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Bridging Sustainability and Profitability: An Analysis of Green Accounting and CSRD in Sharia-Compliant Mining Firms

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Abstract

Profitability is a key indicator of corporate performance and sustainability, especially for firms operating under Islamic principles that must balance financial goals with religious, social, and environmental responsibilities. Green accounting and corporate social responsibility disclosure (CSRD) have emerged as mechanisms to strengthen reputation, stakeholder trust, and compliance. However, most prior studies examined these variables separately with inconsistent results, leaving a gap in understanding their combined effect on profitability in sharia-compliant sectors. This study addresses that gap by analysing the influence of green accounting and CSRD on mining companies listed in the Jakarta Islamic Index (JII) during 2016–2021. Using secondary data from financial statements and sustainability reports of six firms, profitability was measured through Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). Regression results show green accounting significantly improves all profitability indicators, while CSRD positively affects ROA and ROE but not NPM. The novelty lies in integrating both variables in an Islamic mining context over six years, offering new evidence that sustainability practices enhance profitability while reinforcing sharia compliance.

Keywords: Corporate Social Responsibility Disclosure; Green Accounting; Jakarta Islamic Index; Profitability; Sharia-Compliant Mining.

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Introduction

There are extraordinary developments in the current industrial revolution era, especially in technology. Several companies are carrying out efficiency-based technologicaln transformations. Increasingly sophisticated technological transformation can improve product quality and production capacity and provide affordable product offerings to meet people's needs (Faizah, 2020). Sahoo (2022) proves that business processes positively affect innovation and company performance. In Islamic law, the orientation of an activity is not only aimed at meeting material needs but must be based on responsibility towards religion. Therefore, companies founded on Sharia principles are accountable to Allah SWT for their activities. Sharia-based companies began to develop with the formation of the Jakarta Islamic Index (JII), established on July 3, 2000. JII's constituents only consist of the 30 most liquid Sharia shares listed on the Indonesian Stock Exchange (IDX Syariah, 2022). The Sharia capital market is developing rapidly, causing companies included in the Jakarta Islamic Index to present a religious dimension in the disclosure of annual reports that aim to benefit Muslim stakeholders. Therefore, standards are needed when making social responsibility reports from an Islamic perspective.

When talking about Islamic business, the opinion explains that it is one of the economic activities (Muamara) where business plays a critical role in the lives of all people to fulfil their needs. Business activities affect the standard of living for all individuals and communities, regionally, nationally, and even internationally. For example, millions of people carry out business activities every day. Some are one person (producer, intermediary, consumer) (Ahyani et al., 2022).

The profitability level reflects the company's potential to gain profits. A high financial margin means better company performance. The better the company's performance, the better the shareholder response and the higher the company's share price. High liquidity can affect the capital structure (Suhardjo et al., 2022). The company seeks to increase its income regardless of the current market price, since investors primarily evaluate it based on stock performance (2020). Investors assess a company's value based on their perception, which is often reflected in its share price. High share prices cause high firm value (Purbawangsa et al., 2020). The higher the share price, the more assets the shareholders have and the more valuable the company is (2020). Profitability is a ratio to assess the company's profit-making ability. This ratio measures the effectiveness of a company's management. This research used Return on Asset (ROA), Return on Equity (ROE), and Net Profit Margin

(NPM) ratios to measure profitability ratios. ROA is an indicator of a business unit that measures the profit level of several company-owned assets. ROA can help companies that carry out good accounting practices to measure the efficiency of capital used.

Return on Equity is a ratio that measures a company's ability to generate profits after tax. This ratio is essential for shareholders to know the effectiveness and efficiency of their own capital management carried out by the company management. The higher the ROE value, the more efficiently the company uses its capital. Net Profit Margin (NPM) is a ratio used to measure the percentage of net profit obtained from each sale after calculating all costs and sales taxes. The greater the NPM ratio, the better the company's ability to earn profits through high sales and the company's ability to manage its costs. This can attract investors' attention to invest in the company's shares. Suppose a company has a low NPM ratio and its ability to reduce its costs is considered poor. In that case, investors will not be interested in investing their shares in the company.

The business environment is changing rapidly. Organisations are also becoming increasingly competitive. The way to make a company prosperous is to maintain short-term success and consider the organisation's long-term survival. Recently, the Indonesian government has issued several policies regarding implementing Green Accounting. Law No. 23 of 1977 concerning environmental management was initiated, which regulates the company's obligations to maintain, manage, and provide appropriate and accurate information. Then, Law No. 25 of 2007 concerning capital investment explains the obligation of every investor in the form of a business entity or company to carry out corporate social responsibility, preserve the environment, and respect the cultural traditions of the surrounding community. The accounting field plays a role in environmental preservation efforts through Green Accounting, which contains accounts related to environmental costs. Green accounting for sustainable development is influenced by many external variables, such as the level of awareness of company administrators, institutional and regulatory barriers, the scale of company operations, and other factors that may occur (Agyemang et al., 2023). Businesses must disclose environmental information that tells the company's entire story, including how value is created, its strategy, risks, threats, opportunities, and how well the business performs regarding its strategic goals (Kalbouneh et al., 2023). According to Riyadh et al. (2020), there is a need for environmentally friendly accounting at the company level. Green accounting, for example, at the corporate level, helps management determine whether the organisation is on the right track to be responsible for sustainable development while still achieving business goals. Conversely, environmental hazards may impact financial statements prepared on an accrual basis. Environmental accounting is essential at the corporate level to help management determine whether sustainable development responsibilities are aligned with the organisation's business objectives.

Therefore, Aniela (2012) researches that implementing Green Accounting positively impacts company profitability, which has been seen from the community's positive response in assessing the company's image. When a company can properly implement Green Accounting, consumers will evaluate it, thus increasing its profitability. Apart from that, environmental activities and the disclosure of these activities in annual reports enable users of financial reports, such as investors, management, and creditors, to obtain information that helps them make decisions related to conservation and waste management in the future. Likewise, Qodratilah (2021) research states that green accounting positively and significantly affects company profitability as proxied by Net Profit Margin (NPM). This is supported by research conducted by Wangi & Lestari (2019), which states that green accounting positively and significantly affects company profitability as proxied by Return On Assets (ROA). This differs from research conducted by Prena et al. (2020), which states that green accounting does not affect company profitability as proxied by Return On Assets (ROA).

Besides Green Accounting, another effort to participate in a caring environment and improve community welfare is by disclosing Corporate Social Responsibility. In recent years, companies, policymakers, regulators, and stakeholders have shown significant interest in corporate social responsibility (CSR). CSR refers to a company's voluntary actions to address social, environmental, and ethical issues in its operations and business. Corporate Responsibility Disclosure reveals that management signals stakeholders regarding activities involving the company's responsibility for environmental and social information. Wulandari (2020), in his research, obtained results that the CSR Disclosure variable in projecting the results of the company's profitability ratio with ROA had a positive and significant effect. It is becoming increasingly important for companies to engage in CSR as customers and investors increasingly demand that companies be responsible for their impact on society and the environment. CSR disclosures were initially disclosed voluntarily in the company's annual report. However, after Corporate Law Number 40 in 2007 Article 74 paragraph 1, which states, "Companies that carry out business activities in the field and/or related to natural resources are obliged to carry out social and environmental responsibilities". Based on this law, CSR reporting becomes mandatory. CSR is social responsibility reporting that is mandatory for conventional companies. However, with sharia-based companies, the CSR is Corporate Social Responsibility Disclosure (Khairiyani, 2020).

The research conducted by Khairiyani (2020) states that the implementation of CSRD has a positive and significant effect on company profitability as proxied by ROA and ROE. This research is supported by Nolita Yeni Siregar et al. (2019), who state that implementing CSRD positively and significantly affects company profitability as proxied by ROE. This is in contrast to research conducted by Reistiawati Utami et al. (2020), which states that implementing CSRD does not affect company profitability as proxied by ROE. Likewise, research by Deasy Arisandy Aruan et al. (2021) states that implementing Corporate Social Responsibility Disclosure does not affect company profitability as proxied by Net Profit Margin (NPM).

This research refers to research conducted by Nolita Yeni Siregar and Attya Rahmanisa (2019), stating that Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability, which is proxied by Return on Equity (ROE). However, Corporate Social Responsibility Disclosure does not affect Return on Assets (ROA). What makes this research different is that there are additional variables, namely Green Accounting as an independent variable and Net Profit Margin (NPM) as a dependent variable, which refers to research conducted by Nenden Hana Isfahani Qodratilah (2021). This research also used samples from the mining sector registered in the Jakarta Islamic Index (JII) for 6 years from 2016 to 2021.

Literature Review

Green Accounting and Company Profitability as proxied by ROA, ROE, and NPM

The basis for assessing profitability is financial statements. Based on the financial reports seen from the company's balance sheet and profit and loss report, an analysis of several ratios will be produced, which will be used to assess specific aspects of the company's operations.

The exposure of green accounting topics is a non-financial performance report through a sustainability report, known as Environmental, Social, and Governance

(ESG). The content in it can help companies to set targets and change management for sustainable operating changes (Pramastha & Sulistiyowati, 2025).

According to the company's profitability, which is proxied in several ratios, the hypotheses are formulated as follows:

a. Return on Assets (ROA)

Stoner and Sirait (1994) argue that Return on Assets compares net profit after tax and assets to measure the overall return on capital (Nenobais et al., 2022). This ratio is used to measure the ability of company management to obtain net profits from asset management. The higher the ROA value, the higher the net profit generated from sales. By calculating this ratio, researchers can assess the company's efficiency in using assets to generate profits. The following is the formula to find the Return on Assets (ROA) value

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\%$$

b. Return on Equity (ROE)

Return on Equity (ROE) is a ratio that measures a company's ability to generate profits after tax. The following is the formula for Return on Equity (ROE):

$$\text{ROE} = \frac{\text{Profit after tax}}{\text{Stakeholders' equity}} \times 100\%$$

c. Net Profit Margin (NPM)

Net Profit Margin (NPM) is an element of profitability as a measuring tool for a company's ability to earn profits (Nenobais et al., 2022). The formula used to measure this ratio is as follows:

$$\text{ROE} = \frac{\text{profit after tax}}{\text{Net sales}} \times 100\%$$

The Effect of Green Accounting on Company Profitability as proxied by Return on Assets (ROA)

Green accounting measures, assesses, discloses, and identifies costs related to company activities and the environment. Green Accounting contains all accounting records related to the environment. Yoshi Aniela (2012) stated that implementing

Green Accounting positively impacts company profitability. The research results of I Dewa Made Endiana et al. (2020) state that Green Accounting has a positive and significant effect on company profitability as proxied by Return on Assets (ROA). When a company implements Green Accounting and can demonstrate good environmental performance, profitability will also be good. This research is supported by research from Wangi and Lestari (2019), which states that Green Accounting has a positive and significant effect on company profitability as proxied by Return on Assets (ROA), so the hypothesis proposed is as follows:

$H1.\ a$: Green Accounting has a positive and significant effect on company profitability as proxied by Return on Assets (ROA).

The Effect of Green Accounting on Company Profitability as proxied by Return on Equity (ROE)

If companies that properly implement Green Accounting consumers will judge that it carries out its operational activities well, affecting its profitability. This has been proven in academic and empirical research, which states that company profitability in terms of company market value is greatly affected by environmental performance, which can be observed from revenues and costs. Research conducted by Catur Muhammad Erlangga et al. (2021) states that Green Accounting has a positive and significant effect on company profitability as proxied by Return on Equity (ROE), so the hypothesis proposed is as follows:

$H1.\ b$: Green Accounting positively and significantly affects company profitability as proxied by Return on Equity (ROE).

The Effect of Green Accounting on Profitability as proxied by Net Profit Margin (NPM)

Implementing Green Accounting will increase the company's burden because it has to spend funds on environmental costs. However, you will get benefits in the form of reduced insurance and capital costs to reduce the total production costs incurred. Properly running the company's operations will increase stakeholder trust, so implementing Green Accounting can increase the company's profitability.

The research results conducted by Trias Madanika Kusumawati (2012) state that Environmental Performance, or the application of environmental accounting, has a positive and significant effect on company profitability as proxied by Net Profit Margin (NPM). This research is supported by the results of research conducted by Qodratilah (2021), which states that the implementation of Green Accounting has a positive and significant effect on the level of profit achievement as proxied by Net Profit Margin (NPM), so the hypothesis proposed is as follows:

$H1.\ c$: Green Accounting positively and significantly affects company profitability as proxied by Net Profit Margin (NPM).

Corporate Social Responsibility Disclosure and Profitability as proxied by ROA, ROE, and NPM

CSR is a process that connects the company's environmental and social activities to its stakeholders. CSR is a social responsibility reporting that is required for conventional companies. However, with sharia-based companies, their CSR is Corporate Social Responsibility Disclosure (Khairiyani, 2020). The development of companies around the world using Islamic concepts is very rapid. The implementation of Sharia business has undergone reforms, such as Sharia accounting, economics, and banking. This research measured CSR by Corporate Social Responsibility Disclosure (CSRD), which used 48 items as benchmarks for implementing social performance. It contains standard items determined by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). CSR comprises several issues, such as social aspects, namely social justice, human rights, corruption, and community relations. Thus, it has a positive effect on company profitability.

The Effect of Corporate Social Responsibility Disclosure on Profitability as proxied by Return on Assets (ROA)

The company's performance can get a positive response from the public by properly disclosing its corporate social responsibility. When the company's image is good, it can automatically increase the sense of trust and the profit it achieves.

Implementing Corporate Social Responsibility Disclosure (CSRD) can foster a sense of trust for customers, investors, and related stakeholders. When a company can carry out its operations well, it will receive a positive response from stakeholders to increase its profitability. The results of research conducted by Khairiyani (2020) stated that CSRD had a positive and significant effect on company profitability as proxied by ROA. The results of this research are supported by research conducted by Harahap et al. (2017) and Adisaputra et al. (2016), which states that Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by ROA. (Sutapa & Hanafi, 2019) The hypothesis proposed is as follows:

*H*2. *a*: Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by Return on Assets (ROA).

The Effect of Corporate Social Responsibility Disclosure on Profitability as proxied by Return on Equity (ROE)

Corporate Social Responsibility Disclosure proves the company's responsibility for applicable laws, regulations, society, and the environment. Research by Nolita Yeni Siregar and Attya Rahmanisa (2019) states that Corporate Social Responsibility Disclosure positively and significantly affects company profitability as proxied by Return on Equity (ROE). Research conducted by Ni supports the results of this research, Made Somo Misutari et al. (2021), stating that the implementation of Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by Return on Equity (ROE), so the hypothesis proposed is as follows:

*H*2. *b*: Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by Return on Equity (ROE).

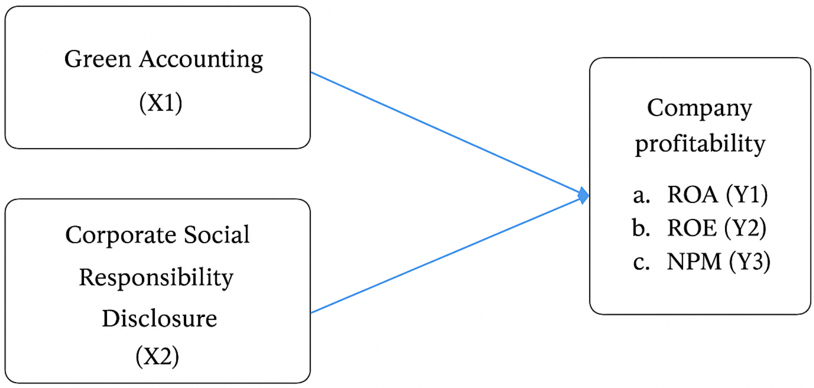
The Effect of Corporate Social Responsibility Disclosure on Profitability as proxied by Net Profit Margin (NPM)

By implementing Corporate Social Responsibility Disclosure (CSRD), the company has earned the trust of the community and other relevant stakeholders. Apart from that, the company's responsibility to Allah SWT and stakeholders can also be carried out. According to legitimacy theory, companies must ensure that their operational activities are acceptable and align with societal norms. The community can welcome the company well by implementing Corporate Social Responsibility Disclosure. The community's acceptance of the company becomes a form of legality for the company.

The results of research conducted by Hilya Nafi Husna (2020) prove that Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by Net Profit Margin (NPM), so the hypothesis proposed is as follows:

*H*2. *c*: Corporate Social Responsibility Disclosure positively and significantly affects company profitability as proxied by Net Profit Margin (NPM).

Figure 1. Research Framework



Methods

Data

This quantitative research comes from annual financial statements and sustainability reports. The population used in this research is mining companies registered on the Jakarta Islamic Index (JII) for 2016-2021. This population was chosen because mining companies use purposive sampling to produce large amounts of B3 waste, which will impact the environment. This research used the SPSS version 26 application to carry out data processing.

CSRD is a European Union policy that expands sustainability reporting obligations for companies. The aim is to increase the transparency of ESG (Environmental, Social, Governance) information and make it as important as financial reporting. Green Accounting is an accounting approach that integrates environmental aspects into financial reporting and economic decision-making.

Measurement

The operational definitions of the variables used in this study are as follows. Company profitability was measured using three ratios: Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). ROA is the ratio of net profit to total assets, reflecting the efficiency of asset utilization in generating profits (Nenobais et al., 2022). ROE measures the company's ability to generate profit after tax relative to shareholders' equity, thereby indicating the effectiveness of equity management (Hery, 2016). NPM represents the ratio of net profit after tax to net sales, which shows how well the company manages its costs relative to revenue (Nenobais et al., 2022). Green Accounting was measured using PROPER ratings disclosed in sustainability reports, with scores ranging from 1 to 5, where black = 1, red = 2, blue = 3, green = 4, and gold = 5 (Faizah, 2020). Meanwhile, Corporate Social Responsibility Disclosure (CSRD) was measured using the AAOIFI index with 48 disclosure items, calculated as the ratio of items disclosed by the company to the total disclosure items applicable (Siregar, 2019).

Result and Discussions

This study examines the influence of Green Accounting (GA) and Corporate Social Responsibility Disclosure (CSRD) on profitability, which is proxied by: Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM).

1. Green Accounting

The results show that Green Accounting positively and significantly affects all profitability indicators (ROA, ROE, NPM). This shows that the better the company's environmental performance, the higher its profitability. The implementation of Green Accounting reflects environmental concerns that are positively assessed by the community and stakeholders, thus having an impact on increasing trust and financial performance.

2. Corporate Social Responsibility Disclosure (CSRD)

CSRD has a significant positive effect on ROA and ROE, but not on NPM. This means that disclosure of social responsibility can increase public trust and perception of the company, thereby strengthening the effectiveness of using assets and equity. However, it does not directly impact the net profit margin because social burdens can increase operational costs.

Descriptive Statistical Test or Descriptive Statistical Test is a statistical analysis method used to describe or illustrate the characteristics of data collected in a study.

Table 1 describes the dependent variable in this research, namely Return on Assets (ROA), with 36 samples studied (N). It has a minimum value of 0.002 and is owned by Indika Energy Tbk and Barito Pasifik Tbk. The maximum value is 0.29 owned by the Indo Tambangraya Megah Tbk company, the average ROA value is 0.0764722, and the standard deviation is 0.7446283, which has a smaller value than the mean; this shows that ROA has data with good distribution conditions.

Table 1. Descriptive Statistical Test

Descriptive Statistics					
Variable	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**
Return on Asset	36	.002	.29	.0764722	.07446283
Return on Equity	36	.004	.326	.125	.09295683
Net Profit Margin	36	.01	.27	.1058	.06721
Green Accounting	36	3	5	4.138889	.8669413
Corporate Social Responsibility Disclosure	36	.19	.56	.341944	.1226801

The dependent variable is Return on Equity (ROE), with 36 samples studied (N). It has a minimum value of 0.004 and is owned by Indika Energy Tbk. The maximum value is 0.326, owned by the Bukit Asam Tbk Coal Mining company, the average ROE value is 0.125, and the standard deviation is 0.09295683, which is a smaller value than the mean value; this shows that ROE has data with good distribution conditions. Variable dependent Net Profit Margin (NPM), which was 36 samples studied (N), has a minimum value of 0.01 and is owned by Indika Energy Tbk. The Bukit Asam Tbk Coal Mine owns a maximum value of 0.27, the average value is 0.1058, and the standard deviation is 0.06721, which is smaller than the mean value; this shows that NPM has data with good distribution conditions.

The Green Accounting variable with a total sample studied (N) of 36 has a minimum value in the PROPER ranking, namely 3, owned by the Timah Tbk and AKR Corporindo Tbk companies. The Indika Energy Tbk company owned the maximum value of 5 in 2019-2021, Indo Tambangraya Megah Tbk in 2016-2021, Tambang Batubara Bukit Asam Tbk in 2016-2021, and Timah Tbk in 2021. All sample companies have a minimum value of PROPER level 3, which means good. The highest rating obtained is 5, which means very good. The average or mean value is 4.138889, and the standard deviation is 0.8669413, which is smaller than the mean value; this shows that Green Accounting has data with good distribution conditions.

The Corporate Social Responsibility Disclosure variable with a total sample studied (N) of 36 has a minimum value in CSR value disclosure, namely 0.19 and a maximum of 0.56. The average or mean value is 0.341944, and the standard deviation value is 0.1226801, which is smaller than the mean value; this shows that

Corporate Social Responsibility Disclosure has data with good distribution conditions.

Table 2. Multiple Linear Analysis Test Return on Asset

Unstandardized Coefficients				**Standardized Coefficients**		
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	-.244	.078		-3.126	.004
	Green Accounting	.059	.014	.689	4.361	.000
	Corporate Social Responsibility	.222	.096	.365	2.309	.027

Table 3. Multiple Linear Analysis Return on Equity

Unstandardized Coefficients				**Standardized Coefficients**		
Model		**B**	**Std. Error**	**Beta**	**T**	**Sig.**
1	(Constant)	-.243	.104		-2.337	.026
	Green Accounting	.058	.018	.539	3.201	.003
	Corporate Social Responsibility	.376	.128	.497	2.949	.006

Table 4. Multiple Linear Analysis Net Profit Margin

Unstandardized Coefficients				**Standardized Coefficients**		
Model		B	Std. Error	Beta	**T**	**Sig.**
1	(Constant)	-.085	.181		-1.050	.301
	Green Accounting	.035	.014	.455	2.501	.018
	Corporate Social Responsibility	.132	.100	.241	1.324	.195

The Effect of Green Accounting and Corporate Social Responsibility Disclosure on Company Profitability as proxied by Return on Assets (ROA).

Based on Table 2, the results of the multiple linear regression test support the hypothesis testing as follows:

1. The Effect of Green Accounting on Company Profitability as proxied by Return on Assets (ROA)

The effect of Green Accounting on company profitability is proxied by ROA based on Table 2; the regression coefficient is 0.059 in a positive direction, and the significance value is 0.000, which is smaller than 0.05. Therefore, it can be concluded that the hypothesis that Green Accounting has a positive and significant effect on company profitability, as proxied by ROA, is accepted.

Incorporating ecologically sustainable methods, such as Green Accounting, can substantially enhance corporate profitability. The beneficial influence of green initiatives on financial performance is seen in green lending, with evidence suggesting that green products within a bank's portfolio enhance profitability, as indicated by ROA and ROE (Mirovic et al., 2023).

This effect is further supported by the correlation between profitability and environmental, social, and governance (ESG) factors. The benefits of environmental consciousness for profitability are demonstrated by the substantial positive correlation that has been found between ESG practices and profitability, especially in financial intermediaries (Brogi and Lagasio, 2018).

Furthermore, the importance of sustainability in increasing firm value and profitability is reaffirmed by the mediating role of financial performance, specifically ROA, in the relationship between green innovation and firm value. According to the study, the financial advantages associated with green innovations drive more and more investors into particular areas (Asni and Agustia, 2021).

2. The Effect of Corporate Social Responsibility Disclosure on Company Profitability as proxied by Return on Assets (ROA).

The effect of corporate social responsibility disclosure on company profitability as proxied by ROA is based on Table 2, where the regression coefficient is 0.022 in a positive direction, and the significance value is 0.027, which is smaller than 0.05. Therefore, it can be concluded that the hypothesis, which states that Corporate

Social Responsibility Disclosure has a positive and significant effect on company profitability as proxied by ROA, is accepted.

The finding that Corporate Social Responsibility Disclosure (CSRD) positively and significantly affects profitability as proxied by ROA is consistent with several prior studies. Prayanthi and Budiarso (2022) demonstrated that CSR disclosure significantly improves ROA and ROE, reinforcing that transparent social and environmental reporting enhances financial performance. Similarly, Wulandari (2020) found that CSR disclosure positively affects company profitability in Indonesian firms, emphasising that social accountability increases operational efficiency and investor confidence. Empirical evidence from Aji, Sunardi, and Aji (2021) also showed that CSRD significantly positively influences ROA and Net Profit Margin in award-winning companies, suggesting that adequate disclosure strengthens profitability and reputation. In Islamic finance, Budi et al. (2021) confirmed that Islamic CSR disclosure based on AAOIFI standards improves financial performance, particularly ROA, highlighting the relevance of CSR practices for sharia-based institutions. Collectively, these studies validate the results of this research, showing that broader CSR disclosure not only meets regulatory and ethical expectations but also contributes to stronger profitability through improved stakeholder trust and resource management.

3. The Effect of Green Accounting and Corporate Social Responsibility Disclosure on Company Profitability as proxied by Return on Equity (ROE)

Based on Table 3, the results of the multiple linear regression test and hypothesis testing are as follows:

The Effect of Green Accounting on Company Profitability as proxied by Return on Equity (ROE)

The effect of Green Accounting on company profitability is proxied by ROE based on Table 3; the regression coefficient is 0.058 in a positive direction, and the significance value is 0.003, smaller than 0.05. Therefore, it can be concluded that the hypothesis that Green Accounting has a positive and significant effect on company profitability as proxied by ROE is accepted.

The finding that Green Accounting has a positive and significant effect on company profitability as proxied by ROE is consistent with prior empirical studies. Chasbiandani, Rizal, and Satria (2019) demonstrated that implementing Green

Accounting significantly increases profitability, both in terms of ROA and ROE, in manufacturing firms listed on the Indonesia Stock Exchange, indicating that environmental performance directly contributes to shareholder returns. Similarly, Sulistiawati and Dirgantari (2016) showed that firms adopting environmental accounting practices in the mining sector achieved higher profitability, emphasising that systematic recognition of environmental costs improves financial outcomes. Budiono and Dura (2021) further reinforced this conclusion by finding that companies with strong Green Accounting implementation scored higher in PROPER assessments and demonstrated stronger profitability than firms with weaker environmental reporting. Collectively, these findings support the results of this study, suggesting that Green Accounting not only enhances operational efficiency and stakeholder trust but also translates into improved equity-based profitability, thereby strengthening long-term firm value.

The effect of Corporate Social Responsibility Disclosure on Company Profitability as proxied by Return on Equity (ROE)

The effect of Corporate Social Responsibility Disclosure on company profitability as proxied by ROE is based on Table 3. The regression coefficient is 0.037 in a positive direction, and the significance value is 0.006, smaller than 0.05. Therefore, it can be concluded that the hypothesis that Corporate Social Responsibility Disclosure has a positive and significant effect on company profitability, as proxied by ROE, is accepted.

The positive and significant effect of Corporate Social Responsibility Disclosure (CSRD) on profitability as proxied by ROE aligns with prior evidence across markets and settings. For Indonesian firms, Prayanthi and Budiarso (2022) document that CSR disclosure consistently improves ROA and ROE, indicating that transparent social–environmental reporting enhances financial performance. Consistently within the Islamic finance context, Aula, Sumiyati, and Mai (2022) find that CSRD-All exerts a significant positive impact on ROE of Islamic banks, with economic and environmental components also strengthening performance. Firm-level evidence from the manufacturing/consumer sector echoes this pattern: Ningsih et al. (2022) report that CSR activities significantly raise ROE alongside ROA for IDX food and beverage companies. Earlier cross-country work in Islamic banking likewise supports a positive linkage between CSR disclosure and financial performance, reinforcing the robustness of your ROE result (Platonova et al., 2018).

Conclusion

This study examined the effect of Green Accounting and Corporate Social Responsibility Disclosure (CSRD) on the profitability of mining companies listed in the Jakarta Islamic Index (JII) for the 2016–2021 period. The findings confirm that Green Accounting has a positive and significant effect on profitability, as measured by Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). Similarly, CSRD significantly influences ROA and ROE, although it does not significantly affect NPM. These results indicate that while environmental accounting and social responsibility disclosures can strengthen asset and equity utilisation, their immediate impact on profit margins remains limited due to the costs of implementing sustainability programs.

The novelty of this research lies in integrating Green Accounting and CSRD within the context of sharia-compliant mining companies over a six-year observation period. Unlike previous studies that tended to examine these variables separately or within shorter time frames, this study demonstrates their combined and long-term effects on profitability.

Theoretically, this study enriches the literature on Islamic accounting and sustainability by providing evidence that sharia-based business practices can align profitability with environmental and social accountability. The findings highlight the importance of corporate managers adopting sustainability-oriented strategies, not merely as compliance but as a means of building investor trust and long-term corporate value. For policymakers and regulators, the results emphasise the need to strengthen reporting standards for green accounting and CSRD, particularly in environmentally sensitive sectors.

Future studies could expand the scope by comparing different industries, extending the observation period, or applying alternative measures of sustainability and profitability. Incorporating qualitative approaches, such as interviews with stakeholders, may also provide deeper insights into the perception and effectiveness of green accounting and CSRD in enhancing firm performance.

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