CARMIN
Journal of Community Service
Vol. 5 No. 1 2025

Introduction of The Green Concept in Financial Report Recording to Ulos Weaving Actors

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ABSTRACT

In a globalized era of uncertainty, sustainability and environmental responsibility have become a key focus for business and society. Relevant parties must take immediate action in response to critical issues such as climate change, environmental degradation, and the need for sustainable resources. Private and public sector organizations are expected to pursue financial returns and implement environmentally responsible business practices amidst the complexity of such issues. The company's concern for the environment is very important, considering that the environment and society have been exposed to many negative influences due to the activities carried out by the company. These negative influences arise from the activities of companies, especially in exploiting natural resources as the main material and in the production process. This results in pollution, poisoning, and noise, which have disrupted people's lives in the short and long term. Implementing this community service first involved conducting preliminary observations to determine the conditions owned by weaving business actors. Observations were made after a letter of request for assistance was received from the ulos weaving partners of Sigaol Timur Village, Uluan District, Toba Regency. The service was implemented on 15 June 2024 in Sigaol Village, Uluan District, Toba Regency. The weaver group mostly uses yarn with chemical dyes because it produces brighter colors than natural dyes. Customers prefer this bright color. Chemically dyed yarns can be used directly as weaving materials. At the same time, naturally dyed yarns require a longer process and the weaver's creativity to combine several types of plants to produce a color blend. Chemical dyes are mostly used to meet market demand, so Ulos is bright. Weavers became interested in increasing their knowledge of yarn dyeing and waste management. They started to record how much liquid waste is disposed of, including the amount of waste left over from making natural color yarn, recognizing environmental costs that can be recorded as production costs.

Keywords: *Financial; Green Accounting; Weaving Business*

How to cite:

Sidabutar, R. C. D., Sinurat, M., & Telaumbanua, B. A. S. (2025). Introduction of the green concept in financial report recording to ulos weaving actors. *Carmin: Journal of Community Service*, *5*(1), 25-30.

INTRODUCTION

A major focus for businesses and society. Stakeholders must take immediate action in response to critical issues such as climate change, environmental degradation, and the need for sustainable resources. Organizations, both in the private and public sectors, are expected to not only pursue financial gain but also implement environmentally responsible business practices amidst the complexity of the problem (Kasim, 2024).

Corporate concern for the environment is very important, considering that the environment and society have been affected by many negative influences due to the company's activities. These negative influences arise from the company's activities, especially in exploiting natural resources as its main ingredients and in production (Manurung, 2024). This results in, among other things, pollution, poisoning, and noise, which have disrupted people's lives in the short and long term (Yunita et al., 2024).

Increasing public awareness of the company's existence is the company's role to enter into environmental changes that attract the attention of stakeholders and the community (Ariani, 2023). Many companies have been urged to address environmental issues such as climate change, natural resource depletion, waste, and environmental damage. As evidenced by the world's growth in investing, capital providers and stakeholders are urging companies to be more responsible for the impacts of their decisions and activities that affect the environment and pressuring them to take greater responsibility for the sustainability of the company's life (Munawar et al., 2023).

The concept of green accounting or environmental accounting has begun to develop in Europe since the 1970s, followed by the development of research related to the issue of green accounting in the 1980s (Bebbington, 1997; Giray et al., 1996). This can be proven by the many regulations related to the environment that regulate companies or industries in their behavior (Azmal et al., 2023).

Since 2010, the government has encouraged industries to implement green practices in Indonesia. One form of government effort is to provide awards to industries that implement green practices. The number of industries voluntarily participating in the government's green industry assessment has increased yearly. From 2010 to 2014, 160 companies participated in the green industry assessment, which is quite encouraging. However, this figure is still low compared to the total number of industrial companies in Indonesia (Saputri et al., 2024).

The low awareness of the industry in implementing green industry through *green accounting* is since if viewed in general, it is like two sides of a coin; on the one hand, it will bring benefits to the industry, but on the other hand, it seems as if it will cause potential for increased costs, through environmental costs. This is what makes not many companies implement green accounting (Lolan et al., 2024).

Sigaol Village is one of the places where approximately 60 ulos weaving craftsmen are still actively operating today. The products produced are ulos with various motifs and types. In weaving, many craftsmen use raw materials in the form of yarn with the use of coloring that utilizes natural and artificial materials (Pandin et al., 2024). This coloring process is one of the activities that can cause environmental pollution because it produces liquid waste. Liquid waste is more interesting than other types of waste because it can cause environmental pollution in the form of physical, chemical, biological, and radioactive pollution (Peby, 2024.) Some of the negative impacts of disposing of waste that is not properly processed, especially liquid waste, include: (1) Causes pollution and contamination of surface water and every drop of water used by humans, (2) Disturbing and can even kill aquatic life and ecosystems, (3) Causes odor (the result of anaerobic and inorganic decomposition), and (4) Produces mud that causes blockages which can cause flooding (Enrico, 2019).

Apart from liquid waste, the ulos weaving business can also produce leftover cloth from ulos weaving production. A deep understanding of environmentally friendly business management is essential to achieve business goals effectively and efficiently (Sanjaya, 2022). Therefore, the formulation of the problem can be stated as follows: How is the understanding of us weavers in Sigaol Village regarding the green concept in financial reporting based on green accounting? In general, this Community Service activity aims to create an understanding of and capability for business actors regarding environmentally friendly business management. The specific objectives include:

1. Ulos weavers in Sigaol Village are aware of the sustainable development program the Republic of Indonesia government is implementing in the 2020-2024 RPJMN.
2. Legal regulations can be applied to support environmental friendliness, one of which is Law Number 32 of 2009 concerning Environmental Protection and Management.
3. A business that manages natural resources must set aside costs for environmental maintenance and record them in financial reports, so it must understand the concept of green *accounting.*

METHOD

The method of implementing community service was first a preliminary observation carried out to determine the conditions of the weaving business actors (Sadewi & Adiputra, 2022) . The observation was carried out after a letter of request for assistance was received from the ulos weaving partner in Sigaol Timur Village, Uluan District, Toba Regency. The community service was implemented on June 15, 2024 in Sigaol Village, Uluan District, Toba Regency. In the implementation of the lecture, the scope of the material presented is as follows: Introduction to the green concept in recording financial reports to ulos weavers in Sigaol Timur Village, Uluan District, Toba Regency. Rimbun CD Sidabutar, SE, M.Si and Drs presented the material. Mangasa Sinurat SH, MH, as Lecturers in the Accounting Study Program, FEB UHN and Billy Anugerah Sosaraya Telaumbanua (Student of the Accounting Study Program, FEB UHN)

RESULT AND DISCUSSION

The concept of green accounting or environmental accounting began to develop in the 1970s in Europe, followed by the development of research related to the issue of green accounting in the 1980s (Yuliana & Sulistyawati, 2021). Policy in Indonesia is an effort to form an environmentally aware economic development resolution to eradicate environmental problems. The concept of the green economy is a study of the eradication of global problems formulated in the Sustainable Development Goals (SDGs) (Putri, 2024). The concept of sustainable economic development using the green economy model is based on the following aspects: 1. Moral. 2. Ecology. 3. Economy (Nurulrahmatiah et al., 2023).

In the application of a green economy, economic growth and people's income are driven by government and private investment in economic activities, which allows for the reduction of carbon emissions and pollution, the prevention of the loss of ecosystems for biodiversity, and the increasing efficiency of energy and resource use. Environmental economic instruments are a set of economic policies to encourage the central government, regional governments, and everyone towards the goal of preserving environmental functions (Yolanda, 2022).

In addition to implementing formal legal specifically to regulate the implementation of the green economy in Indonesia, the government has also taken serious steps to implement the green economy concept by including the green economy concept in the 2020-2024 National Medium-Term Development Plan (RPJMN). The green economy conceptual framework in the RPJMN is divided into three main scales: improving the environment's quality, increasing resilience to disasters and climate change, and achieving the net-zero emission target. The issuance of government regulations shows how important sustainable economic development is based on the environment (Manan et al., 2024).

Green accounting attempts to connect the environmental budget with business operating funds (Mubarokah & Setyaningsih, 2024). Green Accounting can improve environmental performance, control costs, invest in environmentally friendly technologies, and promote environmentally friendly product processes. The concept of green accounting can be presented in the picture below (Damayanti, 2022).

This reporting model contains three integrated information reports: financial information reporting, social information reporting, and environmental information reporting (Siregar, 2017). The form of environmental financial reporting consists of several types (Sukirman et al., 2021): (1) Normative Model, (2) Green Shape (The Green Model), (3) Environmental Cost Reporting in Environmental Accounting, and (4) Green Form (The Green Model). The components of green accounting reports or green financial reports are not much different from the components of financial reports in conventional financial accounting, which have been the basis and used in IAS-IFRS and SAK, namely assets, liabilities, owner's equity, income, costs, and profits (Rukmita, 2018).

The Ulos Bintang Maratur Weaving Group is located in Sigaol Timur Village, Uluan District, Toba Regency, North Sumatra Province. All members are women; around 95 percent are housewives. The total number of members is above 60. Around 30 people participated in community service activities (Astari, 2017).

The production of ulos and cloth is done based on orders from the capital owners, which they call " Tokke ". This weaving group produces ulos for traditional purposes and sarongs, scarves, and/or cloth for clothing. The yarn used is of two dyes: chemical and natural. The capital owners provide the yarn material (chemical dye), while the weavers produce the yarn with natural dyes. The weavers themselves make natural dyes with raw materials, including moringa leaves (green and cigarette ash), teak bark (red), mahogany bark, coconut fiber, and the middle part of the jackfruit tree (brown and light brown). Weavers receive wages for each product produced. Every week, weavers can produce two pairs of sarongs and scarves. Ulos is produced in Ragi Hotang, Bintang Maratur, Mangiring, and Tonga-tonga for Pucca. However, the types of rules that are currently being produced are sarongs and scarves: Simarhapisoran and Simalungun sarong. Of course, this is due to current market demand (Sridjaya & Yuniarto, 2023).

The weaver group uses more yarn with chemical dyes because it produces brighter colors than natural dyes. Customers prefer these bright colors. Yarn with chemical dyes can also be used directly as weaving materials, while naturally dyed yarn requires a longer process and requires the creativity of the weaver to combine several types of plants to produce a color combination. This causes ulos or cloth with naturally dyed yarn to be much more expensive, so production is very limited because customers are also limited. These limited orders can be through capital owners or directly to weavers. The determinants of this price, in addition to the raw material of the yarn, are also the complexity of the motif (Do Thi et al., 2021).

The waste produced in ulos is mainly liquid, namely the remaining yarn dyeing. There is no waste disposal site; it is still dumped around the house (according to the Weavers, it has not had a negative impact so far. This means that there is a risk of environmental damage. There is no knowledge of processing this waste. Then, for natural dyes, raw materials are needed, the main function of which is not to be used as yarn dye. There are plants that must be cut down (Dalirazar & Sabzi, 2023).

Calculation of costs that may prevent future environmental damage impacts is increasingly important. Thus, the issue of Ulos not being environmentally friendly should not arise in the future, which will affect sales levels in both domestic and foreign markets (exports). Initially, the Weavers felt that environmental costs were not their business because the Capital Owners paid wages based on the amount of Ulos produced. However, after the presentation of the material, accompanied by a question and answer discussion, the Weavers said that they must also maintain their future sales, "who knows, one day we will become Tokke". The Weavers need further assistance in understanding and reporting environmental costs in a financial report.

CONCLUSION

From the results of the community service described previously, several conclusions can be drawn, as follows: (1) Chemical dyes are used more to meet market demand, so that Ulos has bright colors, (2) Weavers are starting to be interested in increasing their knowledge of processing yarn dyeing waste, (3) Weavers are starting to be interested in recording how much liquid waste is thrown away, including the amount of waste left over from making natural dyed yarn, (4) Weavers are starting to be interested in learning about environmental costs that can be recorded as production costs, (5) There is a high spirit to protect the environment, and (6) Participants well received the introduction of green concepts in financial recording. Based on the conclusion, the following suggestions are given: It is necessary to continue mentoring the introduction and implementation of the Green Concept in the financial records of the Sigaol Timur Ulos Weavers, Uluan District, Toba Regency.

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