in achieving corporate profitability in this sector.

According to agency theory, the existence of an independent board of commissioners should be able to reduce conflicts of interest between management (agent) and capital owners (principal) through an objective supervisory function. However, when the proportion of independent commissioners is only limited to formalities without being balanced with adequate

authority and quality of supervision, their role is ineffective in suppressing opportunistic management behavior. This situation is exacerbated by the existence of asymmetric information, where management has greater access to internal information than the board of commissioners and shareholders, so that the supervision carried out is not optimal. As a result, independent commissioners often have difficulty detecting opportunistic practices, such as manipulation of financial statements or concealment of risks.

In this study, Good Corporate Governance (GCG) was measured using the Proportion of the Independent Board of Commissioners (PDKI), which is a comparison of the number of independent commissioners with the total members of the board of commissioners. This measure is used because independent commissioners are seen as an important element in objectively overseeing the running of a company. However, the results of the analysis actually show that the higher the PDKI does not correlate with the increase in financial performance, even having a negative effect. These findings indicate that the implementation of Good Corporate Governance (GCG) in the property sector is more oriented towards regulatory compliance, rather than on the substance of quality governance practices.

Some of the factors that can explain this result include: weak independence of commissioners, lack of access to strategic information, limited experience or training, and management dominance in decision-making. In addition, the increasing number of independent commissioners also has the potential to raise coordination and communication problems, making the oversight and decision-making process less effective (Yuniwiansyah & Rahayu, 2022). This condition is in line with the findings in the study which states that Good Corporate Governance (GCG) can actually have a negative or insignificant effect on company performance when its implementation is not effective (Tricahya Avilya & Ghozali, 2022). However, the findings of this study are different from the results obtained by (Saragih & Sihombing, 2021) in banking companies, which concluded that the increasing number of members of the Board of Commissioners was able to strengthen supervision of the Board of Directors, improve the quality of input, and encourage better management performance. This difference can be explained by the characteristics of the sector: in the banking sector, the Good Corporate Governance (GCG) mechanism is a strict requirement monitored by regulators so that the function of commissioners is more effective, while in the property sector, supervision is still weak and more oriented towards long-term projects.

Good Corporate Governance Strengthens the Influence of Green Accounting on the Company's Financial Performance

The results of the fourth hypothesis (H_4) test showed that Good Corporate Governance (GCG) did not strengthen the relationship between green accounting and financial performance, so the hypothesis was rejected. Based on the regression results, the interaction coefficient value was -0.0504 with a t-statistic of -1.3978 and a significance level of 0.1637. This result means that statistically the relationship is not statistically significant, even pointing in a negative direction. Thus, Good Corporate Governance (GCG) plays a role as a moderator homologizer, which is not yet able to strengthen the relationship between independent variables (green accounting) and dependent variables (financial performance), but still has the potential as a moderation variable.

Theoretically, these results are inconsistent with agency theory which assumes that the Good Corporate Governance (GCG) mechanism can minimize conflicts of interest between management and capital owners, including in supervising environmental activities. Similarly, based on asymmetric information theory, the implementation of Good Corporate Governance (GCG) should be able to reduce the information gap between management that has wider access to information and owners and other stakeholders. Transparency and effective supervision are expected to make green accounting more than just a formality, but a strategic instrument to support financial performance. From the perspective of stakeholder theory, Good Corporate Governance (GCG) should help companies integrate environmental policies to be able to create financial and non-financial benefits for stakeholders.

However, in practice, the results of this study show that Good Corporate Governance (GCG) proxied by the proportion of independent board of commissioners has not played an optimal role in increasing the effectiveness of green accounting. Independent commissioners still tend to function only to comply with regulations, without carrying out a strong supervisory function, especially in integrating sustainability principles into the company's strategy. In fact, an independent commissioner should ideally act as an objective watchdog who ensures that any environmental policy is aligned with the long-term interests of stakeholders (Tricahya Avilya & Ghozali, 2022). If this function does not work, then the implementation of green accounting will only become a reporting routine without a real contribution to profitability.

These findings confirm that the effectiveness of Good Corporate Governance (GCG) as a moderation variable is highly dependent on the quality of implementation, not just its presence in the organizational structure. If the principles of accountability, transparency, and supervision are not implemented substantially, then Good Corporate Governance (GCG) will not be able to maximize the benefits of green accounting. Going forward, increasing regulatory pressures, investor expectations, and public awareness of sustainability will require companies to strengthen governance not only structurally, but also substantively.

These findings are consistent with research (Yuniwiansyah & Rahayu, 2022) which states that weak supervision of independent commissioners can actually cause company costs to increase without any improvement in financial performance. Likewise research (Bangun et al., 2024) in the SRI-KEHATI index company and (Nabilah & Ghofar, 2025) in the information technology sector, both found that the proportion of independent board of commissioners does not strengthen the relationship between green accounting and financial performance. In contrast, these results differ from studies (Tricahya Avilya & Ghozali, 2022) in manufacturing companies, which found that Good Corporate Governance (GCG) had a positive effect although not significantly on financial performance.

Good Corporate Governance Strengthens the Influence of Leverage on the Company's Financial Performance

The results of the fifth hypothesis test (H_5) show that good corporate governance does not strengthen the leverage relationship with financial performance, so the hypothesis is rejected. Based on the regression results, the interaction between leverage and good corporate governance resulted in a coefficient value of -0.0002, with a t-statistic of -0.1057 and a significance level of 0.9159. These findings indicate that statistically the interaction is not

statistically significant, even indicating the direction of a negative relationship. Thus, good corporate governance in this study plays a role as a moderator homologizer, namely a moderation variable that has not been able to strengthen the relationship between independent and dependent variables, but still has the potential to be a moderation factor if the quality of implementation is more substantial.

Theoretically, this result is contrary to *agency theory*, where good corporate governance (GCG) should play a role in supervising management in order to protect the interests of capital owners, including in managing leverage risk. However, the findings of the study show that the supervisory function of good corporate governance has not been optimal. The control mechanism for funding policies, especially those involving debt, has not been able to minimize the company's financial risks. This condition has the potential to reduce investor confidence in the effectiveness of governance, especially in maintaining the sustainability of financial performance amid external pressures.

This gap is closely related to *asymmetry information theory*, which is that management has more information than shareholders and supervisory boards. The information imbalance makes it difficult for the board of commissioners to detect potential opportunistic behavior of management in debt management. As a result, leverage can become an excessive financial burden and depress the company's performance.

On the other hand, according to *signaling theory*, leverage can provide double signals for investors. If managed properly, leverage is a positive signal in the form of management discipline due to interest payment obligations that encourage operational efficiency. Conversely, if leverage is excessive without adequate risk mitigation, it will be a negative signal that creates a perception of financial stress or potential default. In this study, leverage actually gives a negative signal, because the good corporate governance supervision mechanism does not function effectively to control these risks.

This finding also confirms that the existence of good corporate governance is still structural rather than functional. The existence of independent commissioners is seen more as fulfilling regulatory formalities than actually carrying out substantial oversight functions, particularly in strategic funding decision-making. In fact, ideally, independent commissioners should play an active role in ensuring that the use of leverage does not create long-term financial burdens that can interfere with the sustainability of the company.

The results of this study are consistent with the findings of the (Yuniwiansyah & Rahayu, 2022) which states that the weak supervision of independent commissioners causes costs to continue to increase so that financial performance decreases. (Nabilah & Ghofar, 2025) It also found that the proportion of independent board of commissioners did not have a significant effect on the relationship between leverage and financial performance post-Covid-19 pandemic. In addition, the research (Margaret & Daljono, 2023) revealed that the weakness of the competence and integrity of independent commissioners can reduce stakeholder trust, thereby lowering the company's ROA. On the contrary, the results of this study are contrary to (Tricahya Avilya & Ghozali, 2022) which found that GCG had a positive but insignificant effect on financial performance in manufacturing companies in 2018–2020.

CONCLUSIONS

The results of this study show that green accounting has a negative and statistically insignificant effect on the company's financial performance. This indicates that the reporting of CSR costs and environmental issues presented in the annual and sustainability reports has not been able to make a real contribution to increasing the company's profitability, so the practice of green accounting is still treated as an administrative obligation and compliance formality, not as a long-term business strategy.

Similarly, leverage was found to have a negative and insignificant effect on financial performance, meaning an increase in the proportion of debt in the capital structure tends to decrease profitability, but the effect is not statistically strong enough. This condition reflects that the use of debt has not been managed optimally so that it has not supported the improvement of financial performance.

Furthermore, good corporate governance (GCG) also has a negative and statistically insignificant effect on financial performance. These findings show that the application of governance principles, especially through the existence of independent commissioners, has not been able to have a real impact in improving transparency, accountability, and operational efficiency, as the supervisory function still tends to be formal.

In addition, the results of the study found that GCG is not able to moderate the relationship between green accounting and financial performance. In other words, even though the company has implemented the principles of transparency, accountability, and environmental responsibility, GCG has not been effective in strengthening the contribution of green accounting to the company's profitability, and even tends to suppress financial performance. Furthermore, GCG is also unable to moderate the relationship between leverage and financial performance, which means that the existence of governance structures such as independent board of commissioners and audit committees has not been effective in reducing the negative impact of leverage on company profitability. This indicates that the function of financial risk supervision and control has not been optimal, and funding decisions are still more dominated by management interests without substantial governance support. Thus, the implementation of GCG in property and real estate companies is more symbolic than functional, so it has not been able to encourage a significant improvement in financial performance.

IMPLICATIONS AND LIMITATIONS

This research has several limitations that need to be considered. First, the measurement of green accounting variables in this study is still relatively simple because it only uses dummy indicators that are not fully able to reflect the quality and impact of its implementation as a whole. This has the potential to influence the results of the research, especially in providing an accurate picture of the role of green accounting on financial performance. Second, the type of data used in this study is secondary data in the form of figures from financial statements that have been published by the company, so that the researcher does not have full control over the completeness and quality of the available data. In addition, the limited research time causes not all companies in the property and real estate sectors to be sampled, so this study only relies on companies that consistently publish financial statements.

Based on these limitations, there are several suggestions that can be considered for future research. First, the next researcher is advised to consider other variables that have the potential to affect financial performance, such as environmental performance, green product, green intellectual capital, sustainability report, risk management, company size, liquidity, and intellectual capital, so that the results of the research can be more comprehensive. Second, future research can make comparisons between sectors, such as the property and real estate sectors and the energy and banking sectors, to find out the differences in the influence of related variables on financial performance in each sector. Third, the use of a longer research time span is highly recommended so that the research results are able to describe sustainability conditions more accurately, in-depth, and consistent with industry dynamics. Fourth, further research can expand the measurement of financial performance by using various ratios, such as liquidity ratio, solvency ratio, and activity ratio (Kasmir, 2019), so that the results obtained are more detailed. Fifth, leverage measurement can also be developed using more diverse indicators, such as debt to asset ratio, long term debt to equity ratio (LTDtER), times interest earned, and fixed charge coverage (FCC) (Kasmir, 2019), so that the influence of leverage on financial performance can be analyzed in more depth.

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