AFRE Accounting and Financial Review, 6(1): 115-126, 2023
https://jurnal.unmer.ac.id/index.php/afr

The Determinants of Company Value: Green Accounting, CSR, and Profitability

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Article info

Keywords:
green accounting; corporate social responsibility; profitability; company value

Abstract

The purpose of this study is to investigate the relationship between green accounting, corporate social responsibility (CSR), profitability, and firm value. This is quantitative research by utilizing a sample of manufacturing companies listed on the Indonesia Stock Exchange. The findings indicate that the implementation of green accounting and CSR disclosure has a positive impact on both profitability and firm value. This study also revealed that profitability has a positive influence on firm value but it does not mediate the impact of green accounting and CSR on firm value. This study suggest that the green accounting and CSR can serve as reliable sources to assess a company's performance in fulfilling its environmental and social responsibilities while complying with relevant laws and regulations.

ISSN (print): 2598-7763
ISSN (online): 2598-7771

Citation: Putri, Lisaria Rumanintya, Werastuti, Nyoman Sri Desak. Risfandy, Tastaftiyan, and Dewi, Toifsa Rosita. (2023). The Determinants of Company Value: Green Accounting, CSR, and Profitability. AFRE Accounting and Financial Review. 6(1): 115-126

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JEL Classification: M41, M14, L19
DOI: https://doi.org/10.26905/afr.v5i2.9740

1. Introduction

In today's era of industrialization and globalization, businesses face intense competition in both domestic and international markets, which requires companies to continuously produce and supply market demands to maintain their market position. The primary goal of companies is to maintain and increase their profitability through the effective management of financial and non-financial resources, in order to maximize the long-term value of the company for its survival. This objective is crucial for companies, as it enhances shareholder prosperity, which is the main purpose of the company (Soliha & Taswan, 2002; Haryanto et al., 2018; Arief, 2020; Bakhtiar et al., 2020; Harmono et al., 2023; and Mayer, 2023). Company's value plays a vital role in influencing investor confidence in the company's current and future performance. Investors evaluate the company's performance based on its ability to manage its resources to increase profitability. While maximizing profits is a short-term goal, the long-term goal of a company is to maximize its value (Dewi & Narayana, 2020). Therefore, this study aims to examine the impact of profitability and corporate social responsibility (CSR) on firm value.

The firms' profitability is always become an interesting issue to be discussed. In this regards, Indonesia provides interesting contextual setting because as a developing countries, the firms is predicted to have higher revenue volatility than those in developed countries. For instance, a mining company in Indonesia, PT Indo Tambangraya Megah Tbk (ITMG) witnessed a 31% decrease in net profit during the first half of 2019, with figures dropping from US$ 102.95 million in the previous year to US$ 70.82 million. One of the primary factors contributing to this decline was the rise in mining costs, including costs associated with coal transportation, equipment rental, fuel and oil, and care and maintenance. Consequently, ITMG's gross profit declined by 28.0% on an annual basis, reaching only US$ 162.10 million compared to the previous year's US$ 225.74 million. The company's total assets also experienced a downturn of 8% in the last semester, amounting to US$ 1.32 billion compared to US$ 1.44 billion in the first semester of 2018. Furthermore, their total current assets decreased by 17.5% to US$ 631.67 million from US$ 766.45 million, while their total non-current assets saw a modest increase of 2.4% to US$ 692.52 million from US$ 676.27 million (Katadata, 2019).

The study focuses on mining companies listed on the Indonesia Stock Exchange (IDX). In the more specific manner, we examine how profitability can lead to capital investment. Companies seek to maximize profits by attracting consumer attention through environmental and social interests. Adopting green accounting and CSR disclosure can help companies reduce environmental damage and gain a competitive edge through environmentally friendly production practices (Cho & Patten, 2013; Kusumaningtias, 2013; Alam & Islam, 2021; and Buric et al., 2022). Such practices also provide significant social benefits, which enhance the company's image (Mowen & Visher, 2016). A positive corporate image can increase sales and attract investor interest, as indicated by an increase in the company's stock price. Therefore, companies need to provide external parties with information to maintain a good image and attract investment (Omran & Ramdhony, 2015).

Previous research by Ezeagba et al. (2017) stated that green accounting has objectives related to environmental conservation activities by companies and other organizations, which include the interests of companies and organizations. The results of research by (Zulhaimi, 2015) also found that the application of green accounting can influence shareholder and investor decisions. After implementing green accounting, there was an increase in earnings and share prices, but not significantly. Tu & Huang (2015) in research on Taiwanese companies that have been certified ISO14000 (Environmental Management) states that green accounting through environmental costs will have a negative effect on profitability (return on assets, return on equity, and net operating profit), but can increase competitiveness and corporate sustainability. Ezeagba et al., (2017) in their research on food and beverage companies found that environmental accounting has a significant effect on return on equity.

Nahda & Harjito (2011) in their research found that CSR has a positive and significant effect on firm value, because the better the implementation of CSR, the company's value will increase. Hafez (2016) also stated that CSR has a significant positive influence on company value as represented by ROE and ROA. In terms of ROA, investors prefer to invest in companies that maximize capital which are given. Whereas in the context of ROE, if companies implement CSR, they will be more efficient in managing assets which can increase the company's overall ROA.

Sabrin et al. (2016) in his research on manufacturing companies in Indonesia found that profitability has a positive effect on firm value, where the profit is used for dividend payments. The stock price will increase because the company gives a positive signal in the form of dividend distribution. According to Wijaya & Sedana (2015), profitability has a significant positive effect on firm value. This is because companies that experience increased profits reflect that the company has good performance, giving rise to positive sentiment from investors. Susila & Prena (2019) also revealed that the higher the level of profitability achieved by a company, later it will become a consideration for investors to invest in the company.

Green accounting, according to Ikhsan (2008) and Risal et al. (2020), involves incorporating environmental costs in the preparation of accounting reports for companies, organizations, or institutions. These environmental costs arise from the financial and non-financial aspects of the company's activities that affect the environment's quality. On the other hand, social responsibility disclosure is the provision of information related to CSR activities by CSRDI agents (Corporate Social Responsibility Disclosure Index) and GRI (Global Reporting Initiative) indicators (Nurkhin, 2009). Profitability is the company's ability to generate profits over a certain period of time. According to Munawir (2014) and Kasmir (2018), profitability is the ability to evaluate the effectiveness of a company's management. The profitability ratio is measured using return on equity (ROE), which is derived from the profits generated on sales and investment returns. A higher profitability ratio indicates that the company is performing well, and vice versa (Rahayu, 2020).

This research was developed through research used by (Wijaya & Pancawati, 2019) with the difference in company case studies where previous research used capital structure and current research replaces it with green accounting. In addition, the previous research used a food and beverage company, while the current research used a manufacturing company. This research was conducted with the aim of re-examining aspects that can affect firm value with the differences in research from previous studies

The main contribution of this study is to develop a model that aims to enhance firm value through the implementation of green accounting, CSR disclosure, and profitability. To this end, partial testing, simultaneous testing, and Sobel significance testing are performed. The significance of this model lies in its ability to evaluate the company's performance by examining the impact of green accounting and CSR disclosure on the company's reputation and long-term sustainability. By analyzing these variables, this study aims to provide a more comprehensive understanding of how companies can create value by balancing their economic, environmental, and social responsibilities. This research adds to the existing literature on the relationship between CSR and firm value by providing empirical evidence of the importance of green accounting and CSR disclosure in increasing firm value.

2. Hypothesis Development

Signal theory highlights how signals of success and failure are communicated to company owners. The importance of information provided by the company to external parties for investment decisions encourages companies to disclose a wider range of information to external parties (Brigham & Houston, 2018). Harmono (2014) defines company value as the performance of a company, which is indicated by the movement of stock prices resulting from the supply and demand behavior in the capital market and the public's assessment of the company's performance. Furthermore, Ezeagba et al. (2017) found that environmental accounting has a significant effect on Return on Equity in food and beverage companies, providing valuable input for companies' decision-making processes. Similarly, Andries & Stephan (2019) suggest that environmental innovation is developed in response to various factors, such as customer demands, regulations, subsidies, or a code of ethics, depending on the company's size. This study adds to existing work by emphasizing the importance of key boundary conditions for the relationship between environmental innovation and financial performance. In addition, Wangi & Lestari (2020) discovered that the implementation of green accounting, as measured by environmental performance, has a positive effect on the level of company profitability in manufacturing companies listed on the Indonesia Stock Exchange between 2016 and 2018. Building on these findings, the following hypotheses are proposed:

H_1: green accounting has a significant positive ef fect on profitability.

Several studies have suggested that implementing CSR has a positive impact on a company's image and profitability. According to Liberty & Nor (2011), a well-implemented CSR program can enhance a company's reputation in both the commodity and stock markets, leading to higher profits. Similarly, Angelia & Suryaningsih (2015) argue that companies that disclose their CSR activities in financial statements can expect a better response from the public. In a study by Rosdwianti & Dzulkirom AR (2016), it was found that CSR has a significant positive effect on Return on Assets (ROA). Additionally, Wulandari (2020) reported that CSR Disclosure has a significant positive effect on a company's profitability, as indicated by the ratios of Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). Based on these findings, the following hypotheses are formulated:

H_2: CSR disclosure has a significant positive effect on profitability

In a business context, innovation can play a vital role in helping firms become more responsible, generate common system solutions, and achieve profitability (Watto et al., 2020). This view is consistent with research findings that highlight the significant impact of profitability (measured by ROA) on firm value (Ayem & Nugroho, 2016; Ayu & Suarjaya, 2017). Specifically, the results of a recent study indicate that a firm's financial performance positively influences its market value (Endiana et al., 2020). These findings are supported by Sari (2020) research, which demonstrates that higher profits lead to increased dividend payments and subsequently drive stock price appreciation. On this basis, the following hypotheses are postulated:

H_3: Profitability has a significant effect on firm value

Several studies have demonstrated a positive relationship between green accounting implementation and firm value. For instance, Pratiwi & Rahayu (2018) and Zulhaimi (2015) found evidence of an increase in stock price growth after the implementation of green accounting. This finding is consistent with Pantamee (2019) study, which indicated a strong correlation between environmental, financial accounting, ecology, accounting, environmental cost accounting, environmental management accounting, natural resource accounting, and firm value. Moreover, Dewi & Narayana (2020) research revealed a significant positive effect of green accounting implementation on firm value. Based on the results of these studies, the following hypotheses can be formulated:

H_4: The application of green accounting has a significant effect on firm value.

According to Riyadh et al. (2020), the legitimacy theory posits that companies must maintain their social functions by fulfilling social needs and projecting a positive image to society. In the realm of CSR, Hamdani (2016) defines it as a program that creates added value for all stakeholders and builds trust in the company. Furthermore, Chen & Lee (2017) posit that the extent of CSR disclosure is positively associated with a firm's value. Empirical evidence supporting this claim is found in Dewi & Narayana (2020) study, which indicates a significant positive effect of the CSR variable on firm value. This finding is also consistent with prior research that highlights how the quality and extent of social disclosures positively impact a company's value (Mendra et al., 2021). Based on these studies, the following hypotheses are formulated:

H_5: CSR disclosure has a significant effect on firm value.

Mowen & Visher (2016) assert that incorporating environmental and social concerns into a company's operations can provide a competitive advantage and enhance the company's image. On the other hand, Yulianty & Nugrahanti (2020) found that sustainability reporting has a significant impact on firm value through the financial performance indicators of liquidity, profitability, and the DuPont System. Additionally, environmental performance, as measured by the PROPER scale, has a positive impact on financial performance (Khairiyani et al, 2019). Therefore, the use of PBV and Tobin's Q as indicators can reflect the impact of environmental performance on firm value. Based on these findings, the following hypotheses are formulated:

H_6: Profitability can mediate the relationship between the application of green accounting to firm value

The stakeholder theory is a strategic management concept that aims to help companies develop competitive advantages and strengthen their relationships with external parties (Mardikanto, 2014). The findings of Dianawati & Fuadati (2016) demonstrate that CSR has a significant and positive effect on company value, and that better CSR practices lead to increased company value. Liberty & Nor (2011) argues that disclosing CSR enhances a company's reputation in the commodity market, thereby increasing profitability and attracting more investors in the stock market, thereby increasing company value. Moreover, Masitoh et al. (2018) study indicates that profitability serves as a mediator between CSR and firm value. Suhartini & Megasyara (2019) posit that profitability can function as an intermediary variable in the relationship between CSR disclosure and firm value, indicating that when companies disclose their CSR practices, their profitability increases, ultimately leading to an increase in their value. Building on these findings, the following hypotheses are formulated:

H_7: Profitability can mediate the relationship between CSR disclosure and firm value

3. Data and Methods

The present study adopts a quantitative research approach with an associative method to explore the object of research and establish a causal relationship between the independent and dependent variables, mediated by an intervening variable. This cross-sectional research was conducted in 2019, covering multiple sub-sectors of the manufacturing industry listed on the Indonesia Stock Exchange (IDX). The sample includes companies operating in basic and chemical industries, consumer goods, and industrial sectors with their respective sub-sectors. The sample size of 70 was determined using Isaac and Michael's method. The path analysis technique was employed to test the effect of intervening variables.

In measuring the value of the company in this study, Tobins'q will be used. This ratio is a very valuable concept because it shows the financial market's current estimate of the return value of each investment. The Tobins'q ratio was chosen in this study because it is able to reflect the company's assets comprehensively, is able to reflect market sentiment such as the company's prospects, and can reflect company intellectual capital. If the Tobins'q value of the firm greater than one then the company is considered overvalued, whereas if it is less than one then the company is considered undervalued. The Tobins'q formula is as follows.

$$\text{Tobins'q} = \frac{MVS - TL}{TA}$$

where: MVS= Market value of all outstanding shares; TL= Total Liabilities; TA= Total Assets

Pantamee (2019) stated that green accounting is a process of disclosing information related to environmental performance which shows the accountability of the company's business activities. In this study, the environmental costs reported by the company will be used as an indicator of the application of green accounting. Environmental costs are costs incurred by the company for environmental protection purposes. Westerfield et al. (2008) in their research revealed that there are three best known and most widely used measures, namely Net Profit Margin, Return on Assets, and Return on Equity.

The three ratios above are intended to measure how efficiently a company has used its assets and operations management. The focus of this group is on the end result which is net profit. In this study, the ratio to be used is the Return on Equity (ROE) ratio. ROE is a measure of the results obtained by shareholders throughout the year. Calculated in the following way.

$$\text{ROE} = \frac{NI}{TE}$$

Where: NI= Net income; TE = Total equity

CSR is the company's responsibility towards the social environment around it. With a good reputation in the social environment, it will facilitate the company's operational activities. With this convenience, it is hoped that the company can produce effectively and efficiently in achieving its goals. In this study CSR is guided by the GRI Sustainability Reporting Standards which will be calculated in this way:

$$\text{CSRI} = \frac{\sum X_{ij}}{n_j}$$

where: CSRI= Corporate Social Responsibility Index; $\sum$Xi= Dummy variable; 1 if item is disclosed; 0 if the item is not disclosed; n= Total number of items

The data analysis approach involved extended path analysis of simple and multiple regression analysis, Sobel test, multiple correlation coefficient analysis, and the coefficient of determination. The hypothesis testing approach included partial and simultaneous tests, and significant Sobel test using E-Views. The structural equation model represents the relationship between variables in Figure 1 (the path diagram).

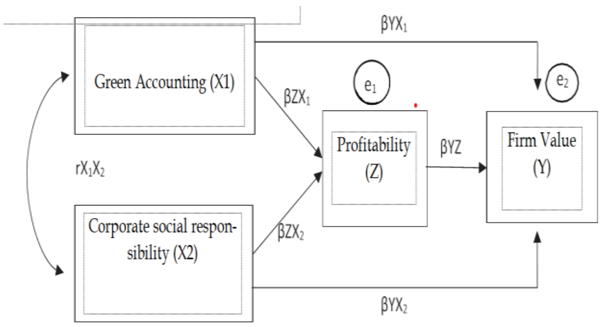

Figure 1 Path Analysis

The path diagram provides insight into the direct and indirect influence paths. The direct effect refers to the impact of the independent variable on the dependent variable, which does not pass through any intervening variable. In contrast, the indirect effect involves the influence of the independent variable on the dependent variable, which passes through an intervening variable before reaching the dependent variable. The direct effect can be estimated by examining the path coefficient of the dependent variable on the independent variable, whereas the indirect effect can be determined by multiplying the path coefficient of the independent variable that passes through the intervening variable by the path coefficient of the intervening variable on the dependent variable.

4. Result

The aim of the descriptive statistical analysis in this study is to provide a comprehensive overview of the research variables through statistical calculations such as mean, median, standard deviation, and tabulation of frequency data. The results of the descriptive analysis is presented in Table 1 in a clear and concise manner, allowing for a better understanding of the variables under investigation.

Table 1. Descriptive Statistics

Variable	Mean	St. Dev	Min	Max
Green accounting	0.435	0.160	0.159	0.841
CSR Disclosure	0.536	0.144	0.246	0.885
Profitability	2.745	1.733	0.060	6.560
Firm Value	1.548	1.151	0.240	5.090

The present study employs descriptive statistical analysis to provide a comprehensive overview of the research variables. Specifically, the data on the application of green accounting (X1) through a GRI score with a total of 70 items indicates a minimum score of 0.158 and a maximum value of 0.841 in 2019, with a mean value of 0.435 and a standard deviation of 0.159. The final percentage of disclosure was 43.5% from 100% (82 items), suggesting that manufacturing companies in Indonesia are still relatively low in the application of green accounting. Similarly, the data on CSR disclosure (X2) through the GRI-G4 score with a total of 70 items obtained a minimum score of 0.245 and a maximum value of 0.885 in 2019, with a mean value of 0.536 and a standard deviation of 0.143. The final percentage of disclosure was 53.6% from 100% (70 items), indicating that manufacturing companies in Indonesia are still relatively low in CSR disclosure. In terms of profitability data (Z) through the Return on Equity (ROE) value, the total result yielded a minimum value of 0.06 and a maximum value of 6.56 in 2019, with a mean value of 2.745 and a standard deviation value of 1.732, signifying that the data variation is low and avoids data deviation. Similarly, firm value data (Y) through Tobins'Q calculation with a minimum value of 0.24 and a maximum value of 5.09 in 2019, revealed a mean value of 1.54 and a standard deviation value of 1.15, indicating that the data variation is low and avoids data deviation. To measure the strength of the relationship between the variables and to identify the direction of the relationship from the independent variable to the dependent variable, regression analysis was conducted. The results of the regression analysis are presented in Table 2.

Table 2. Regression result

	Profitability (1)	Firm Value (2)	Firm Value (3)
Green accounting	5.6277***		2.2845**
	(0.9353)		(0.9579)
CSR Disclosure	5.5362***		0.9579**
	(1.0367)		(0.7583)
Profitability		0.2389***	
		(0.0633)	
Constant	-2.1371***	0.9458***	-0.8573
	(0.5124)	(0.2636)	(0.5940)
Observation	70	70	70
R-Square	0.6098	0.1678	0.475309
F	52.317***	11.636***	11.304***
Adjusted R-squared	0.5981	0.1533	0.5738
Durbin-Watson stat	1.0946	1.6367	0.5834

** $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$*

Based on the results shown in Table 2 column (1), the statistical analysis indicates that the green accounting application variable has a probability result of 0.000, which is less than the acceptable level of significance at 0.05. Therefore, it can be concluded that there is a significant and positive relationship between the green accounting application and the projected profitability measured by Return on Equity (ROE) with a regression coefficient value of 5.6277. These findings support the arguments made in previous studies such as Risal et al. (2020) and Endiana et al. (2020) that incorporating environmental costs and work practices into company operations through green accounting can create a competitive advantage in the market, which will encourage positive perceptions and customer loyalty to the products or services offered by the company. In Indonesia, the application of green accounting can be facilitated through the use of a Corporate Sustainability Management System (CSMS) developed by the Indonesian Accounting Association. This system aligns policies for determining cost allocations related to environmental, investment, and financing activities, which can help meet consumer needs while being feasible for the company's capabilities.

According to the results presented in Table 2 column (2), the CSR disclosure variable shows a probability result of 0.0001 < 0.05, indicating that it has a significant and positive effect on the projected profitability Return on Equity (ROE). The regression coefficient value of 5.5362 shows that profitability will increase by 5.53 if the company can disclose one aspect or criterion of CSR disclosure in the company. These findings are consistent with previous research conducted by Ali et al. (2019), which suggests that the existence of CSR disclosure in the company will enhance trust and confidence in the quality of products or services offered by the company. This, in turn, will help maintain the company's image and consumer perception, which is crucial for stakeholders such as investors and the public. To predict the reputation and sustainability of the company in the future, it is essential to know the company's non-financial information, including the human rights of employees and the community, the company's contribution to society and the environment, as well as the company's operational Standard Operating Procedures (SOPs).

According to the results presented in table 2 column (2), it can be seen that the profitability variable (ROE) has a statistically significant effect on the projected company value as measured by Tobin's Q with a probability value of 0.011 < 0.05. This suggests that an increase in profitability has a positive and significant impact on the value of the company. These findings are consistent with prior research conducted by Ayu & Suarjaya (2017); Sari (2020); Zuhroh (2019), which suggest that companies with higher levels of profitability are perceived more positively by investors and are viewed as being more capable of paying high dividends. This positive signal increases investor interest and ultimately results in increased share prices in the stock market, supporting the idea that profitability is a key determinant of firm value.

According to the results presented in Table 2 column (3), the variable of green accounting application has a probability result of 0.0195 < 0.05, indicating that it has a significant effect on the company value projected by Tobins'Q. Moreover, it has a positive relationship directly with a regression coefficient value of 2.284573. These findings are consistent with previous research by Pantamee (2019) and Watto et al. (2020), which suggest that the allocation of environmental costs and the implementation of environmental work practices into company operations will contribute to the realization of sustainable development and increase the company's value. Such commitments also enhance the company's reputation and goodwill, as they signal investors and the public about the company's adherence to environmental standards, thereby increasing their confidence in the company's stability and future prospects. Similarly, the green accounting application variable also has a significant and positive effect on the company value projected by Tobins'Q, as indicated by a probability result of 0.0486 < 0.05 and a regression coefficient value of 2.048750. This implies that the company's value will increase by 2.04 if it discloses one aspect or criterion for CSR disclosure. Chen & Lee (2017) and Tunpornchai & Hensawang (2018) have previously argued that the implementation of CSR practices by companies can contribute to the sustainable growth of the company and gain the trust of investors and the public. By disclosing non-financial information, such as human rights of employees and the community, the company's contribution to society and the environment, and the company's operational SOPs, stakeholders can predict the reputation and sustainability of the company in the future.

The study utilized a path coefficient analysis to determine the indirect effects of implementing green accounting and CSR disclosure (CSRD) on firm value (Tobins'Q) through profitability (ROE). The Z Sobel Test was used to calculate the significance of the indirect effects by comparing the calculated Sobel statistical test value with the critical ratio between the correlation coefficients of the indirect relationship between X and Y variables with standard error. The results showed that the indirect effect of implementing green accounting and CSRD on firm value (Tobins'Q) through profitability

(ROE) was significant, with Z Sobel values of 2.934 and 2.649, respectively, which were greater than 1.96. However, the mediating ability of the profitability variable on the effect of the application of green accounting on firm value (Tobins'Q) could not be proven in this study. This was due to the company's failure to internalize environmental costs into financial statements effectively, resulting in the inefficiency of preventing future losses and the inadequate classification of environmental costs in the company's statement of financial position. Information on environmental costs and work was distributed separately in the sustainability report, leading to difficulties in achieving a positive perception of the company and increasing stakeholder confidence.

The findings from the profitability variable (ROE) test indicate that the regression path coefficient value of the indirect relationship between X2 and Y is 1.148944, which is lower than the direct relationship. This suggests that the mediating effect of the profitability variable on the relationship between CSR disclosure and firm value (Tobins'Q) has not been established in this study. Although companies disclose information about their CSR activities in separate reports, such as sustainability reports, the information provided is often incomplete and scattered, making it challenging to create a positive impression among stakeholders. Furthermore, CSR activities encompass a range of economic, social, environmental, community, and product responsibilities, and providing only partial and unsystematic information is insufficient for companies to establish a competitive advantage and increase their business appeal. These limitations can impede the company's sales and indirectly discourage investment in the company's stock instruments.

5. Discusssion

Green Accounting and Profitability

The present study reveals that the adoption of green accounting practices holds significant potential to enhance a company's profitability. The findings from data acquisition and analysis demonstrate that such practices can significantly influence profitability. Therefore, it can be inferred that companies that implement and improve disclosure of their environmental performance will not only adhere to green accounting principles but also indirectly increase their profitability. Such companies are likely to create a positive image of their products or services among their consumers, which could translate into social and environmental benefits. On the contrary, if the company fails to implement green accounting practices, it may lead to a decline in the selling power of its products or services, resulting in a decrease in profitability. With a positive and significant influence between green accounting and company value, it is in accordance with the Environmental Accounting Guidelines put forward by the Japanese Minister of the Environment, which states that green accounting is a quantitative assessment of the cost and effectiveness of environmental protection so that companies need to have records and reports on activities environment with the aim of increasing corporate value and achieving sustainable development.

The same thing was also expressed by Zulhaimi (2015) who stated that there was an increase in earnings and stock prices after implementing green accounting. The environmental performance variable is one of the variables that can affect financial performance, especially stock prices. Environmental performance is also an indicator of company compliance with existing regulations in Indonesia, especially in the environmental field. Financial performance with firm value has a unidirectional relationship, meaning that the better the company's financial performance, the higher the firm value will be.

Judging from these results, it can be concluded that in the 2015-2019 period mining companies have carried out good management of the environment affected by their operational activities. Of course this is able to show that mining companies are not only limited to exploring and exploiting the environment but also in a balanced way improving and managing the environment according to environmental needs. By creating a good environment, the company has also fulfilled its social contract with the community, so that no party is harmed because the company as an operating party has made the best effort for the environment in which the community lives and the community does not need to accept the impact of environmental damage caused by the company.

CSR disclosure and Profitability

Moreover, the study also reveals that CSR Disclosure (CSRD) has the potential to boost a company's profitability. The results from data acquisition and analysis demonstrate that such disclosures significantly influence profitability. Hence, if companies can implement and increase the disclosure of their CSR activities, it could lead to an increase in profitability. This is because such disclosures can create a positive image and sentiment towards the company among the surrounding community, which can increase the trust in the company's products or services. However, the study also shows that incomplete and inadequate information on various types of economic, social, environmental, community and product responsibilities within CSRD may not be sufficient to help companies gain a position in the market competition and increase their competitiveness. Incomplete information on CSR activities can hinder the company's sales, which could indirectly lead to a decrease in interest in investing in the company's stock instruments.

Corporate social responsibility as a business commitment that can contribute to increasing corporate value and realizing sustainable economic development. This is in line with research conducted Susila & Prena (2019) which states that funding decisions, dividend policy, profitability and corporate social responsibility have a positive and significant effect on company value. The same thing was also expressed by Nahda & Harjito (2011) which stated that CSR had a significant positive effect on firm value. Like wise the results of the research obtained by (Prihatiningtias & Damayanti, 2014) who found that CSR has no significant positive effect on firm financial performance. However, these results differ from the results of research conducted by Hafez (2016) which shows that CSR has a significant negative relationship with firm value. Meanwhile, CSR has a significant positive effect on financial performance. Research from Raja (2021) conducted at Commercial Banks in Sri Lanka shows a negative effect of CSR on firm value (tobins'q), it is different when the test is carried out on mining companies in Indonesia, so that differences in the company sector also affect the research results. The CSR of a mining company affects company value because the business location is directly related to the environment and society, so it has a more significant impact compared to other sectors.

Profitability and firm value

Furthermore, the study demonstrates that profitability can increase the value of the company. The findings reveal that an increase in profitability can significantly influence the market trade value of the company. Investors have a high degree of confidence in companies that generate high profits, and believe that their capital investment in such companies would bring a high rate of return and dividends. On the other hand, a decline in profitability can reduce the interest of investors in the company, resulting in a decrease in its value in the stock market. Therefore, the study underscores the importance of companies focusing on increasing their profitability, as it is directly linked to the value of the company in the stock market.

6. Conclusion, implication, and suggestions

Conclusion

The application of green accounting has a significant impact on the value of a company, as indicated by the results of data analysis. If a company can improve its disclosure of environmental performance, it will be viewed as a proactive participant in environmental conservation, and this positive perception will indirectly increase the value of the company. Similarly, CSR Disclosure (CSRD) has a significant influence on the value of the company. By increasing disclosure of CSR activities, a company can gain a positive image and engender trust in stakeholders regarding its contributions to the environment and social surroundings. However, profitability has not been found to mediate the effect of the application of green accounting on firm value or the influence of CSRD on company value. This suggests that neither green accounting nor CSRD has been implemented optimally to foster a sense of trust in the product and support the value of the company. Therefore, while important, profitability is not a strong factor in mediating the relationship between green accounting or CSRD and the value of the company.

Suggestions

Suggestions for further research can use samples of other companies in order to compare the results of the effect of implementing green accounting, profitability and corporate social responsibility on samples of other companies. As well as further research is expected to add variables related to the disclosure of social responsibility.

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