

## **The Effect of Green Accounting Disclosure and CSR Disclosure on Firm Value with Profitability as a Mediating Variable (Case Study of the IDX Energy Sector Index in 2018-2022)**

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### **ABSTRACT**

This study aims to examine the effect of green accounting disclosure and corporate social responsibility disclosure on firm value with profitability as a mediating variable. This study uses a population of energy sector companies listed on the IDX in 2018-2022 with a sample of 60. This research uses WarpPLS version 8.0. The results of this study indicate that green accounting disclosure has a positive effect on firm value, green accounting disclosure has a positive effect on profitability, CSR disclosure has a positive effect on firm value, CSR disclosure has a positive effect on profitability, profitability has a positive effect on firm value, profitability mediates green accounting on firm value, profitability mediates CSR on firm value.

### **INTRODUCTION**

The current crisis of environmental degradation has given rise to various ongoing issues such as global warming, eco-efficiency, and other industrial activities that directly impact the surrounding environment. Excessive use of resources that are not accompanied by care can affect the ecosystem and harm society. As a processing industry, manufacturing companies are closely related to the natural environment because companies obtain raw materials from nature and production waste that reintegrates with nature. (Firantia Dewi, 2022).

The company is obliged to apply environmentally friendly in accordance with the law and implement environmentally friendly management practices, for example by the process of identifying, measuring, displaying, and disclosing the company's activities where the environment is located. According to a press release from the Minister of Environment in 2020, there is one company that must reimburse environmental costs, namely the company PT. HAYI to pay material compensation of Rp12,013,501,184. (source: <http://ppid.menlhk.go.id>).

The government's concern for environmental management can be justified or proven by the existence of Law Number 32 of 2009 concerning Environmental Protection and Management (PPLH) detailing the procedures for regulating environmental protection and management, which includes various aspects, such as planning, control tools, and legal sanctions that must be carried out in companies or industries.

Companies that take responsibility for the surrounding environment can have an impact on improving the company's image. The existence of this social responsibility disclosure by companies is expected to be able to make a very good contribution. While in the province there are still coal mining companies that do not report Corporate social responsibility funds and of course the company is not operating because it has violated ([www.antaranews.com](http://www.antaranews.com)).

The relationship between Green accounting and Corporate social responsibility with firm value is that if a company has a good contribution to the surrounding environment and has a good environmental record, it will affect the views of investors who want to invest their capital. If profitability increases, it is able to cover costs for the environment and social responsibility so that it mediates the influence of the independent variable on the dependent variable. Based on the background previously described, the researcher is interested in conducting research with the title "The Effect of Disclosure of Green accounting and Corporate social responsibility with Profitability as a Mediating Variable on Firm Value (Case Study of the IDX Energy Sector Index in 2018-2022)".

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Stakeholder theory**

The concept of social responsibility of an entity was introduced in 1970 and is generally known as stakeholder theory. The term stakeholder was first introduced by the Stanford Research Institute (SRI) in 1963. This theory argues that companies that carry out their business activities are not only about the company itself but this is also important for the interests of stakeholders. Therefore, stakeholder theory is a strategy made by the company in order to maintain relationships with stakeholders (Anam, 2021).

### **Legitimacy theory**

Legitimacy theory is a theory first created by Dowling and Pfeffer (1975) where there is a relationship or link between the company and society, this is because society is one of the most important factors in the development of a company. there are differences in the values adopted by the company and the values prevailing in society (Gunawan & Mulyani, 2023).

### **Green Accounting**

In 1970, the term environmental accounting developed in Europe. The existence of environmental accounting is the result of pressure from non-governmental organizations and increasing environmental awareness among the public, which urges companies to not only carry out industrial activities for business, but also implement environmental management (Prahara & A'yuni, 2021).

### **Corporate Social Responsibility**

According to The World Business Council for Sustainable Development (WBCSD), corporate social responsibility it is a business commitment to contribute to sustainable economic development, working together with employees and their representatives, their families, local communities, and the general public to achieve quality of life in a way that benefits both the business itself and development (Endiana, 2019).

### **Profitability**

According to (Pristianingrum, 2017) Profitability is an indicator of the performance of a management in managing the company's assets which can be seen from the profits generated by the company. So that the company measures its ability to generate profits from both the level of sales, assets, capital and certain shares. And the profits that can be distributed to

shareholders or investors are profits after interest and taxes, so that if the greater the profit the company gets, the greater the dividends distributed to shareholders.

**Firm Value**

According to Sudana (2011: 8): Maximizing company value is considered a company goal because company value means the current value of all the benefits that shareholders will receive in the future or in the long term in order to maintain the prosperity of shareholders by considering risk factors that will occur in the future.

**METHODS**

This research uses quantitative methods with the data used coming from financial statements obtained through the IDX website and the official website of energy sector companies. obtained through the IDX website and the official website of the energy sector company. The method used in completing this research is purposive sampling method. The results of purposive sampling in this study were 12 companies that became research samples. Research samples with periods from 2018-2022. The total sample used in this study was 60 samples.

**RESULTS**

**Descriptive Statistical Test**

Descriptive statistics in this study are used to explain the description of the data of all variables, which are seen from the average value (mean), standard deviation, maximum, and minimum.

**Table 1.** Descriptive Statistics

Variable	Indicators	Min	Max	Mean	Std. Dev
Green Accounting	X1	3	5	3.733	0.8609
CSR	X2	0.304	0.885	0.604	0.1678
Tobins'Q	Y	0.937	23.689	5.487	5.2741
Return On Asset	Z	-0.098	0.454	0.072	0.0954

**Source:** Author's compilation

**Inner Model**

**Table 2.** Output General SEM Analysis Result

	Index	P-value	Criteria	Description
APC*	0.248	0.010	P-value <0.05	Accepted
ARS*	0.211	0.021	P-value <0.05	Accepted
AVIF*	1.129		<5	Accepted

**Source:** Output WarpPLS 8.0

Based on table 2, it can be concluded that APC has an index value of 0.248 with a P-value of 0.010 so that the APC value is accepted because it meets the criteria <0.05. Furthermore, ARS has an index value of 0.211 with a P-value of 0.021 so that the ARS value is accepted because it meets the criteria <0.05. Meanwhile, AVIF has an index value of 1.129 so that the AVIF value is accepted because it meets the criteria <5.

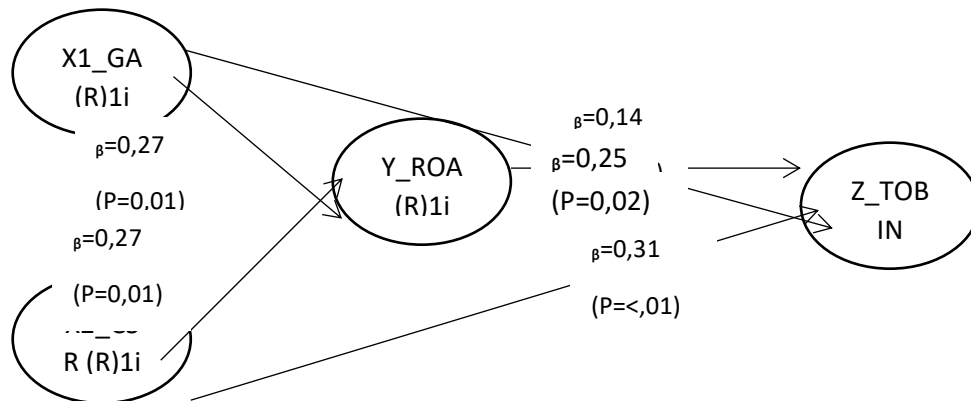
**Hypothesis test result**

**Table 3. Direct hypothesis testing results**

Path	Path Coefficient	P-value	Hypothesis	Description
GA ke NP	0.24	0.02	H1	Supported
GA ke ROA	0.37	0.01	H2	Supported
ROA ke NP	0.27	0.01	H3	Supported
CSR ke NP	0.32	<0.01	H4	Supported
CSR ke ROA	0.27	0.01	H5	Supported

Source : Output WarpPLS 8.0

Table 3 shows that the results of the green accounting path coefficient on Tobin are  $\beta = 0.24$ ,  $P = 0.02$ , stating that the results of the proposed coefficient have a positive effect. The CSR path coefficient on Tobin is  $\beta = 0.32$ ,  $P = <.01$ , stating that the results of the proposed coefficient have an effect.



**Figure 1. Estimation of Indirect Relationship**

Figure 1 shows that the path coefficient of the green accounting variable on ROA is positive with a value of  $\beta = 0.27$  and  $p$ -value = 0.02, then the green accounting variable on Tobin has no effect because the value of  $\beta = 0.14$  and  $p$ -value = 0.14. The CSR variable on ROA has a positive effect with a value of  $\beta = 0.27$ ,  $p$ -value = 0.01, then CSR on Tobin has a positive effect with a significant value  $<0.05$ .

Figure 1 above shows the results of hypothesis testing after the mediating variable of green accounting is included. For explanation further explanation can be seen from table 4 below:

Path	Path Coefficient		P-value	
	Before adding mediation	After adding mediation	Before adding mediation	After adding mediation
GA→NP	0.24	0.14	0.02	0.14
GA→ROA		0.27		<0.01
ROA→NP		0.31		0.02
CSR→NP	0.32	0.31	<0.01	<0.01
CSR→ROA		0.27		0.01
ROA→NP		0.31		0.02

Source : Output WarpPLS 8.0

### Mediation test analysis

Figure 1 shows that the indirect relationship direct relationship from green accounting to firm value with ROA as mediation, the relationship between green accounting variables on ROA amounting to  $\beta = 0.27$ ,  $P = 0.01$ , and ROA to firm value of  $\beta = 0.25$ ,  $P = 0.02$ , showing a positive influence with a significant value. Furthermore, the variable CSR to firm value with ROA as mediation, the relationship between CSR variables to ROA of  $\beta = 0.27$ ,  $P = 0.01$ , and ROA to firm value of  $\beta = 0.25$ ,  $P = 0.02$ , showing a positive effect with a significant value. This hypothesis testing was found in hypothesis 6 Indirect Only Mediation and in hypothesis 7 relationship Complementary Mediation or partial mediation which is in line with one way of identifying mediation adapted by the method of (Hair, 2017).

## DISCUSSION

### The Effect of Green Accounting on Firm Value

Based on the results of data processing, this study shows that green accounting has an effect on firm value, so that hypothesis 1 (H1) in this study is accepted. Test results in this study obtained a path coefficient of 0.24 and a p-value of 0,02. This means that the large amount of green accounting affects the high level of firm value following hypothesis 1. The scientific findings referred to here are not the research data obtained.

The results of this study are in line with research conducted Komang et al., (2023), Salsabila & Widiatmoko, (2022) and P. P.Dewi & Narayana, (2020) the study proves that green accounting has a positive effect on firm value.

### The Effect of Green Accounting on Profitability

Based on the results of data processing, this study shows that green accounting has a significant positive effect on profitability, so hypothesis 2 (H2) in this study is accepted. The test results in this study obtained a path coefficient of 0.27 and a significant value of 0.01. This shows that high green accounting affects the high level of profitability.

This is in line with research conducted by (Alim & Puji, 2021) and (Hadriyani & Dewi, 2022) prove that the research has a positive and significant effect on profitability research has a positive and significant effect on profitability.

### The Effect Of Corporate Social Responsibility On Firm Value

Based on the results of data processing, this study shows that CSR has an impact on firm value, so hypothesis 3 (H3) in this study is accepted. in this study is accepted. The test results in this study obtained a path coefficient value of 0.32 and a significant value of <01. This shows that high CSR disclosure can affect the value of the company. high level of profitability.

The results of this study are in line with research conducted research conducted by Rahmantari, (2021), Putri & Budiyanto, (2018), Karina & Setiadi, (2020) this research proves that CSR has a positive effect on company value.

### The Effect Of Corporate Social Responsibility On Profitability

Based on the results of data processing, Based on the results of data processing, this study shows that CSR affects profitability, so hypothesis 4 (H4) in this study is accepted. 4 (H4) in this study is accepted. The test results in this study obtained a path coefficient value of 0.27

and a significant value of 0.01. significant value of 0.01. This means that the amount of CSR disclosure then affects the high level of company profitability.

The results of this study are in line with research conducted by Solikhah, (2022), Indrawati et al., (2020) and Musfirati et al., (2021) the study proves that CSR has a positive effect on profitability.

### **The Effect of Profitability on Firm Value**

Based on the results of data processing, this study shows that profitability affects firm value, so hypothesis 5 (H5) in this study is accepted. The results of the test results in this study obtained a path coefficient value of 0.25 and a significant value of 0.02. This means that the high value of profitability is able to update the level of company value.

The results of this study are in line with research conducted by (Ambarwati & Vistianingrum, 2021). proved that profitability has a positive effect on company value.

### **The Effect Of Profitability Mediates The Relationship Of Green Accounting To Firm Value**

The results of hypothesis testing show that the indirect relationship from green accounting to firm value with ROA as mediation, the relationship of GA variables to ROA with a path coefficient of 0.27 and a significant value of 0.01, and a significant value of 0.01. path coefficient value of 0.27 and a significant value of 0.01, and ROA to NP with a path coefficient value of 0.25 and a significant value of 0.02. and a significant value of 0.02. Shows a positive effect with a significant value and has the same direction, as well as a direct relationship between green accounting and firm value. direct relationship of green accounting to firm value of 0.27 and a significant value of 0.01. Based on testing based on additional hypothesis testing adapted using the Hair method (2017), the results of the Indirect Only relationship were found.

This is in line with the research of Nugroho, (2023) and Kelly & Henny, (2023), the results show that increasing profitability can help companies implement green practices. profitability can help companies implement green accounting and an increase in firm value

### **The Effect Of Profitability Mediates The Relationship Of Corporate Social Responsibility On Firm Value**

The results of testing this hypothesis show that the indirect relationship from CSR to firm value with ROA as mediation, the relationship between CSR variables to ROA path value mediation, the relationship of CSR variables to ROA path coefficient value of 0.27 and a significant value of 0.01, and ROA as a mediator. coefficient value of 0.27 and a significant value of 0.01, and ROA to firm value, the path coefficient value is 0.25 and a significant value of 0.02. significant value of 0.02. Shows a positive effect with significant value and has the same direction, as well as the direct relationship of CSR to firm value by path coefficient of 0.25 and a significant value of 0.02. direct relationship from CSR to firm value is a path coefficient of 0.27 and a significant value of 0.01. Shows positive effect with a significant value. Based on testing based on additional hypothesis testing adapted using the method of Hair (2017), the results of the Complementary Mediation relationship were found.

The results of this study are in line with Alkhairani (2020) stating that high profitability can increase CSR and company value. The better the implementation of CSR, the more the company value also increases.

## CONCLUSION

The Based on the result conducted, the following conclusions are obtained: (a) green accounting has a positive effect on firm value, (b) green accounting has a positive effect of profitability, (c) corporate social responsibility has a positive effect on firm value, (d) corporate social responsibility has a positive effect on profitability, (e) profitability has a positive effect on firm value (f) profitability mediates green accounting on firm value, (g) profitability mediates corporate social responsibility on firm value.

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