

THE INFLUENCE OF BUSINESS ACTIVITIES ON THE APPLICATION OF SUSTAINABLE ACCOUNTING IN COMPANIES IN DENPASAR CITY

Ni Luh Putu Mita Miati¹, I Nyoman Sutapa², I Gde Agung Wira Pertama³

Warmadewa University^{1,2,3}

E-mail: mitamiati91@warmadewa.ac.id

Abstract: In sustainability accounting, environmental issues are always raised by many events that have a serious impact on the environment that harm the health and economic interests of the community. Some previous researchers have conducted research on sustainability accounting so researchers will provide additional studies in MSME objects where this object is still little researched. The theory used in this study is the Triple Bottom Line theory. This research will conduct testing in accordance with the formulation of the problem that has been formulated using a quantitative paradigm using multiple linear regression test tools to test the hypotheses that have been proposed. The population in this study is MSMEs in the Denpasar district as many as 29,549 with samples taken from as many as 100 MSMEs. The research variables in this study are Supply Chain Characteristics, Business Characteristics, the application of the company's accounting system, and the application of sustainable accounting. The method to analyze the data in this study used Partial Least Square (PLS). Based on the results of the study, it can be concluded that supply chain characteristics have a positive effect on the application of sustainable accounting, while the business characteristics and the application of the company's accounting information system respectively do not have a significant effect on the application of sustainable accounting. Suggestions for future researchers to be able to redevelop the results of this study that do not have a significant effect.

Keywords: *Business Activities, Application of Continuous Accounting*

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1. Introduction

Sustainable development is an urgent need in the current era of development. Sustainable development is a balanced development in the economic, community, and environmental fields to meet the material and spiritual needs of the community without destroying resources. Profit is not the only thing that must be considered by organizations or companies. Demands for sustainability and balance, both environmental and social, also need attention. If financial performance goes well and is able to meet environmental and social performance and contribute significantly to overcoming these problems, in the future it will become a company that survives.

In sustainability accounting, environmental issues are always raised by many events that have a serious impact on the environment that harm the health and economic interests of the community. This problem cannot be completely solved if the company itself does not establish an environmental accounting system to record, monitor, and manage environmental problems (Giang et al., 2022) In Indonesia, there have been several cases of company activities that have resulted in environmental damage, such as one example of a case in West Java where companies pollute the environment with B3 waste pollution in work areas on January 21, 2020 (Hadi, 2020)

The development of research on sustainability accounting has been started in 1992 by (Gray, 1992) which discusses accounting techniques for the operationalization of sustainability accounting. Research (Zyznarska-Dworczak, 2019) discusses sustainability accounting as very important for company management, such as assessing the results of applying sustainable development principles, managerial control, and sustainability reporting. Some researchers have also conducted research on environmental accounting that has a relationship with sustainability accounting, such as researchers (Susanto & Meiryani, 2019) who discuss organizational responsiveness to environmental needs as very important not only for nature but also for the organization itself in building corporate image, sustainable practices, and certifications that improve the organization's reputation and manager's understanding of environmental needs along with increased community commitment. What factors affect sustainability accounting in business have been discussed by researchers (Giang et al., 2022) this study discusses how the variables of Supply Chain Characteristics, business character, and company accounting systems affect the application of sustainable development accounting in business. Based on several studies already mentioned, it can be concluded that research on sustainability accounting, many of the research objects are carried out in manufacturing sector companies which have a large environmental impact, but there is still little research on this matter carried out at the MSME business level, even though quoted (Azzura, 2021) Coordinating Minister for Economic Affairs Airlangga Hartarto said, micro, small and medium enterprises (MSMEs) have become supporters Economic resilience. It was noted that the contribution of MSMEs to the Gross Domestic Product (GDP) reached 61.07 percent or worth IDR 8,574 trillion in 2021. Based on this, this study will provide additional information about sustainability accounting in the MSME sector, especially MSMEs in Bali, where most MSME sectors in Bali are engaged in the tourism sector. The purpose of this study is 1) to test the influence of the Supply Chain on the application of sustainable accounting for MSMEs in Denpasar City. 2) Testing the influence of Business Character on the application of sustainable accounting in MSMEs in Denpasar City and 3) Testing the company's accounting system on the application of sustainable accounting in MSMEs in Denpasar City.

This study uses the concept of a Triple Bottom Line. The Triple Bottom Line is used as a sustainability paradigm in operations management and classification system for sustainable supply chain management research. In his research on the systematic review of the Triple Bottom Line (Lovisceck, 2020) explained this theory was first published in 1997 which describes the business world with outstanding performance in three main areas: social, environmental, and economic. These three interests are the outline and main objectives of a company's social responsibility. The triple bottom line emerged as a popular conceptualization as a reporting tool for articulating a company's social, environmental, and economic performance.

During these 25 years since the introduction of the approach by Elkington, the framework has been linked to other strategic aspects related to the development of sustainable supply chains. In this review, several concepts and capabilities related to sustainable operations management that should be integrated into the framework, rely on risk management as businesses must consider threats caused by harmful destruction such as climate change, resource scarcity and insecurity, population growth, and all concepts related to business security and maintenance.

Some previous researchers have conducted research on the application of sustainable accounting such as research that has been started since 1992 by (Gray, 1992) which discusses accounting techniques for the operationalization of sustainability accounting. Research (Zyznarska-Dworczak, 2019) discusses sustainability accounting as very important for company management, such as assessing the results of the application of sustainable development principles, managerial control, and sustainability reporting. Some researchers have also conducted research on environmental accounting that has a relationship with sustainability accounting, such as researchers (Susanto & Meiryani, 2019) who discuss organizational responsiveness to environmental needs as very important not only for nature but also for the organization itself in building corporate image, sustainable practices, and certifications that improve the organization's reputation and manager's understanding of environmental needs along with increased community commitment. What factors affect sustainability accounting in business have been discussed by researchers (Giang et al., 2022) this study discusses how variables such as Supply Chain Characteristics, business characters, and company accounting systems affect the application of sustainable development accounting in business. Based on several studies that have been carried out further review, researchers found that the object of research is mostly carried out in manufacturing companies and there are still few studies that conduct research on sustainability accounting in the MSME sector. This research will examine the topic of sustainability accounting by replicating the research (Giang et al., 2022) and replacing the object of research from the manufacturing sector with MSMEs engaged in the tourism sector in Bali. According to researchers, this object really needs to be researched considering that MSMEs in Bali rely on the tourism sector so the concept of sustainability accounting is expected to be able to help the sustainability of MSMEs in Bali. Researchers have conducted research on MSMEs with different topics so that they will be able to complement the researcher's roadmap. The research roadmap can be seen in Figure 1 of the Research Road Map.

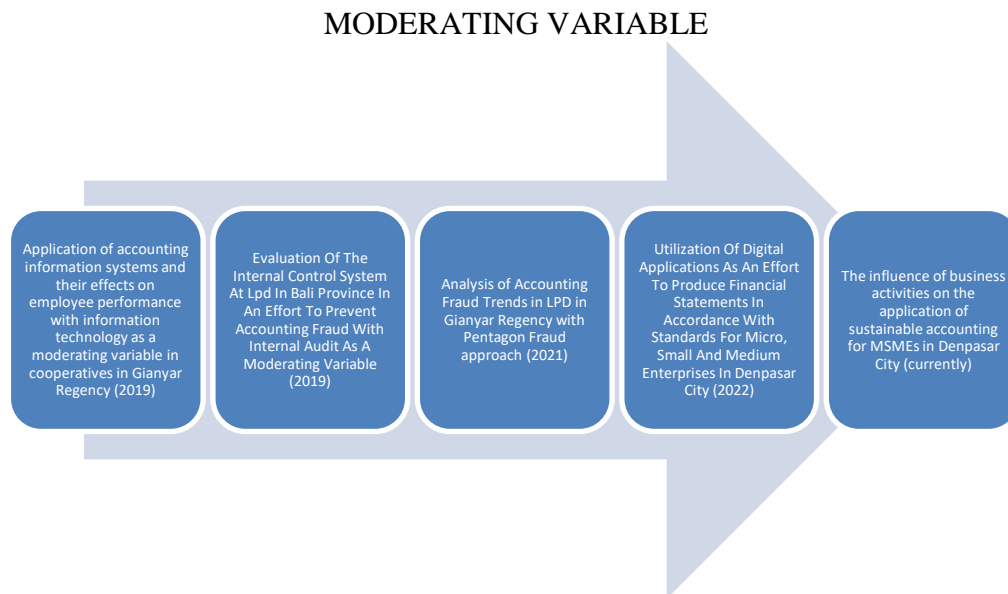


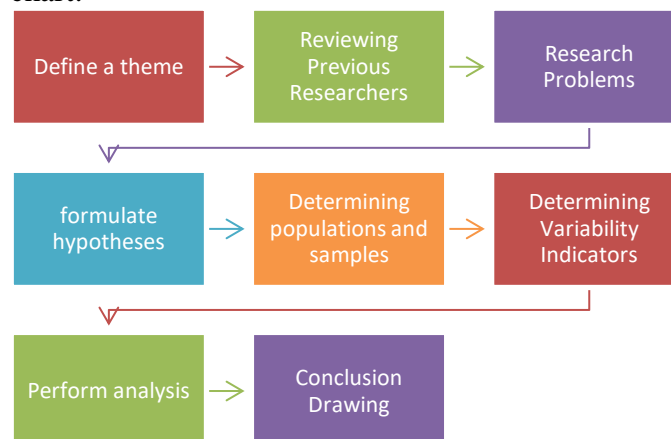
Figure 1
Research Road Map

Based on the background description of the problem, the researcher formulates the following hypothesis.

- H1 : The supply chain affects the application of sustainable accounting for MSMEs in Denpasar City.
- H2 : Business character affects the application of sustainable accounting for MSMEs in Denpasar City.
- H3 : Accounting Information System affects sustainable accounting for MSMEs in the city of Denpasar.

2. Research Method

This research will conduct testing in accordance with the formulation of the problem that has been formulated using a quantitative paradigm using multiple linear regression test tools to test the hypotheses that have been proposed. The research flow will be explained in Figure 2 of the research flow chart.



Gambar 2
Research Flow Chart

Data collection in this study is by questionnaire collection technique which is divided into 2 (two) main parts, namely: data on the general description of the application of MSME sustainability accounting in Denpasar City. The data in this study is primary data obtained by distributing questionnaires. The population in this study is MSMEs in the Denpasar district as many as 29,549 (Bankdata.denpasarkota.go.id). obtain samples that can describe and reflect the population in this study which amounted to 29,549 MSMEs. So this study used a sample of 100 companies. The sampling technique used in this study uses random sampling, which is a way of selecting samples by taking sample members from the population and is carried out randomly without paying attention to the strata in a population. This method is done because members of the population are considered homogeneous.

Research Variables

This study examines the variables of supply chain characteristics, business characteristics, the application of the company's accounting system, and the application of sustainable accounting. The following will be explained the indicators used to measure this variable are as follows.

Supply Chain Characteristics

The characteristics of the supply chain referred to in this study are how the description of the supply of raw materials in the business activities of manufacturing companies quoted from the research (Giang et al., 2022) the indicators used to measure this variety are

- 1) Pressure from suppliers requires businesses to implement continuous accounting
- 2) Pressure from customers requires businesses to implement continuous accounting
- 3) Competitor pressure requires businesses to implement continuous accounting
- 4) Pressure from employees requires businesses to implement sustainable accounting

Business Characteristics

Understanding business characteristics in this study is how business activities have characteristics to implement sustainable accounting quoted from the research (Giang et al., 2022). Indicators that can be used to measure this variety are

- 1) Production technology is updated with the principles of continuous accounting
- 2) The competence of managers ensures the implementation of continuous accounting
- 3) Information systems ensure the implementation of continuous accounting
- 4) Have continuous accounting characteristics

Application of Corporate Accounting System

The company's accounting system in this study explains how the company's accounting system is able to apply sustainable accounting concepts quoted from the research (Giang et al., 2022). Indicators that can be used to measure this variety are

- 1) The level of accounting staff of the company is able to implement continuous accounting
- 2) Accounting information systems ensure the continuous application of accounting
- 3) The application of modern technologies ensures the continuous application of accounting
- 4) Have supporting tools to implement sustainable accounting

Application of Continuous Accounting

How is the continuous accounting implementation in the company whether it has been implemented or not? If you apply to what extent? quoted from research (Giang et al., 2022).

Indicators of the application of sustainable accounting refer to the measurement and reporting of the financial, environmental, and social performance of an entity over a continuous period of time. Some indicators that can be used to measure the application of sustainable accounting are:

- 1) Using Recyclable Products
- 2) Spending money on nature conservation
- 3) Spending money on social interests
- 4) Measuring the social and environmental impacts of business activities

Data Analysis Method using Partial Least Square (PLS). PLS data analysis generally consists of 2 parts, namely measurement models and structural models. Assessment of measurement models basically explains the relationship between latent variables and their indicators. The focus of this analysis is to see whether or not the requirements for reliability and validity of the data obtained from respondents are met before being used for further analysis. Significance testing seen from looking at the $p\text{-value} < 0.05$ can be concluded to have a significant influence.

3. Results and Discussion

3.1. Results

The results of reliability and validity testing in Table 1 prove that this research questionnaire is declared valid and reliable in terms of value. Cronbach's Alpha is greater than 0.7 and the Average Variance Extracted (AVE) value is above 0.05

Table 1
Validity and Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Business Characteristics	0.755	0.816	0.827	0.558
Supply Chain Characteristics	0.739	0.814	0.790	0.596
Application of Continuous Accounting	0.760	0.831	0.847	0.593
Application of Corporate Accounting System	0.727	0.748	0.777	0.508

Source : Data processed. 2023

Based on the results of the bootstrapping test in Table 2, it was found that the Supply Chain Characteristics had a significant effect on the application of sustainable accounting, while the Business Characteristics and the application of the company's accounting system partially had an insignificant influence.

Table 2
Test results by bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Supply Chain Characteristics -> Application of Continuous Accounting	0.530	0.533	0.104	5.119	0.000
Business Characteristics -> Application of Continuous Accounting	0.041	0.060	0.167	0.245	0.807
Application of Corporate Accounting System -> Application of Continuous Accounting	0.162	0.168	0.118	1.370	0.171

Source : Data processed. 2023

3.2. Discussion

Supply Chain Characteristics positively affect the Application of Sustainable Accounting

The more supply chain characteristics lead to sustainable accounting, the application of sustainable accounting will increase. Good supply chain characteristics, such as transparency, collaboration, efficiency, risk reduction, and innovation, have a positive influence on the implementation of sustainable accounting. Transparent supply chains enable companies to track and manage the environmental and social impacts of their activities more effectively. Collaboration in the supply chain facilitates the exchange of information and knowledge on best sustainability practices, which helps companies implement better sustainable accounting practices together. Efficient supply chains can reduce resource wastage and unnecessary emissions, while also reducing the risks associated with disrupted supply. In addition, sustainable supply chains encourage innovation in finding sustainability solutions, such as reducing carbon emissions or finding more environmentally friendly alternatives to raw materials. Sustainable accounting can help in tracking and analyzing the impact of these innovations as well as ensuring the benefits are clearly indicated in sustainability reports.

Business Characteristics do not affect the Application of Continuous Accounting

In general, research and business practices show that business characteristics have a significant influence on the application of sustainable accounting. Business characteristics such as management commitment, organizational culture that supports sustainability, availability of adequate technology and infrastructure, and stakeholder engagement can influence how organizations adopt and implement sustainable accounting. These characteristics form a strong foundation for addressing economic, environmental, and social impacts in business activities and encouraging transparent reporting and accurate measurement of sustainability. However, this study found that this did not have a significant effect, possibly because in unstable supply chains, especially in terms of suppliers or contracts, companies may find it difficult to pay attention to and track sustainability impacts. Uncertainty in supply chains can hinder the implementation of integrated sustainable accounting.

The implementation of the Company's Accounting System has no effect on the Application of Sustainable Accounting.

The implementation of the company's accounting system has an important effect on the implementation of sustainable accounting by facilitating data collection, sustainability reporting, performance monitoring, risk management, and integration between financial and sustainability information. However, this study found that the influence is not significant, it is likely that it can occur due to lack of integration, if the existing accounting system is not designed to accommodate data collection and sustainability reporting, then the implementation of sustainable accounting may not occur effectively.

4. Conclusion

From the results of existing research and discussions, it can be concluded in outline as follows

- 1) Supply chain characteristics positively affect the application of sustainable accounting
- 2) Business characteristics have no effect on the application of sustainable accounting

- 3) The implementation of the company's accounting system has no effect on the application of continuous accounting.

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