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## The Role of Green Accounting and Corporate Social Responsibilities in Tourism Industries in Indonesia: The Travel Cost Method

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### ABSTRACT

The low quality of local tourist destinations is often seen from the need for more infrastructure, unprofessional management, limited management of human resources, and others. For this reason, attention is needed from not only the government but also the role of the private sector to improve the quality of local tourist destinations. This study aimed to describe the implementation of green accounting through corporate social responsibility (CSR) in improving the quality of the tourism industry in Indonesia with a study in Manado City, North Sulawesi Province. Our study examines the economic value of a tourist destination as one of the requirements for the valuation of CSR as part of green accounting records. Data analysis used the travel cost method (TCM). The total of participants in this study was 112 tourists. Data were collected with collection used a survey. The results of this study provide valuable information to the tourism industry in North Sulawesi, especially in Manado City, regarding the need for CSR funds to develop the tourism industry to improve the quality of the tourism industry and the environment. In conclusion, the business and industrial world in North Sulawesi, including companies that wish to implement corporate social responsibility (CSR) based on the limited liability company law number 40 of 2007, can obtain information for the implementation of this CSR in the tourism industry in North Sulawesi, especially in improving the quality of the tourism industry as well as the environment.

### 1. Introduction

Green accounting is a new concept in accounting science that is the answer to the role of the business and industrial world, which does not only seek profit but must also be oriented towards improving the quality of human and social life, as well as the environment and its supporting environment. Applying environmental accounting in Indonesia still needs to be practical because many companies pay little attention to humans and the environment but only target their target consumers, profits, and company survival. However, this has changed since

the promulgation of Law No. 40 of 2007 concerning Limited Liability Companies, which requires implementing corporate social responsibility (CSR) or corporate social responsibility based on the triple bottom line (Hamidi, 2019). Since then, this obligation has encouraged private companies in the form of PT in Indonesia to compete for profit and be formally active in financing social and environmental programs.

The tourism industry is a sector that needs attention in the embodiment of green accounting through private company CSR (Artani, 2019). The tourism industry is a sector that needs to be addressed



to develop its infrastructure, especially potential tourist destinations. The lack of attention from the tourism industry, especially tourist destinations managed independently by the community, makes local tourist destinations less developed in the field, even though many tourists visit these destinations and help local communities' economies (Saputra et al., 2019). The low quality of local tourist destinations is often seen from the need for more infrastructure, unprofessional management, limited management of human resources, and others. For this reason, attention is needed from not only the government but also the role of the private sector to improve the quality of local tourist destinations. This study aimed to describe the implementation of green accounting through corporate social responsibility (CSR) in improving the quality of the tourism industry in Indonesia with a study in Manado City, North Sulawesi Province.

## 2. Literature Review

### Green accounting

Bell et al. (Kusumaningtyas, 2013) define environmental accounting as: "Green accounting is one of the latest concepts in the realm of accounting that supports environmentally friendly initiatives within companies or organizations by identifying, measuring, evaluating, and disclosing environmental impacts on business operations. "Regarding the environmental accounting approach above, it can be described that green accounting is an accounting model that exposes, measures, assesses, and discloses costs associated with company activities that have environmental relevance (Aniela, 2012).

In other words, Cohen (Bartelmus, 2017) describes activities in the field of environmental accounting as follows: "Environmental accounting summarizes, analyzes, assesses, and compiles reports on environmental data and financial aspects intending to reduce impacts and expenses related to the environment. This accounting approach also forms the

basis of various government policy initiatives. Therefore, environmental accounting has become integral to environmentally oriented business and responsible economic development." Through applying green accounting, it is hoped that environmental aspects can be maintained sustainably because by implementing green accounting, companies voluntarily comply with government regulations where the company operates. Research (de Beer et al., 2006) also demonstrates that the disclosure of all types of environmental costs, including those originating from internal and external companies, as well as the determination of cost allocations based on types and cost drivers in a structured environmental accounting framework, contribute positively to efficiency, environmental performance (Rounaghi, 2019).

### Corporate social responsibilities (CSR)

According to Johnson and Johnson (Crowther, 2013), "Corporate social responsibility (CSR) is about how companies manage their business processes to produce an overall positive impact on society." This understanding arises from the philosophy of how a company manages its operations partially and as a whole to create beneficial effects for the environment and itself. The company is expected to be able to manage its business activities by producing products that have a positive impact on the community and the surrounding environment. The World Business Council for Sustainable Development (WBCSD), an international organization founded in 1955 and consisting of 120 multinational companies from 30 countries around the world, in its publication entitled "making good business sense," defines corporate social responsibility (Baldo, 2020): "Continuous commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of local communities and society in general."

The definitions illustrate that corporate social responsibility (corporate social responsibility) is an



action guided by corporate ethical considerations that aim to encourage economic growth while improving the quality of life of employees and their families and the quality of life of local communities and society. Not only tourism managers; the government has also passed regulations regarding social and environmental responsibility (corporate social responsibility or CSR). This rule regulates the activities carried out by industrial players involved in local economic development and emphasizes the company's obligation to preserve the environment. For example, a company in the form of a limited liability company (PT) must allocate funds for CSR activities to build the local economy and protect the surrounding environment.

The approach to determining the amount of CSR funds often uses the travel cost method (TCM). In identifying economic value, the travel cost method is used, which is usually applied to evaluate recreational places, although not limited to these uses (Wahyudi, 2019). This method allows the assessment of value, including excess consumer value, that goes beyond the mere willingness to pay to eliminate recreational areas or build new recreational areas. In some contexts, this method can also be applied to evaluate changes in environmental quality at recreational sites.

### **Tourism industries**

According to the provisions in Law Number 10 of 2009 concerning the field of tourism, the definition of tourism refers to all activities related to tourism, having complex dimensions and disciplines, and emerging as a response to individual and country needs and interactions between travelers and the local community, fellow travelers, Government, Local Government, and business people (Briandana, 2018). Meanwhile, Tourism encapsulates various tourism activities and is supported by various facilities and services provided by citizens, business people, the Government, and Regional Governments (Spillane, 2014). The tourism industry refers to a collection of businesses within the tourism sector that are

interrelated to produce products or services to meet the needs of travelers in the context of providing tourism.

### **3. Methods**

This study was a quantitative descriptive study that examines the economic value of a tourist destination as one of the requirements for the valuation of CSR as part of green accounting records. Data analysis used the travel cost method (TCM) (Torres-Ortega, 2018). The subject of research is tourists visiting tourist destinations in Indonesia, with studies on the tourism industry in Manado. The total of participants in this study was 112 tourists. Data were collected with collection used a survey.

### **4. Results and Discussion**

Table 1 presents the number of tourists visiting Manado City Bunaken National Park (TNB) Tourist Destinations per 1000 zone residents. The data required is the number of residents in each zone that is the sample in the study. The percentage of respondents transforms the data as a percentage of the number of tourists visiting the previous year to predict the number of visitors to the zone. After that, look for the number of visitors per 1000 population by dividing the number of visitors for each zone by the number per 1000 population.

Based on Table 2, it can be seen that the valuation of the tourist destination of Manado City Bunaken National Park (TNB) based on the total travel costs based on visitor predictions totals IDR 4,648,566,000. Meanwhile, the total valuation of the tourist destination of Bunaken National Park (TNB) Manado City based on travel costs per 1000 residents of each zone is IDR 87,930,000 per year.

Based on Table 3, the number of tourist visits to the tourist destinations of Bunaken National Park (TNB) is 2430, with an average of 220. The average travel cost to PBA tourist destinations is IDR 1,006,818.



Table 1. Distribution and number of PBA visitors per 1000 population based on region (zone).

<b>Regions (zones)</b>	<b>Total population</b>	<b>Visitor prediction (person)</b>	<b>Visits/1000 population (person/year)</b>
Singkil	52871	4758	90
Tuminting	53869	2424	45
Wenang	32623	3262	100
Sario	21737	5652	260
Malalayang	62040	20473	330
Tikala	30191	3321	110
Bunaken	25872	6985	270
Paal Dua	44097	13229	300
Wanea	59803	7475	125
Mapanget	63763	24868	390
Outside Manado	100000	41000	410
Total	546866	133448	

Source: Data processed (2022).

Table 2. Valuation of tourist destinations Manado City Bunaken National Park (TNB).

<b>Regions (zones)</b>	<b>Total population</b>	<b>Total travel cost based on visitor predictions (IDR)</b>	<b>Total travel cost based on visits/1000 population (IDR/Year)</b>
Singkil	52.871	4.648.566.000	87.930.000
Tuminting	53.869	2.368.248.000	43.965.000
Wenang	32.623	3.186.974.000	97.700.000
Sario	21.737	5.550.264.000	255.320.000
Malalayang	62.040	20.206.851.000	325.710.000
Tikala	30.191	3.297.753.000	109.230.000
Bunaken	25.872	6.936.105.000	268.110.000
Paal Dua	44.097	13.136.397.000	297.900.000
Wanea	59.803	7.460.050.000	124.750.000
Mapanget	63.763	25.191.284.000	395.070.000
Outside Manado	100.000	9.1982.492.000	2.005.685.000
Total	546.866	4.648.566.000	87.930.000

Source: Data processed (2022).

The average PP transportation cost to TNB destinations is IDR 821,818. The average monthly income of visitors to TNB tourist destinations is IDR 3,125,147, almost the same as the 2022 Manado City UMP of IDR 3,377,265. The total population of the zone of origin is 546,866 people, with an average of 49,715 people from each zone. On average, the length of education of visitors to TNB tourist destinations is highly educated, namely 16 years.

On average, the working time per week for tourists is 42.48 hours. Meanwhile, the average weekly free time for visitors to PBA tourist destinations is 4.21 hours. The results of multiple regression between the

number of visits per thousand population (Y) and the independent variables (X1-X7) are expected to produce the following demand model:

$$Y = 6510.186 + 0.000 X1 - 0.002 X2 + 0.002 X3 - 67.800 X4 - 0.855 X5 - 35.129 X7 \text{ with } p > 0.005.$$

The results of the regression analysis show that the demand model based on the number of tourist visits per 1000 population is not affected by variables such as travel costs (transportation, consumption, documentation, others) (X1), transportation costs (X2), income per month (X3), number of population from



visitor origin zone (X4), years of education (X5), working time per week (X6), and leisure time per week (X7). Travel costs per zoning are shown in Table 3 to

see the valuation value of Manado City Bunaken National Park (TNB) tourist destinations based on each zoning.

Table 3. Travel cost tourism destinations Bunaken National Park (TNB) City of Manado.

No	Zones	Y	X1	X2	X3	X4	X5	X6	X7
1	Singkil	90	977000	792000	3102570	52871	17	40,00	4,62
2	Tuminting	45	977000	792000	3201870	53869	16	39,70	6,60
3	Wenang	100	977000	792000	3175675	32623	15	43,00	3,19
4	Sario	260	982000	797000	3112532	21737	17	40,40	3,30
5	Malalayang	330	987000	802000	3102938	62040	17	50,70	3,08
6	Tikala	110	993000	808000	3091082	30191	16	40,00	4,62
7	Bunaken	270	993000	808000	3180823	25872	14	42,00	5,06
8	Paal Dua	300	993000	808000	3112532	44097	16	40,40	3,08
9	Wanea	125	998000	813000	3102938	59803	17	50,70	4,62
10	Mapanget	390	1013000	828000	3091082	63763	16	40,00	5,06
11	Outside Manado	410	1185000	1000000	3102570	100000	15	40,40	3,08
Total		2430	11075000	9040000	34376612	546866	176	467,3	46,310
Mean		220	1006818	821818	3125147	49715	16	42,48	4,210

Source: Data processed (2022).

The tourist travel cost method, known as the travel cost method, is commonly used to estimate travel costs in the context of purely economic information for tourism. However, this study uses this method to calculate the application of environmental accounting to increase corporate social and environmental responsibility (CSR) among limited liability companies (PT) in the industry. This study focuses on tourist destinations in Manado City, especially Bunaken National Park (TNB).

Several previous studies (Saputra, 2019; Tirayoh, 2022; Wahyudi, 2019) have investigated the application of environmental accounting to increase corporate social and environmental responsibility (CSR) in tourism development in various regions. The results of this study indicate that companies have an essential role to play in supporting the tourism industry through CSR assistance for the development of natural tourism destinations and improving the quality of the environment around these destinations.

The findings of this study reveal that Bunaken National Park (TNB) in Manado City is a favorite tourist destination frequented by local tourists. Tourists from various areas in Manado City and outside the city

often visit TNB because of its beauty, cleanliness, and comfort. Even though it has these advantages, this destination also has disadvantages such as lack of facilities, long distances, lack of promotion on social media, and crowds.

As part of the service sector, limited liability companies in Manado City have a role in implementing environmental accounting to improve human, social, and environmental quality. These roles can be achieved by optimizing CSR per Law Number 40 of 2007 concerning Limited Liability Companies. This research provides a comprehensive view of the implementation of environmental accounting and CSR by PT companies according to regulations in Indonesia to encourage sustainable tourism development.

North Sulawesi, as a province with high tourism potential, needs to improve the infrastructure of tourist destinations by utilizing CSR from regional companies. This situation will assist in developing tourist destinations through the allocation of financial resources and environmental accounting, which will improve the company's image in the eyes of the public and government.



## 5. Conclusion

The results of this study provide valuable information to the tourism industry in North Sulawesi, especially in Manado City, regarding the need for CSR funds to develop the tourism industry to improve the quality of the tourism industry and the environment. The business and industrial world in North Sulawesi, including companies that wish to implement corporate social responsibility (CSR) based on the limited liability company law number 40 of 2007, can obtain information for the implementation of this CSR in the tourism industry in North Sulawesi, especially in improving the quality of the tourism industry as well as the environment. As a policy maker, the government, especially the provincial government of North Sulawesi and the City of Manado, can use the information from this research to develop the tourism industry and the environment. Other researchers can do this research in the context of green accounting and the development of the CSR field, especially in the tourism sector. Other researchers can develop the results of this research by conducting a more in-depth study or replicating this research in other places.

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