

The Effect of Green Accounting and Environmental, Social, and Governance Disclosure on Firm Value with Profitability as a Moderating Variable (Empirical Study on Companies Indexed by ESG Sector Leaders IDX KEHATI Period 2021-2023)

Sofi Dinianti^{1*}, Nur Diana², Dewi Diah Fakhriyyah³

^{1,2,3}Accounting Study Program, Faculty of Economics and Business
University of Islam Malang

*Email Correspondent: 22101082172@unisma.ac.id

ABSTRACT

This study aims to analyze the effect of Green Accounting and Environmental, Social, and Governance (ESG) on firm value with profitability as a moderating variable. The research was conducted on companies listed in the ESG Sector Leaders IDX KEHATI index during the 2021–2023 period. Green Accounting was measured using the ratio of CSR costs to earnings, ESG was measured based on the GRI 2021 standards, firm value was measured using Tobin's Q, and profitability was proxied by Return on Assets (ROA). The analytical method used is Moderated Regression Analysis (MRA). The results show that Green Accounting has no significant effect on firm value, while ESG has a negative and significant effect on firm value. ROA has a positive and significant effect on firm value. The moderation test indicates that ROA does not significantly moderate the relationship between Green Accounting and firm value, but ROA significantly moderates the relationship between ESG and firm value in a negative direction. Therefore, ROA acts as a quasi-moderator in the relationship between ESG and firm value.

Keywords: Green accounting, ESG, profitability, firm value, moderated regression analysis (MRA)

INTRODUCTION

Amidst increasing global business competition, companies must continuously innovate to increase firm value, which reflects their success in creating wealth for stakeholders. High firm value indicates strong investor confidence in a company's future, often leading to rising stock prices (Indrarini, 2019). As such, enhancing firm value has become a strategic priority for businesses globally. Firm value also reflects a company's ability to achieve its corporate goals, which are generally associated with stock price stability and the level of risk it faces. A high share price reflects high firm value and tends to attract more investors to purchase the company's stock.

To achieve this, companies often implement various innovations, including the extensive use and exploration of natural resources. However, companies that are too focused on profit maximization frequently overlook the environmental consequences of their operations (Karyanti & Murwaningsari, 2023). This narrow approach can result in negative impacts not only on the environment but also on the company's reputation and long-term sustainability.

Several cases in Indonesia, such as the environmental damage lawsuits involving PT Garudafood Putra Putri Jaya Tbk, PT Indofood Sukses Makmur Tbk, and PT Wings Surya, have resulted in a decline in their share prices (IDN Financials, 2020). Similarly, environmental violations by PT Kimu Sukses Abadi (KSA) demonstrate how neglecting sustainability can negatively impact both the environment and firm value (Bekasikab, 2022). To address these challenges, green accounting and Environmental, Social, and Governance (ESG) disclosures have emerged as essential tools. Green accounting incorporates environmental costs into financial decision-making (Dewi, 2016), while ESG disclosure provides transparency regarding a company's sustainability practices (KADIN, 2023).

Both practices aim to improve accountability and long-term corporate value. In Indonesia, ESG disclosure has gained traction following the issuance of OJK Regulation No. 51 of 2017. The launch of the ESG Sector Leaders IDX KEHATI (ESGSKEHATI) Index in 2021 further supports sustainability efforts by identifying companies with strong ESG commitments. Firms listed in this index are considered more attractive to investors due to their lower risk and long-term prospects.

This study focuses on companies listed in the ESGSKEHATI Index from 2021 to 2023. It aims to examine the effect of green accounting and ESG disclosure on firm value, with profitability as a moderating variable. The inclusion of profitability is intended to explore how financial performance influences the effectiveness of sustainability practices in enhancing firm value.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory emphasizes that the primary objective of a company is not only to generate profit but also to create value and welfare for all stakeholders. This theory highlights the importance of a company's relationship with various parties who are influenced by and can influence its operations. According to Sunaryo (2015), stakeholder theory is rooted in E.Merrick Dodd's thoughts, where companies voluntarily disclose environmental, social, and intellectual information beyond regulatory requirements to meet stakeholder expectations. The sustainability of a company is strongly influenced by stakeholder support (Melawati & Rahmawati, 2022). Therefore, when companies align their strategies with societal norms and values, they gain legitimacy, while failure to do so can lead to rejection, loss of trust, and even boycotts from stakeholders.

Legitimacy Theory

Legitimacy theory suggests that companies have a social contract with society, meaning their goals and activities must align with societal values and interests. Legitimacy is something companies need and seek to maintain their existence (Fakhriyyah et al., 2023). Legitimacy is a crucial aspect that encourages firms to comply with norms and regulations, including engaging in environmental practices (Anggreni et al., 2022). To ensure sustainability, companies must align their strategies with social preferences and conduct activities that are acceptable to interest groups.

Green Accounting

Green accounting integrates environmental factors into financial reporting by including the costs and benefits related to natural resource use and environmental impact. It offers a holistic view of a company's performance, combining financial, social, and environmental responsibilities. According to Murniati & Sovita (2021), this study measures green accounting using the ratio of Corporate Social Responsibility (CSR) costs to net profit:

$$\text{Green Accounting} = \frac{\text{CSR}}{\text{NET PROFIT}}$$

Environmental, Social, and Governance (ESG)

ESG disclosure refers to a company's reporting of its environmental, social, and governance practices, measured here using the Global Reporting Initiative (GRI) 2021 standards. The ESG score is calculated as the proportion of reported disclosure items over total applicable GRI indicators (80 items total across GRI 300 for environmental with 31 indicator, GRI 400 for social with 36 indicator, and GRI 2 for governance with 13 indicator). ESG reflects actual sustainability activities disclosed by companies, such as environmental protection, social responsibility, and transparent governance. Unlike green accounting, which measures monetary commitment, ESG focuses on transparency and reporting of sustainability efforts.

$$ESG = \frac{ESG \text{ Disclosure Item Value}}{Maximum \text{ Disclosure Total}}$$

Firm Value

Firm value represents investors' trust and the market's valuation of a company, measured in this study by Tobin's Q. A Tobin's Q greater than 1 indicates market optimism and confidence in future growth (Maflikha, 2021). This measure captures how stock prices respond to non-financial disclosures like green accounting and ESG, signaling investor confidence in a company's sustainability practices and long-term value creation.

$$Tobin's \ Q = \frac{Market \ Value \ Of \ Equity + Total \ Liabilities}{Total \ Assets}$$

Profitability

Profitability reflects a company's ability to generate profits, measured here by Return on Assets. According to Hanafi and Halim (2016: 81) ROA is used as an indicator of how efficiently management utilizes assets to produce earnings and provides a relevant measure of financial performance.

$$ROA = \frac{Net \ Profit}{Total \ Assets}$$

Conceptual Framework

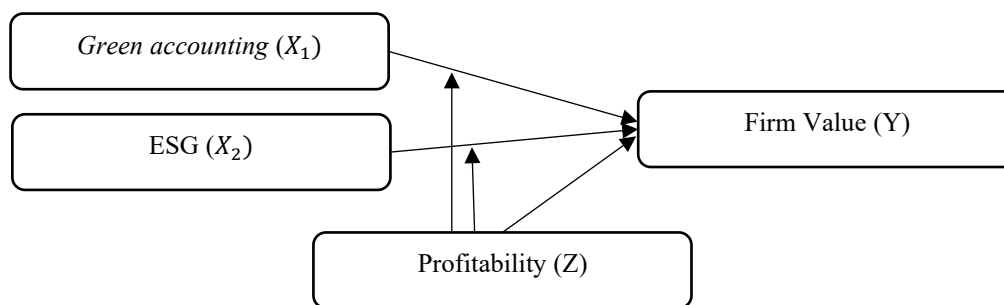


Figure 1. Conceptual Framework

According to conceptual framework above, the researchers make a hypothesis as follow:

- H₁: Green accounting has a significant effect on firm value.
- H₂: Environmental, Social, and Governance (ESG) disclosure has a significant effect on firm value.
- H₃: Profitability has a significant effect on firm value.
- H₄: Profitability moderates the effect of Green Accounting on firm value.
- H₅: Profitability moderates the effect of Environmental, Social, and Governance (ESG) disclosure on firm value.

RESEARCH METHODS

Type, Location, and Time of Study

This quantitative correlational study examines the influence of green accounting and ESG disclosure on firm value, with profitability as a moderating variable, using secondary data from annual and sustainability reports of companies listed in the ESG Sector Leaders IDX KEHATI index during 2021-2023. The research is conducted on these companies based on data from the Indonesia Stock Exchange website (www.idx.co.id). The study is scheduled to run from January to May 2025, covering stages from problem identification to final reporting to ensure thorough and accurate results.

Population and Sample

The population in this study includes companies listed on the Indonesia Stock Exchange (IDX) and included in the ESGSKEHATI index during 2021–2023, selected based on their

relevance to the research theme of Environmental, Social, and Governance (ESG). From this population, a total of 25 companies met the criteria and were chosen as the sample. These companies were consistently indexed in ESGSKEHATI for three consecutive years and were selected using a non-probability purposive sampling technique. The sampling criteria are:

1. Companies listed on IDX from 2021–2023
2. Companies included in the ESGSKEHATI index during that period.
3. Companies consistently listed in the ESGSKEHATI index throughout 2021–2023.
4. Companies that publish annual and/or sustainability reports regularly during 2021–2023.
5. Companies with complete and accessible data for green accounting and ESG disclosure analysis during 2021–2023.

Data Analysis Methods

To analyze the data, this research uses Moderated Regression Analysis (MRA) implemented with the SPSS version 26 program. This regression equation, which describes the relationship between variables, is mathematically expressed as follows:

Equation 1:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \epsilon$$

Equation 2:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 X_1(Z) + \beta_5 X_2(Z) + \epsilon$$

Description:

Y = Firm value

α = Regression Constant

$\beta_1 - \beta_5$ = Regression Coefficient

X_1 = Green accounting

X_2 = ESG

Z = Profitability

ϵ = Error

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistical Test Finds

Table 1 Descriptive Statistical Test Finds

	N	Minimum	Maximum	Mean	Std. Deviation
Green Accounting	75	.03	.43	.2204	.13362
ESG	75	.48	1.00	.7129	.14554
Firm value	75	.05	3.74	1.2909	.56187
profitability	75	.00	.17	.0589	.03585
Valid N (listwise)	75				

Source: Data processed by SPSS 26, 2025

Based on the results of the descriptive statistical analysis, a total of 75 data points were declared valid, derived from 25 companies listed in the ESGSKEHATI index during the 2021–2023 period. The green accounting variable (X_1) shows a minimum value of 0.03, a maximum of 0.43, a mean of 0.2204, and a standard deviation of 0.13362. The ESG variable (X_2) has a minimum value of 0.48, a maximum of 1.00, a mean of 0.7129, and a standard deviation of 1.4554. The firm value variable (Y) indicates a minimum of 0.05, a maximum of 3.74, a mean of 1.2909, and a standard deviation of 5.6187. Lastly, the profitability variable (Z) shows a minimum value of 0.00, a maximum of 0.17, a mean of 0.589, and a standard deviation of 0.03585.

Normality Test Results

Table 2 Normality Test Results

		Unstandardized Residual
N		75
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.22855886
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.048
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Data processed by SPSS 26, 2025

The results of normality test using the Kolmogorov-Smirnov test show the residual variable have a significance value of $0,200 > 0,05$ indicates the residual variable data is normally distributed.

Classical Assumption Test Results

1. Multicollinearity Test Results

Table 2 Multicollinearity Test Results

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.789	.042		18.805	.000		
lag_Green Accounting	.122	.168	.033	.727	.470	.897	1.115
lag_ESG	-1.745	.085	-.879	-20.478	.000	1.000	1.000
lag_profitability	6.199	.879	.320	7.057	.000	.897	1.115
2 (Constant)	.640	.061		10.518	.000		
lag_Green Accounting	.148	.276	.040	.536	.593	.292	3.429
lag_ESG	-1.145	.197	-.577	-5.800	.000	.165	6.063
lag_profitability	11.965	1.989	.617	6.016	.000	.155	6.462
lag_GreenAccounting_profitability	-1.258	3.772	-.024	-.334	.740	.314	3.187
lag_ESG_profitability	-8.386	2.519	-.440	-3.329	.001	.113	8.856

a. Dependent Variable: lag_Firm Value

Source: Data processed by SPSS 26, 2025

The results of the multicollinearity test for Equation 1 show that the Green Accounting variable (X1) has a tolerance value of 0.897 and a VIF of 1.115, the ESG variable (X2) has a tolerance value of 1.000 and a VIF of 1.000, and the Profitability variable (ROA) has a tolerance value of 0.897 and a VIF of 1.115. These results indicate that there is no multicollinearity problem, as all variables have tolerance values above 0.10 and VIF values below 10.00. Meanwhile, for Equation 2, the Green Accounting variable (X1) has a tolerance value of 0.292 and a VIF of 3.429, the ESG variable (X2) has a tolerance value of 0.165 and a VIF of 6.063, the Profitability variable (M) has a tolerance value of 0.155 and a VIF of 6.462, the interaction variable of Green Accounting and Profitability (X1M) has a tolerance value of 0.314 and a VIF of 3.187, and the interaction variable of ESG and Profitability (X2M) has a tolerance value of 0.113 and a VIF of 8.856. These results also suggest the absence of serious multicollinearity, as all variables meet the standard criteria of tolerance values above 0.10 and VIF values below 10.00.

2. Heteroscedasticity Test

Heteroscedasticity test was conducted using the White test to examine whether the residual variance differs across observations in the regression models. The test statistic C^2 is calculated by multiplying the sample size ($n = 75$) with the R Square value from the auxiliary regression. For Model 1, the auxiliary regression includes 9 variables (original independent variables, their squares, and interaction terms), resulting in 9 degrees of freedom and a critical Chi-square value of 16.919 at a 5% significance level. The calculated C^2 value is 16.875, which is less than the critical value, indicating no heteroscedasticity.

For Model 2, the auxiliary regression consists of 20 variables (including independent variables, a moderating variable, their squares, and interaction terms), corresponding to 20 degrees of freedom and a Chi-square critical value of 31.410. The calculated C^2 value of 26.625 is also below the critical value, confirming the absence of heteroscedasticity. According to Ghozali (2016), the degrees of freedom in the White test correspond to the number of variables included in the auxiliary regression, which supports the determination of the critical Chi-square values. Thus, both regression models satisfy the homoscedasticity assumption, supporting the validity of the BLUE (Best Linear Unbiased Estimator) criteria in the analyses.

3. Autocorrelation Test Results

Table 3 Autocorrelation Test Results Equation 1

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.936 ^a	.876	.871	.19039	1.713
a. Predictors: (Constant), lag_profitability, lag_ESG, lag_Green Accounting					
b. Dependent Variable: lag_Firm Value					

Source: Data processed by SPSS 26, 2025

Table 4 Autocorrelation Test Results Equation 2

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.943 ^a	.889	.881	.18011	1.770
a. Predictors: (Constant), lag_ESG_profitability, lag_GreenAccounting_profitability, lag_profitability, lag_ESG, lag_Green Accounting					
b. Dependent Variable: lag_Firm Value					

Source: Data processed by SPSS 26, 2025

Autocorrelation testing in this study used the Durbin-Watson (DW) test. For equation 1, the DW value was 1.713, with an upper limit (du) of 1.709 and $4 - du = 2.291$. Since $1.709 < 1.713 < 2.291$, there is no indication of autocorrelation. For equation 2, the DW value was 1.770, with $du = 1.769$ and $4 - du = 2.231$, fulfilling the condition $1.769 < 1.770 < 2.231$, which also indicates no autocorrelation. Therefore, both regression models meet the classical assumption of being free from autocorrelation, meaning that the residuals are not correlated across periods, and the regression results are valid for interpretation and decision-making.

Moderated Regression Analysis (MRA)

Table 5 Moderated Regression Analysis (MRA)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.789	.042		18.805	.000
	lag_Green Accounting	.122	.168	.033	.727	.470
	lag_ESG	-1.745	.085	-.879	-20.478	.000
	lag_profitability	6.199	.879	.320	7.057	.000
2	(Constant)	.640	.061		10.518	.000
	lag_Green Accounting	.148	.276	.040	.536	.593

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	lag_ESG	-1.145	.197	-.577	-5.800	.000
	lag_profitability	11.965	1.989	.617	6.016	.000
	lag_GreenAccounting_profitability	-1.258	3.772	-.024	-.334	.740
	lag_ESG_profitability	-8.386	2.519	-.440	-3.329	.001
a. Dependent Variable: lag_Firm Value						

Source: Data processed by SPSS 26, 2025

From table 6, the Moderated Regression Analysis equation 1 and equation 2 is obtained as follows:

Equation 1

$$\text{lag_Firm value} = 0.789 + 0.122X_1 \text{ (sig: 0,470)} - 1.745X_2 \text{ (sig: 0,000)} + 6.199Z \text{ (sig: 0,000)} + \varepsilon$$

Equation 2:

$$\begin{aligned} \text{lag_Firm_Value} = & 0.640 + 0.148X_1 \text{ (sig: 0,593)} - 1.145X_2 \text{ (sig: 0,000)} + 11.965Z \text{ (sig: 0,000)} \\ & - 1.258X_1 \times Z \text{ (sig: 0,740)} - 8.386X_2 \times Z \text{ (sig: 0,001)} + \varepsilon \end{aligned}$$

Hypothesis Test Analysis Results

1. Statistical Test (F Test)

Table 6 Statistical Test (F Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.328	3	5.776	157.507	.000 ^b
	Residuals	2.567	70	.037		
	Total	19.895	73			
2	Regression	17.689	5	3.538	109.054	.000 ^c
	Residuals	2.206	68	.032		
	Total	19.895	73			
a. Dependent Variable: lag_Firm value						
b. Predictors: (Constant), lag_profitability, lag_ESG, lag_Green Accounting						
c. Predictors: (Constant), lag_profitability, lag_ESG, lag_Green Accounting, lag_ESG_profitability, lag_GreenAccounting_profitability						

Source: Data processed by SPSS 26, 2025

From table 7 In equation 1, the significance value of 0.000, which is lower than 0.05, indicates that green accounting, ESG, and profitability jointly influence firm value. Similarly, in equation 2, the significance value of 0.000 suggests that green accounting, ESG, profitability, and the interaction between green accounting and ESG on profitability collectively have a significant effect on firm value.

2. Test Coefficient of Determination (R²)

Table 8 Test Coefficient of Determination (R²) Equation 1

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.936 ^a	.876	.871	.19039	1.713
a. Predictors: (Constant), lag_profitability, lag_ESG, lag_Green Accounting					
b. Dependent Variable: lag_Firm Value					

Source: Data processed by SPSS 26, 2025

Table 7 Test Coefficient of Determination (R²) Equation 1

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.943 ^a	.889	.881	.18011	1.770
a. Predictors: (Constant), lag_profitability, lag_ESG, lag_Green Accounting, lag_ESG_profitability, lag_GreenAccounting_profitability					
b. Dependent Variable: lag_Firm Value					

Source: Data processed by SPSS 26, 2025

Based on the regression output in the Model Summary table, the R Square values of 0.876 (87.6%) for equation 1 and 0.889 (88.9%) for equation 2 indicate that the independent variables—Green Accounting, ESG Disclosure, Return on Assets—and their interaction terms are able to explain a substantial proportion of the variation in firm value. The remaining 12.4% and 11.1%, respectively, are likely influenced by other factors not included in the model, such as macroeconomic conditions, industry dynamics, company-specific strategies, government policies, or global economic influences. Furthermore, the Adjusted R Square value of 0.881 suggests that the model retains high explanatory power even after adjusting for the number of predictors, indicating that the addition of interaction variables contributes meaningfully to the robustness and reliability of the model in explaining firm value. This highlights the importance of both environmental and financial factors in shaping firm valuation, reinforcing the relevance of incorporating sustainability metrics into corporate financial analysis.

3. Statistical Test (t)

Table 8 Statistical Test (t)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.789	.042		18.805	.000
	lag_Green Accounting	.122	.168	.033	.727	.470
	lag_ESG	-1.745	.085	-.879	-20.478	.000
	lag_profitability	6.199	.879	.320	7.057	.000
2	(Constant)	.640	.061		10.518	.000
	lag_Green Accounting	.148	.276	.040	.536	.593
	lag_ESG	-1.145	.197	-.577	-5.800	.000
	lag_profitability	11.965	1.989	.617	6.016	.000
	lag_GreenAccounting_profitability	-1.258	3.772	-.024	-.334	.740
	lag_ESG_profitability	-8.386	2.519	-.440	-3.329	.001
a. Dependent Variable: lag_Firm Value						

Source: Data processed by SPSS 26, 2025

Based on table 10 Statistical Test (t), So it can be concluded that each result of the t test is as follows:

1. Green Accounting effect on firm value

Green Accounting has no significant effect on firm value (coefficient = 0.122, t = 0.727, sig = 0.470), so H1 is rejected. This indicates that Green Accounting does not directly influence firm value in the companies studied. These results support Stakeholder Theory and Legitimacy Theory, as the lack of transparency and limited integration of Green Accounting practices prevent companies from fully meeting stakeholder expectations and securing social legitimacy. Consequently, stakeholders cannot properly assess the company's environmental performance, and companies fail to gain legitimacy that could enhance firm value.

This finding is in line with the studies Ramdhani and Prijanto (2024), who also found no significant relationship between Green Accounting and firm value. However, it contradicts the results of Fini and Astuti (2024), who found that Green Accounting has a positive and significant impact on firm value. These discrepancies may be due to differences in industry type, environmental pressure, and the quality of environmental disclosures.

2. ESG disclosure effect on firm value

ESG disclosure has a negative and significant effect on firm value (regression coefficient = -1.745, $t = -20.478$, $sig = 0.000$), so H2 is accepted. This indicates that higher ESG disclosure tends to decrease firm value in companies indexed by ESG Sector Leaders IDX KEHATI from 2021-2023. These results support Stakeholder Theory and Legitimacy Theory, as poor-quality or insincere ESG disclosures can erode stakeholder trust and create legitimacy gaps. When ESG disclosures fail to reflect genuine corporate actions, they reduce investor confidence and firm value.

This finding is consistent with studies by Viviy et al. (2024), which also observed a significant negative relationship between ESG disclosure and firm value. However, it contradicts studies by Widiyanto and Astuti (2024) who found a positive impact of ESG on firm value. The divergence in results may arise from differences in sector characteristics, reporting quality, strategic commitment, and investor expectations.

3. Profitability effect on firm value

Profitability measured by ROA has a positive and significant effect on firm value (coefficient = 6.199, $t = 7.057$, $sig = 0.000$), so H3 is accepted. This means that higher profitability significantly increases firm value. This result supports Stakeholder Theory and Legitimacy Theory because profitability reflects the company's ability to meet the expectations of various stakeholders and signals strong financial performance, which enhances the company's legitimacy in the eyes of the public, investors, and regulators. Thus, profitability helps build stakeholder trust and strengthens social legitimacy, which positively impacts firm value.

This finding is consistent with studies by Erlangga et al. (2021) which also found a positive relationship between profitability and firm value. Profitability reflects the firm's efficiency in utilizing its assets to generate earnings, which enhances investor confidence, reduces perceived risk, and potentially increases the firm's market value through better stock performance and dividend potential. However, this result contradicts the findings of Wijaya et al. (2021), who reported that profitability did not have a significant effect on firm value. Differences in research results may stem from variations in the sample, industry characteristics, economic conditions, or periods studied.

4. Profitability can effect green accounting on firm value

The interaction between Green Accounting and Profitability (ROA) on firm value is not significant (coefficient = -1.258, $t = -0.334$, $sig = 0.740$), so H4 is rejected. This means that profitability does not moderate the effect of Green Accounting on firm value. This finding supports Stakeholder Theory because even with strong financial performance, companies may fail to meet stakeholder expectations if they do not transparently communicate their environmental efforts. Stakeholders need clear and meaningful information to evaluate how Green Accounting contributes to firm value.

From the perspective of Legitimacy Theory, the result indicates that companies have not effectively used Green Accounting to gain or maintain social legitimacy. Without transparent disclosure and strategic integration of environmental activities, profitability alone cannot enhance the perceived value of Green Accounting in the eyes of society and investors.

This result is in line with Yuliani and Prijanto (2022), who found that profitability does not moderate the relationship between Green Accounting and firm value. However, it contradicts the findings of Kelly and Henny (2023), who reported that profitability can strengthen this relationship. In summary, the findings indicate that profitability functions merely as a predictor moderator in the context of Green Accounting where it does not change the strength or direction of the relationship with firm value. To enhance the perceived value of Green Accounting, companies need to improve the transparency and strategic communication of their environmental activities.

5. Profitability can effect ESG on firm value

The interaction between ESG Disclosure and Profitability (ROA) on firm value is significant but negative (coefficient = -8.386, $t = -3.329$, $sig = 0.001$), so H5 is accepted. This means that profitability weakens the positive effect of ESG Disclosure on firm value. This result supports Stakeholder Theory because it shows a misalignment between companies' ESG efforts and stakeholder expectations, where stakeholders may see a conflict between financial success and sustainability commitment, reducing trust and support.

From the perspective of Legitimacy Theory, the finding indicates that companies have not effectively used ESG disclosures to gain social legitimacy. When ESG initiatives seem to conflict with financial efficiency or lack transparent integration into business strategy, their ability to build a positive corporate image and social acceptance is weakened, undermining legitimacy despite strong financial performance.

This finding aligns with the study of Rahelliamelinda and Handoko (2024), who found that profitability can weaken the effect of ESG on firm value. However, it contradicts Arofah and Khomsiyah (2023), who reported that ROA strengthens the influence of ESG on firm value.

CONCLUSIONS, AND SUGGESTIONS

Conclusions

1. Green Accounting has no significant effect on firm value ($Sig = 0.470 > 0.05$).
2. ESG has a significant negative effect on firm value ($Sig = 0.000 < 0.05$).
3. Profitability (ROA) has a significant positive effect on firm value ($Sig = 0.000 < 0.05$).
4. The interaction between Green Accounting and ROA has no significant effect on firm value ($Sig = 0.740 > 0.05$), indicating that ROA does not moderate the relationship between Green Accounting and firm value.
5. The interaction between ESG and ROA has a significant negative effect on firm value ($Sig = 0.001 < 0.05$), indicating that ROA negatively moderates the relationship between ESG and firm value.
6. ROA acts as a quasi-moderator, as it has a direct effect on firm value and moderates the relationship between ESG and firm value, but does not moderate the relationship between Green Accounting and firm value.

Limitations

1. The study was conducted over only three years (2021–2023), so the results may differ if the research period is extended.
2. The sample was limited to companies listed in the ESG Sector Leaders IDX KEHATI Index, so the findings may not be generalizable to all companies on the Indonesia Stock Exchange.
3. The study focused only on green accounting and ESG disclosure as independent variables, excluding other relevant factors that could affect firm value.
4. The sample includes companies from various industry sectors with differing levels of sustainability concerns and external pressures, making it difficult to generalize the impact of green accounting and ESG disclosure on firm value.

Suggestions

1. Future research should extend the study period and carefully select sample criteria to better capture the long-term effects of green accounting and ESG.
2. Future research should extend broaden the research scope beyond companies listed in the ESGSKEHATI index.

BIBLIOGRAPHY

- Adlah, A., & Febrianto, R. (2023). The impact of environmental, social and governance on corporate value: The role of real earning management as moderating variable. *Soedirman Accounting Review: Journal of Accounting and Business*, 8(1). <https://doi.org/10.32424/1.sar.2023.8.1.8270>
- Anggreni, N. M. P., Ratnadi, N. M. D., & Widanaputra, A. A. G. P. (2022). The effect of environmental accounting disclosures on firm value with environmental performance as an intervening variable. *Budapest International Research and Critics Institute (BIRCI) Journal*, 5(2). <https://doi.org/10.33258/birci.v5i2.4643>
- Arofah, S. N., & Khomsiyah. (2023). Pengaruh good corporate governance dan environmental social governance terhadap nilai perusahaan dengan kinerja keuangan sebagai moderasi. *Jurnal Informatika Ekonomi Bisnis*, 5(1), 125–133. <https://doi.org/10.37034/infeb.v5i1.208>
- Bekasikab. (2022, Maret 15). Ini pelanggaran pencemaran lingkungan oleh PT KSA di Cikarang Barat. <https://bekasikab.go.id/berita/detail/1234>
- Dewi, S. R. (2016). Pemahaman dan kepedulian penerapan green accounting: Studi kasus UKM tahu di Sidoarjo. Dalam *Prosiding Seminar Nasional Ekonomi dan Bisnis & Call for Paper FEB UMSIDA 2016* (hlm. 497).
- Erlangga, C. M., Fauzi, A., & Sumiati, A. (2021). Penerapan green accounting dan corporate social responsibility disclosure terhadap nilai perusahaan melalui profitabilitas. *Akuntabilitas: Jurnal Ilmu Akuntansi*, 14(1), 61–78. <https://doi.org/10.15408/akt.v14i1.20749>
- Fakhriyyah, D. D., Sudarmiatin, & Hermawan, A. (2023). Implementation of legitimacy theory on SME to achieve sustainability. *International Journal of Economics, Business and Innovation Research*, 2(1). <https://e-journal.citakonsultindo.or.id/index.php/ljebir>
- Fini, S., & Astuti, C. D. (2024). Pengaruh green accounting terhadap nilai perusahaan. *COSTING: Journal of Economic, Business and Accounting*, 7(1), 112–120.
- Ghozali, I. (2016). *Aplikasi analisis multivariate dengan program IBM SPSS* (Edisi ke-8). Badan Penerbit Universitas Diponegoro.
- Global Reporting Initiative (GRI). (2021). *GRI Standards bahasa Indonesia translations*. <https://www.globalreporting.org/how-to-use-thegristandards/gri-standards-bahasa-indonesia-translations/>
- Hanafi, M. M., & Halim, A. (2016). *Analisis laporan keuangan*. UPP STIM YKPN.
- IDN Financials. (2020, Agustus 20). Garudafood, Indofood, dan Wings digugat Rp4 miliar karena dinilai merusak lingkungan. <https://www.idnfinancials.com/id/news/35635>
- Indrarini, S. (2019). Nilai perusahaan melalui kualitas laba: Good governance dan kebijakan perusahaan. Scopindo Media Pustaka.
- KADIN. (2023). *Panduan ESG (Edisi 1)*. Kamar Dagang dan Industri Indonesia.
- Karyanti, B. R., & Murwaningsari, E. (2023). Pengaruh Green Human Capital, Green Structural Capital Terhadap Kinerja Perusahaan Dengan Green Relational Sebagai Variabel Moderasi. *Jurnal Ekonomi Trisakti*, 3. <https://doi.org/10.25105/Jet.V3i2.17923>
- Kelly, S. G., & Henny, D. (2023). Pengaruh green accounting dan kinerja lingkungan terhadap nilai perusahaan dengan profitabilitas sebagai variabel moderasi. *Jurnal Ekonomi Trisakti*, 3(2), 3301–3310. <https://doi.org/10.25105/jet.v3i2.18051>
- Maflikha, R. (2021). Pengaruh green accounting terhadap nilai perusahaan dengan pengungkapan corporate social responsibility sebagai variabel moderating (Studi empiris di perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2015–2019), Universitas Peradaban.

- Melawati, H. G., & Rahmawati, M. I. (2022). Pengaruh green accounting dan pengungkapan CSR terhadap nilai perusahaan: Profitabilitas sebagai variabel mediasi. *Jurnal Ilmu dan Riset Akuntansi*, 11(6).
- Murniati, M., & Sovita, I. (2021). Penerapan green accounting terhadap profitabilitas perusahaan makanan dan minuman di Bursa Efek Indonesia (BEI) tahun 2015–2019. *Jurnal Ekonomi dan Bisnis Dharma Andalas*, 23(1), 109–122. <https://doi.org/10.47233/jebd.v23i1.208>
- Rahelliamelinda, L., & Handoko, J. (2024). Profitabilitas sebagai moderating pengaruh kinerja ESG, green innovation, eco-efficiency terhadap nilai perusahaan. *Jurnal Informasi, Perpajakan, Akuntansi, dan Keuangan Publik*, 19(1), 145–170. <https://doi.org/10.25105/jipak.v19i1.19191>
- Ramdhani, B. A., & Prijanto, B. (2024). Pengaruh penerapan green accounting terhadap nilai perusahaan dengan profitabilitas sebagai variabel moderating (Studi kasus sub sektor kesehatan yang terdaftar di Bursa Efek Indonesia pada periode 2016–2022). *Sanskara Akuntansi dan Keuangan*, 3(1). <https://doi.org/10.58812/sak.v3.i01>
- Sunaryo. (2015). Rekonseptualisasi tanggung jawab sosial perusahaan dalam rangka mewujudkan keadilan sosial. Lembaga Penerbitan Universitas.
- Vivy, V., Hijriah, A., & Fahmi, M. (2024). The impact of green accounting and environmental, social, and governance (ESG) disclosure on firm value. *Current: Jurnal Ilmiah*, 5(2), 222–234. <https://current.ejournal.unri.ac.id>
- Widianto, R., & Astuti, C. D. (2024). The influence of enterprise risk management, external audit quality, and ESG disclosure on company value. *COSTING: Journal of Economic, Business and Accounting*, 7(1), 101–110.
- Wijaya, H., Tania, D. R., & Cahyadi, H. (2021). Faktor-faktor yang mempengaruhi nilai perusahaan. *Jurnal Akuntansi dan Keuangan*, 6(1), 1–12.
- Yuliani, E., & Prijanto, B. (2022). Pengaruh penerapan green accounting terhadap nilai perusahaan dengan profitabilitas sebagai variabel moderating pada perusahaan sub sektor tambang batubara yang terdaftar di Bursa Efek Indonesia periode 2019–2021. *Jurnal Akuntansi dan Manajemen*, 5(2), 44–58.