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The Influence of Independent Commisioners Managerial Ownership Green Accounting on Financial Performance

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Abstract

The aim of this research is to determine the influence of independent commissioners on managerial ownership of green accounting on the financial performance of consumen non-cyclicals sectors companies. This type of research is quantitative. The data sources used are primary data and secondary data. Primary data was obtained from questionnaires. Secondary data from company data, journals and books. Independent commissioners positively impact financial performance. Through objective and independent oversight, companies can enhance financial performance via more effective management, increased transparency, and greater investor confidence. Managerial ownership also significantly improves financial performance. When management holds company shares, they have a strong incentive to encourage financial performance, minimize conflicts of interest, and make more strategic decisions. Similarly, green accounting has a notable positive effect on financial performance.

Keywords: independent commissioner, financial performance, managerial accounting, green accounting

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1. Introduction

Financial reports are the reports showing the financial condition of a company at a certain period of time (Anto & Yusran, 2023; Shakatreh et al., 2023; Sukimon et al., 2021). Financial reports can be used as a tool to communicate data and financial activities of a company to various interested parties through the accounting process (Ha et al., 2018; Yaya et al., 2021). The aim of public financial reports is to provide external parties with an insight into the business prospects and performance of publicly traded companies, enabling the public to make informed decisions when considering purchasing shares or lending to the company (Alshehadeh et al., 2023; Jaff et al., 2021).

One way to enhance a company's financial performance is by implementing Good Corporate Governance (GCG) (KURNIA et al., 2020; Worokinasih & Zaini, 2020). This principle aims to regulate, control, and direct the relationships among shareholders, the Board of Commissioners, Directors, Creditors, Employees, the Community, and other stakeholders both inside and outside the company. In Indonesia, GCG has been recognized since the 1990s, particularly during the economic crisis when issues of Corruption, Collusion, and Nepotism were prevalent. During this period, the government, in collaboration with the Indonesian Stock Exchange (BEI) and the Financial Services Authority (OJK), acknowledged the importance of implementing GCG guidelines in companies and promoted them across business sectors (Rodriguez-Fernandez, 2016; Virliandita & Sulistyowati, 2024). These policies are continually updated and refined to reflect changes in the business environment. According to (Septiana Ike Kusumawardhani, 2012), financial scandals often occur in companies because corporate governance principles are not implemented properly. One of them is characterized by management's freedom in managing company assets and liabilities as well as decision-making processes that are not recognized to independent commissioners (Mas'Ud et al., 2023; Tjahjadi et al., 2021).

Independent commissioners are the members of the board of commissioners who are appointed based on a GMS decision and are considered to be unaffiliated with the main shareholders of the company. Besides, they have independence in making decisions, safeguarding the interests of shareholders, and protecting minority shareholders from the results of the GMS which are often considered unfair to minority shareholders. The role of independent

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commissioners is to supervise company management activities to ensure compliance with laws, ethics, and shareholder interests. Its existence is able to reduce potential conflicts of interest between management and shareholders, thereby increasing company transparency and accountability. In addition, competent independent commissioners can also provide advice and objective views to management in making strategic decisions that can affect the company's financial performance (Odonkor et al., 2020; Raudeliūnienė et al., 2018).

Management that owns shares in the company is referred to as managerial ownership. This aims to motivate managers to maximize their performance to meet the interests of stakeholders. According to (Septiana Ike Kusumawardhani, 2012), managerial ownership is an embodiment of the principle of transparency derived from Good Corporate Governance. In managing a company, management transparency is very necessary to avoid conflicts of interest with shareholders as capital owners. Managers who own company shares align their interests with those of other shareholders. Meanwhile, managers who do not own shares in the company may only care about their own profits.

Companies that are committed to implementing GCG principles often experience improved financial performance and gain the trust of the market and investors. The factor of investor entry is also caused by how the company performs in managing the environment. Every individual and company is required to protect and maintain the environment, especially for companies that carry out their operational activities directly with nature, this is the main cause of environmental damage (Misutari & Ariyanto, 2021).

Companies that implement green accounting are highly sought after by investors because this practice can enhance both the company's environmental and financial performance. Green accounting is a comprehensive financial recording system that involves measuring, recognizing, recording, summarizing, and reporting financial data with a strong emphasis on environmental impact. This system not only focuses on traditional financial records but also includes tracking company activities, measuring, evaluating, disclosing, and identifying costs associated with environmental activities. By integrating these aspects, green accounting aligns corporate operations with environmental sustainability (Ha et al., 2018; "Knowl. Spillovers Knowl. Manag.," 2022).

Environmental awareness has become a voluntary behavior for companies. Many companies have adopted a business strategy by implementing environmental awareness which will be accounted for in the company's annual report as social recognition to improve financial performance in a sustainable manner as a result of the company's environmental awareness (Indriyanto, 2023; Malik et al., 2019; Zhang et al., 2022).

Referring to Law Number 40 of 2007 concerning Limited Liability Companies. This law requires companies operating in the natural resources sector to include social and environmental responsibility calculations as reasonable budget costs. Violations of the above cases will be the subject to sanctions in accordance with applicable laws and regulations. Based on the literature above, the aim of this research is to find out about independent commissioners, managerial ownership and green accounting of Financial Performance.

2. Research Method and Materials

This type of research is quantitative (Sugiyono, 2020). The population subject involved Non-Cyclicals Sector Consumer companies listed on the Indonesia Stock Exchange (BEI) 2021-2023 by downloading the annual report and sustainability report obtained on the BEI website, namely www.idx.co.id and the websites of each related company. The data collection procedure in this research used secondary data originating from company annual reports and company sustainability reports obtained from the Indonesia Stock Exchange (BEI) website, namely www.idx.co.id and sourced from each company's website. The population in this research was all Consumer Non-Cyclicals Sector companies listed on the Indonesia Stock Exchange (BEI) in 2021-2023. The samples in this research were taken from Consumer Non-Cyclicals Sector companies listed on the Indonesia Stock Exchange in 2021-2023. Sample selection was carried out using the purposive sampling method. Data analysis technique using panel data with data processing using SPSS. Panel data is a combination of cross section data and time series data, the same cross section units were measured at different times with the aim of examining how much influence the independent variable has on the dependent variable. Hypothesis testing was carried out partially (t-test) and simultaneously (f-test) and then classical assumptions were tested.

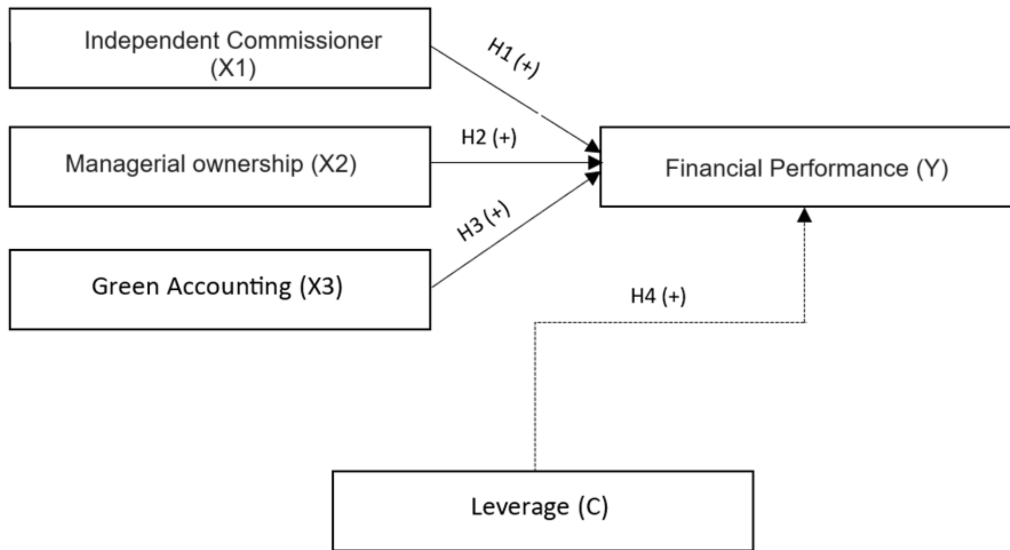

Figure 1. Conseptual Framework

3. Results and Discussion

3.1. Descriptive of Data

This research employed 120 samples with the results of descriptive statistical shown on Table 1.

Table 1. Descriptive Statistical Test Results

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Independent Commissioner	120	0.25	0.80	0.4092	0.11025
Managerial ownership	120	0.42	0.99	0.7429	0.13489
Green Accounting	120	3.00	5.00	3.9000	0.76036
Leverage	120	0.10	1.00	0.4596	0.18599
Financial Performance	120	0.00	0.34	0.0724	0.06360
N- Valid (listwise)	120				

Based on the table 1. it can be seen that the amount of data in this study without any outlier data or extreme value data is 120 observation data. These results show the minimum, maximum, mean, and standard deviation values. The table 1 presents descriptive statistics for the five variables measured in a study as follows:

a. Independent Commissioner

The Independent Commissioner variable indicates that its ranges from 0.25 to 0.80. with an average cost of 0.4092 and low data variation, indicated by a standard deviation of 0.11025. From the explanation above, it can be concluded that the minimum value of 0.25 is owned by PT. Wahana Interfood Nusantara Tbk and PT. Gudang Garam Tbk occurred throughout the research year. Meanwhile, the maximum value of 0.80 is owned by PT. Diamond Food Indonesia Tbk in 2023.

b. Managerial Ownership

The Managerial Ownership variable has a minimum value of 0.42 and a maximum value of 0.99, with an average disclosure of around 0.7429 and a standard deviation of 0.13489. This indicates a fairly low level of variation in Managerial Ownership among the observed companies. From the explanation above, it can be concluded that the minimum value of 0.42 is owned by PT. Bumi Teknokultura Unggul Tbk throughout the research year. Meanwhile, the maximum value of 0.99 is owned by PT. Austindo Nusantara Jaya Tbk 2022-2023.

c. Green Accounting

Green Accounting variable shows Green Accounting ranging from 3.00 to 5.00. with an average of 3.9 and a standard deviation of 0.76036. This reflects a fairly high data variation in Green Accounting among the investigated companies. From the 40 companies studied, it can be concluded that environmental performance in non-cyclical consumer sector companies has been implemented well at levels from Blue to Gold.

d. Leverage

Leverage variable has an average of 0.4596, with a value range between 0.10 to 1.00 and a standard deviation of 0.18599. This indicates quite low variation in Leverage in the study sample. From the explanation above, it can be concluded that the minimum value of 0.10 is owned by PT. Wilmar Cahaya Indonesia Tbk in 2022. Meanwhile, the maximum value of 1.00 is owned by PT. Charoen Pokphand Indonesia Tbk in 2021-2022.

e. Financial Performance

The Financial Performance variable has a minimum value of 0.00 and a maximum value of 0.34, with an average of 0.0724 and a standard deviation of 0.06360. This indicates very low variation in Financial Performance among the companies observed. From the explanation above, it can be concluded that the minimum value of 0.00 is owned by PT. Panca Mitra Multiperdana Tbk in 2023. Meanwhile, the maximum value of 0.34 is owned by PT. Central Proteina Prima Tbk in 2021.

The number of valid observations for all variables is 120. indicating that complete data for each variable is available. This analysis provides an understanding of the distribution and main characteristics of each variable within the research framework.

3.2. Analysis of Discussion and Research Results

3.2.1. Classic Assumption Test

The classical assumption test was carried out to obtain valid regression analysis results. Theoretically, classical assumption testing includes tests consisting of data normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests. Testing of classical assumptions in this research was done with the assistance of IBM SPSS Statistics 25 program.

Normality Test

The normality test aims to test whether in the regression model the dependent variable and independent variables have a normal distribution or not. Normality testing used the non-parametric Kolmogorov-Smirnov (KS) statistical test. According to the Kolmogorov-Smirnov (KS) method, data is stated to be normally distributed if the significance value is greater than 5% alpha. Conversely, data is stated to be not normally distributed if the significance value is smaller than 5% alpha. The normality test results presented on Table 2.

Table 2. Normality Test Results

Normality	N	Sig	Decision
Asymp. Sig. (2-tailed)	120	0.109	Normally Distributed

The results of the normality test above show that the multiple regression model created has a normal distribution. This can be seen from the significance value of the test results which is greater than 0.05 ($0.05<0.109$). Thus, it can be concluded that the regression model that will be used as a research hypothesis has met the normality assumption.

3.2.2. Multicollinearity Test

Good data means the data that have no correlation or relationship with each other. A multicollinearity test was used which was carried out using the Variance Inflation Factor (VIF) value. The model is declared free from multicollinearity interference if it has a VIF value below 10 or a tolerance above 0.1. The results of the multicollinearity test in this study presented on Table 3.

The hypothesis in the multicollinearity test is:

H_0 : There is no multicollinearity, if VIF <10
H_1 : There is multicollinearity, if VIF>10

The table 3 shows that all variables have a VIF value <10 so it can be concluded that multicollinearity does not occur (H0 is accepted). Furthermore, the tolerance value also shows a value greater than 0.10. It can be concluded that there is no correlation between these independent variables.

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Independent Commissioner	0.987	1.014	There is no multicollinearity
Managerial ownership	0.922	1.085	There is no multicollinearity
Green Accounting	0.993	1.008	There is no multicollinearity
Leverage	0.922	1.084	There is no multicollinearity

Dependent Variable: Financial Performance

3.2.3. Autocorrelation Test

The autocorrelation test is aimed at identifying the existence of a correlation between confounding errors that occur between the periods tested in the regression model (in the current t period and the error in the t-1 period in the previous period). Autocorrelation arises because successive observations over time are related to each other. In order to detect whether there is autocorrelation, the Durbin Watson test was used, looking at the number of samples studied in making decisions and then look at the provision numbers in the Durbin Watson table. The results of the autocorrelation test presented on Table 4.

Table 4. Autocorrelation Test Results

D.L	Durbin-Watson	DU	Decision
1.6339	2.202	1.7715	There is no autocorrelation

Based on the results of the multicollinearity test, it is known that the resulting Durbin-Watson value is 2.202. These results were then compared with the table values using a significance value of 0.05, a sample size of 120 (n=120) and a number of independent variables of 3 (k=3). Based on the Durbin-Watson table, the **dL** (lower limit) figure is **1.6339** and **dU** (upper limit) is **1.7715** because **1.7715 < 2.202 < (4 - 1.7715) or dU < DW < (4 – dU).** This can be said that there is no positive or negative autocorrelation, which means there are no symptoms of autocorrelation in the regression model of this research.

3.2.4. Heteroscedasticity Test

The heteroscedasticity test is used to determine whether the residuals in the regression model are heterogeneous or homogeneous. If it is heterogeneous, it will cause the regression model to be unable to predict accurately because it has irregular residuals. In this study, to determine the presence or absence of heteroscedasticity, the Glejser test was used. The criteria are indicated by none of the independent variables having a statistically significant effect on the dependent variable Absolute Ut (AbsUt) value. If the probability of significance is above the 5 percent confidence level, it can be stated that the regression model is not hampered by heteroscedasticity. The results of the heteroscedasticity test presented on Table 5.

Table 5. Heteroscedasticity Test Results

Variable	Sig value.	Conclusion
Independent Commissioner	0.094	There is no heteroscedasticity
Managerial ownership	0.260	There is no heteroscedasticity
Green Accounting	0.960	There is no heteroscedasticity
Leverage	0.122	There is no heteroscedasticity

The results of the heteroscedasticity test above show that all variables have a sig value greater than 0.05. Therefore, it can be concluded that the regression model is not hampered by heteroscedasticity.

3.2.5. Coefficient of Determination Test (R^2)

The coefficient of determination test (R^2) was carried out to examine the suitability of the model, or how much the independent variable is able to explain the dependent variable. The results of calculating the R and R^2 values in this research presented on Table 6.

Table 6. Coefficient of Determination Test Results

Model Summary [b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	0.286 [a]	0.820	0.500	0.06198	2.202

a. Predictors : (Constant), Leverage, Green Accounting, Independent Commissioner, Managerial Ownership
b. Dependent Variable: Financial Performance

Based on Table 6, it can be seen that the Adjusted R Square value is 0.500. This means that the variation in the independent variables and control variables is able to explain the variation in the dependent variable by 50.0%, while the remaining 50.0% of the variance in the dependent variable is explained by other factors.

3.2.6. Overall Significance Test Results from Sample Regression (F-Statistical Test)

The statistical F test is used to examine the influence of the independent (free) variable on the dependent (dependent) variable simultaneously. Then, simultaneous testing was carried out by comparing the F-significance level from the test results with the significance value used in this research.

Table 7. Model Suitability Test Results (F Test)

ANOVA [a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	0.039	4	0.010	2.567	,042 [b]
	Residual	0.442	115	0.004		
	Total	0.481	119			

The results in Table 7 show that the F sig value is 0.042. This value is smaller than 0.05 (α = 0.05) and the F-count is 2.567 > the F table is 2.45. It can be concluded that with a confidence level of 95 %, all variables together have a significant effect on Financial Performance.

3.2.7. Hypothesis Testing Results

a. Statistical T-Test

The data method used in this research is a multiple regression model using a significance level of 5% (α = 0.05). The t-test was carried out to examine the partial influence of the independent variable on the dependent variable. The basis for making the decision is:

If the sig of t is <0.05, then H0 is rejected
If the sig of t is >0.05, then H1 is accepted

Table 8. T Statistical Test Results

Coefficients [a]								
Model	**Prediction of Direction**	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Sig. One Tailed**	**Conclusion**
		B	**Std. Error**	**Beta**				
(Constant)		0.070	0.029		2.426	0.017	0.009	
Independent Commissioner	(+)	0.092	0.027	0.236	3,433	0.001	0.001	H1 Accepted
Managerial Ownership	(+)	0.049	0.023	0.155	2.165	0.032	0.016	H2 Accepted
Green Accounting	(+)	0.039	0.016	0.020	2.351	0.020	0.010	H3 Accepted
Leverage	(+)	0.033	0.016	0.144	2.022	0.046	0.023	Influential (+)

a. Dependent Variable: Financial Performance

b. Independent Commissioners Have a Positive Influence on Financial Performance

Based on the results of the t test from the table 8, in the regression model Independent Commissioner, the significance value obtained was 0.001. It was smaller than 0.05 (0.001 < 0.05) and the unstandardized beta value was 0.092 in the

positive direction and t-count > t- table (3,433 > 1.9808). So it can be concluded that **H1 is accepted.** It means that Independent Commissioner variable partially has positive effect on Financial Performance.

c. Managerial Ownership Has a Positive Influence on Financial Performance

Based on the results of the t test from the table 8, on the Managerial Ownership regression model, it was obtained a significance value of 0.016 which means it is smaller than 0.05 (0.016 < 0.05) and an unstandardized beta value of 0.049 in a positive direction and t-count > t-table (2.165 > 1.9808). It can be concluded that **H_2 is accepted**, this means that the Managerial Ownership variable partially has a positive effect on Financial Performance.

d. Green Accounting Has a Positive Influence on Financial Performance

Based on the results of the t-test from the table 8, in the Green Accounting regression model, a significance value of 0.010 was obtained, which means it is smaller than 0.05 (0.010 < 0.05) and an unstandardized beta value of 0.039 in a positive direction. Then, t-count > t-table (2.351 > 1.9808). So, it can be concluded that **H_3 is accepted**. This means that the Green Accounting variable partially has a positive effect on Financial Performance.

e. Leverage Has a Positive Influence on Financial Performance

Based on the results of the t-test from the table 8, in the Leverage regression model, a significance value of 0.023 was obtained, which means it is smaller than 0.05 (0.023 < 0.05) and an unstandardized beta value of 0.033 in a positive direction. and t-count > t-table (2.022 > 1.9808). So it can be concluded that **H_4 is accepted**, this means that the Leverage variable partially has a positive effect on Financial Performance.

3.2.8. Results of Multiple Linear Regression Analysis

Multiple linear regression analysis aims to determine the influence of two or more independent variables on a dependent variable and the magnitude of the value of the dependent variable if the independent variable as a predictor factor is manipulated (increasing and decreasing its value). The results of the multiple linear regression test can be seen in the Table 9.

Table 9. Multiple Linear Regression Results

Model	Direction Prediction	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		0.070	0.029		2.426	0.017
Independent Commissioner	(+)	0.092	0.027	0.236	3,433	0.001
Managerial ownership	(+)	0.049	0.023	0.155	2.165	0.032
Green Accounting	(+)	0.039	0.016	0.020	2.351	0.020
Leverage	(+)	0.033	0.016	0.144	2.022	0.046

a. Dependent Variable: Financial Performance

Based on Table 9, regression test results, the following equation can be formulated:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4VK + e$$

$$Y = 0,070 + (0,092)X1 + (0,049)X2 + (0,039)X3 + (0,033)VK + e$$

with:

Y = Financial Performance
α = Intercept or constant
β = Regression coefficient
X1 = Independent Commissioner
X2 = Managerial Ownership
X3 = Green Accounting
VK = Leverage
e = error

a. Constant = 0.070. meaning that if the independent variable experiences an increase of 1 unit while the other

variables are considered constant, then the variable will experience an increase of 0.070.

b. Independent Commissioner = 0.092. This means that if the Independent Commissioner variable experiences an increase of 1 unit while the other variables are considered constant, then the variable will experience an increase of 0.092.

c. Managerial Ownership = 0.049. This means that if the Managerial Ownership variable increases by 1 unit while the other variables are considered constant, then the variable will experience an increase of 0.049.

d. Green Accounting = 0.039. This means that if the Green Accounting variable increases by 1 unit while the other variables are considered constant, then the variable will experience an increase of 0.039.

e. Leverage = 0.033. This means that if the Leverage variable increases by 1 unit while other variables are considered constant, then the variable will increase by 0.033.

3.2.9. Discussion of Research Results

Table 10. T-test results

Coefficients[a]								
Model	**Direction Prediction**	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Sig. One Tailed**	**Conclusion**
		B	**Std. Error**	**Beta**				
(Constant)		0.070	0.029		2.426	0.017	0.009	
Independent Commissioner	(+)	0.092	0.027	0.236	3,433	0.001	0.001	H1 Accepted
Managerial ownership	(+)	0.049	0.023	0.155	2.165	0.032	0.016	H2 Accepted
Green Accounting	(+)	0.039	0.016	0.020	2.351	0.020	0.010	H3 Accepted
Leverage	(+)	0.033	0.016	0.144	2.022	0.046	0.023	Influential (+)

a. Dependent Variable: Financial Performance

a. The Influence of Independent Commissioners on Financial Performance

The hypothesis result, which show that there is a positive influence of Independent Commissioners on Financial Performance, are in line with the findings in research conducted by Yulianti & Cahyonowati (2023), and indicate that the existence of independent commissioners has an important role in company supervision and control. Independent commissioners who are not affiliated with company management tend to have higher objectivity in carrying out their supervisory function. This allows them to be more effective in monitoring management performance and ensuring that decisions taken by management are in accordance with the interests of shareholders and do not only benefit certain parties.

Having independent commissioners can also increase transparency and accountability in company management. With stricter supervision, the risk of irregularities and unethical management practices can be minimized. A well-functioning independent commissioner can also be an effective liaison between shareholders and management, ensuring that shareholder interests are considered in every strategic decision of the company. Moreover, previous research also shows that the presence of independent commissioners can increase investor confidence. Investors tend to have more confidence in companies that have a good governance structure, including the presence of independent commissioners because this is considered a sign that the company is well managed and committed to good governance practices. Increased investor confidence can have a positive impact on a company's share price and the company's access to cheaper capital.

b. Effect of Ownership Managerial on Financial Performance

The results of the hypothesis test which show that there is a positive influence between Managerial Ownership on Financial Performance are in line with the findings in research conducted by Setiawan & Setiadi (2020), and indicate that managerial ownership plays an important role in improving company performance. Managerial ownership refers to share ownership by company management, such as directors and other executives. By owning shares, management

has a direct financial incentive to increase the value of the company because good performance will have a positive impact on the value of the shares they own. Managerial ownership can reduce conflicts of interest between management and shareholders. In agency theory, managers as agents and shareholders as principals often have different interests. Managers may be tempted to make decisions that benefit them personally but harm shareholders. However, when management is also a shareholder, their interests become more aligned with those of other shareholders. This encourages management to make decisions that are wiser and beneficial for the company as a whole.

Furthermore, managerial ownership also increases management commitment and motivation to achieve high performance. Managers who own shares tend to focus more on achieving the company's long-term goals rather than short-term profits. They are more motivated to improve the company's operational and financial performance because the company's success will directly increase their personal wealth. Managerial ownership can promote better strategic decision making. Managers who own shares tend to be more careful and consider risks more carefully before making big decisions because they have a personal interest in the outcome of those decisions. This can reduce the possibility of high-risk or unwise decisions.

c. The Effect of Green Accounting on Financial Performance

The results of the hypothesis test which show that there is a positive influence of Green Accounting on Financial Performance are in line with the findings in research conducted by Kamila Ramadhani et al. (2022), indicate that the implementation of Green Accounting has a significant contribution in improving the company's financial performance. Green Accounting, or environmental accounting, means an accounting practice that integrates environmental factors into a company's financial reporting. This includes measuring, recording and reporting the costs and benefits associated with the environmental impact of a company's operations. One of the main reasons why Green Accounting has a positive influence on financial performance is because this practice helps companies identify and manage environmental costs more effectively. With Green Accounting, companies can identify sources of waste and negative environmental impacts, and take steps to reduce or eliminate them. This not only reduces operational costs, but can also prevent potential fines and sanctions associated with environmental violations.

In addition, Green Accounting can improve a company's image and reputation in the eyes of the public, including consumers, investors and other stakeholders. Companies that demonstrate a commitment to good environmental practices tend to be more respected by the public and investors who are increasingly aware of environmental issues. A good reputation can increase customer loyalty, attract more investors, and even open up new market opportunities that support environmentally friendly products and services. Green Accounting can encourage innovation and operational efficiency. In an effort to reduce environmental impacts, companies may develop new technologies or adopt more efficient and environmentally friendly processes. This innovation not only helps in preserving the environment but can also increase company productivity and efficiency, which in turn can improve financial performance. Furthermore, implementing Green Accounting can help companies meet increasingly stringent environmental regulations and standards. By complying with environmental regulations, companies can avoid legal risks and maintain the long-term sustainability of their operations. Compliance with these regulations can also increase stakeholder trust in the company.

d. The Effect of Leverage on Financial Performance

The results of the hypothesis test which show that there is a positive influence of Leverage on Financial Performance are in line with the findings in research conducted by Rahmadita & Amri (2024), providing an indication that the appropriate use of Leverage can improve a company's financial performance. Leverage refers to the use of borrowed funds (debt) to finance a company's investments or operations. When companies use leverage wisely, this can provide a number of significant benefits to the company's financial performance. One of the main reasons why Leverage can have a positive impact on financial performance is because Leverage can increase return on equity (ROE). When a company uses debt to finance its operations, it can increase its assets without having to spend more of its own capital. If the company is able to generate a return from investment that is higher than the debt interest costs, then the profits generated will be greater than if the company only uses equity. This means that Leverage can increase net profit and ultimately increase ROE.

In addition, Leverage can help companies expand operations and make profitable investments that might not be possible if they only relied on their own capital. With access to additional funds, companies can take advantage of larger market opportunities, expand their business and increase the scale of operations. This in turn can increase company revenue and profits. Using Leverage can also provide tax advantages because debt interest is usually tax

deductible. This tax reduction can reduce the company's tax burden, thereby increasing net profit after tax. This tax effect makes debt a cheaper source of funding compared to equity, which does not have similar tax deduction benefits. However, it is important to note that high leverage also carries risks. If a company cannot generate sufficient returns to cover debt interest costs, this can cause serious financial problems and increase the risk of bankruptcy. Therefore, the use of leverage must be managed carefully and adjusted to the company's ability to repay its debt.

4. Conclusion

Independent commissioners positively impact financial performance. Through objective and independent oversight, companies can enhance financial performance via more effective management, increased transparency, and greater investor confidence. Managerial ownership also significantly improves financial performance. When management holds company shares, they have a strong incentive to encourage financial performance, minimize conflicts of interest, and make more strategic decisions. Similarly, green accounting has a notable positive effect on financial performance. These practices enable companies to manage environmental costs, enhance operational efficiency, improve their reputation, foster innovation, and ensure compliance with environmental regulations. Lastly, leverage positively influences financial performance. It can increase return on equity, facilitate expansion and investment, and provide tax benefits.

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