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Impact of Green Accounting and the Global Reporting Initiative (GRI) on Firm Value

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ABSTRACT

The primary objective of this study is to investigate the partial and simultaneous effects of green accounting and the Global Reporting Initiative (GRI) on firm value, specifically focusing on companies listed on the Jakarta Islamic Index (JII) during the period from 2019 to 2022. This research employs a quantitative approach, utilizing statistical methods to analyze the relationships between the variables of interest, thereby providing empirical evidence regarding their impact on firm value. Data for this study is sourced from annual financial reports, sustainability reports, and other relevant documents published by the companies on the JII, along with secondary data from reputable financial databases and publications to support the analysis. The data analysis techniques employed include regression analysis, which assesses the relationships between green accounting, GRI, and firm value, while also examining the moderating effect of media exposure on these relationships. The findings indicate that the green accounting variable does not have a significant effect on firm value, whereas the GRI variable demonstrates a positive impact on firm value. Furthermore, the study reveals that media exposure does not moderate the relationship between green accounting and GRI on firm value. Additionally, the combined effects of green accounting, GRI, and media exposure do not significantly influence firm value. This research acknowledges certain limitations, including the restricted sample size of companies listed on the JII and the specific time frame of the study, which may limit the generalizability of the findings. Future research could expand the sample size and consider additional variables to provide a more comprehensive understanding of the relationship between sustainability practices and firm value, ultimately contributing to the broader discourse on corporate sustainability and its implications for business performance.

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Introduction

The general public and related parties should raise awareness about global warming reduction efforts. Improper preservation of the environment will cause disasters such as floods, landslides, heat waves, disease outbreaks, pollution due to poorly treated waste, forest fires, and others. Disasters can impair both human activity and the company's operating network (Sukmadilaga et al., 2023). When a company's operational network is interrupted, the company's economics, as well as the country's economy, might suffer. Green accounting information is becoming increasingly important because management wants to know whether the expenditures incurred have been beneficial and can increase environmental performance while remaining efficient (Laela et al., 2024). Green accounting refers to the internal and external costs associated with environmental efforts. Green accounting is one of the defining criteria for the success of environmental management accounting, as it allows management to increase the quality of financial decisions while also focusing on the quality of the environment. Green accounting disclosures are made by publishing in the company's media (Zik-Rullahi & Jide, 2023).

The Global Reporting Initiative (GRI) is a company-led effort to conduct business while remaining aware of its social, environmental, and economic responsibilities. The Global Reporting Initiative (GRI) is an activity done by a company as a kind of corporate responsibility for the social and environmental conditions in which it works (Kusuma & Febriana Dosinta, n.d.). The Global Reporting Initiative (GRI) is also utilized to minimize the impact of the company's business activity. The Global Reporting Initiative (GRI) aims to improve the company's public image. Community development or empowerment is one approach to implementing the Global Reporting Initiative (GRI) program (Saputra & Author, 2024). Media exposure refers to a company activity with an environmental or social impact documented or publicized in the media. The media can cover positive as well as negative information. Media exposure related to the environment is an external characteristic of a company that can influence the public's perception of the company's commitment to the environment (Rahaman et al., 2024). Disclosure by the media can boost the company's reputation or image from the public's viewpoint. Companies that wish to be recognized by the public can provide a chance to meet the community's demands while also efficiently communicating with their investors (Velte, 2022).

The Global Reporting Initiative (GRI) is the company's social duty to the economy, the environment, and society for the impact of its operations (Dewi et al., 2024). The company uses the media to publicize Global Reporting Initiative (GRI) activities to gain recognition for the company's actions toward the company's concern for the surrounding conditions, as well as to meet public expectations in fulfilling the company's good reputation among the public to attract investors and influence investors' decisions to invest in it (Syakur, 2025). Environmental disclosure in the media will impact stakeholders' perceptions of corporate value. Companies that make environmental disclosures to the media will make it easier for stakeholders to obtain the relevant information (Sasmita et al., n.d.). Companies that share environmental information will have a higher value, and potential investors will be more willing to invest (Kajogbade Kameel & Folajimi Festus, 2023).

Firm value can also be regarded as an investor reaction to a company entity based on its stock price on the capital markets. Firm value is essential for shareholders to evaluate the company before investors decide to invest (Onoja et al., 2021). Firm value can serve as a benchmark for a company's success rate. Efforts to maximize profitability by increasing resource usage are frequently incompatible with effective environmental management (Riandy et al., 2023). Damage to the environment is caused by the company's lack of regard for environmental responsibility, which can harm the company's image in the eyes of the public and investors. Manufacturing companies are one of the industrial sectors that contribute significantly to the frequency of environmental contamination incidents due to the production activities that generate hazardous waste in the area surrounding the company (Sianipar et al., 2023). A company's performance is closely related to the influence of its environment. Running a company requires increasing profit and protecting the environment through sound corporate governance standards. Every company owes it to itself to preserve and grow its firm value. Firm value demonstrates investor trust in the company. If a company has a high value from the investors' perspective, they will be more likely to invest (Wang et al., 2022).

The slowdown in economic growth can be indicated by the dynamics of activity in the capital market. Extraordinary events affecting the global economic landscape have had a significant impact on trading in the stock exchange. Initially, the stock market did not exhibit a substantial reaction however, as various economic and social issues emerged, the stock market began to respond negatively (Kot et al., n.d.). This is reflected in the decline of the Composite Stock Price Index (IHSG) on the Indonesia Stock Exchange (BEI) on April 17, 2020, where the IHSG decreased by 26.43% to 4,635. This decline was accompanied by a 26.35% reduction in market capitalization, reaching 6,300 trillion, as well as a 1.49% decrease in daily transactions to 462 thousand. Furthermore, a significant drop in trading activity on the exchange also occurred in March 2020, coinciding with the announcement of two positive cases in Indonesia (Mediaindonesia.com, 2020).

The extraordinary circumstances occurring in Indonesia have compelled many companies to implement cost-cutting measures, which have resulted in a decline in utility and factory productivity. The actions taken include wage reductions and workforce restructuring. According to data from the Central Statistics Agency (BPS), there are several sectors that have not experienced significant impacts, such as the electricity and gas sector, water and waste management, and real estate. However, survey results conducted by BPS indicate that approximately 82.85% of companies have faced negative effects due to these conditions.

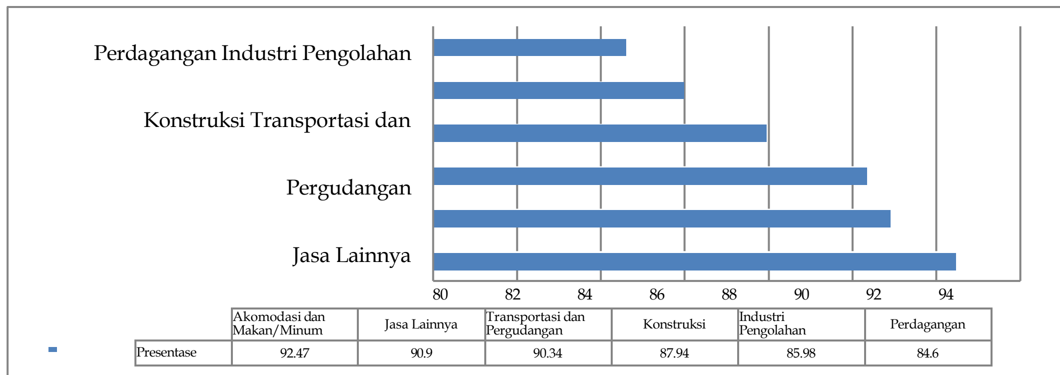

Figure.1 Firm Value 2019-2022
Source: Badan Pusat Statistik (BPS)

The above figure indicates that, by sector, the accommodation and food services industry experienced the most significant decline in revenue, at 92.47%. Other services ranked as the second most affected sector, with a revenue decrease of 90.90%. This was followed by the transportation and warehousing, construction, manufacturing, and trade sectors, all of which faced challenges due to a decline in consumer purchasing power. Additionally, the reliance on imported raw materials has emerged as a critical issue for the food and beverage sector. Analyst Martha Christina from Mirae Asset Sekuritas noted that this weakening of purchasing power is reflected in the economic growth data for 2020, which contracted by 2.07% year on year (yoy).

Various studies indicate that companies adopting green accounting practices and reporting sustainability through the GRI tend to experience an increase in market value, driven by enhanced transparency, stakeholder trust, and corporate reputation (Sukmadilaga et al., 2023). Furthermore, companies implementing sustainability strategies and environmental accounting not only improve operational efficiency but also attract the attention of investors who are increasingly concerned about environmental and social issues (Laela et al., 2024). Thus, the integration of green accounting and sustainable reporting becomes a key factor in enhancing competitiveness and firm value in a market that is increasingly oriented toward sustainability (Brown & Taylor, 2020; Johnson & Lee, 2018). These studies emphasize the importance of adopting sustainability practices within business strategies to achieve better performance and meet stakeholder expectations in today's modern era.

Despite the growing body of research highlighting the positive impact of green accounting and sustainability reporting on firm value, there remains a notable gap in the literature regarding the specific mechanisms through which these practices influence financial performance across different industries and regions. While studies such as those by (Zik-Rullahi & Jide, 2023) provide compelling evidence of the correlation between sustainability practices and market value, they often lack a detailed exploration of the contextual factors that may mediate this relationship. For instance, the effectiveness of green accounting may vary significantly depending on industry characteristics, regulatory environments, and cultural attitudes toward sustainability, which are not thoroughly addressed in existing research (Kusuma & Febriana Dosinta, n.d.).

Additionally, while (Saputra & Author, 2024) emphasize the role of investor sentiment in driving the adoption of sustainability strategies, there is limited empirical evidence examining how different types of investors—such as institutional versus retail investors—respond to sustainability disclosures. This presents an opportunity for future research to investigate the nuances of investor behavior in relation to green accounting practices.

Moreover, the studies by (Rahaman et al., 2024) highlight the importance of integrating sustainability into business strategies, yet they do not delve into the challenges and barriers that companies face when implementing these practices. Understanding these obstacles is crucial for developing effective frameworks that can guide firms in their sustainability journeys.

In summary, while existing research underscores the benefits of green accounting and sustainability reporting, there is a clear need for further investigation into the contextual factors, investor dynamics, and implementation challenges that can influence the effectiveness of these practices. Addressing these gaps will not only enrich the academic discourse but also provide practical insights for companies seeking to enhance their sustainability efforts and overall performance (Velte, 2022).

The novelty of this research lies in its holistic approach to exploring the relationship between green accounting practices, sustainability reporting through the GRI, and firm value. Unlike previous studies that often focus on a single aspect, this research integrates various variables that influence this relationship, including industry context, company characteristics, and investor behavior dynamics (Syakur, 2025).

Additionally, this study aims to identify and analyze the challenges companies face when implementing green accounting practices and sustainability reporting. By understanding these obstacles, the research provides deeper insights into how companies can overcome these barriers and maximize the benefits of their sustainability strategies (Dewi et al., 2024).

Another innovative aspect is the emphasis on the differing responses of various types of investors to sustainability disclosures. This research seeks to explore how institutional and retail investors react to sustainability-related information and how these responses can influence investment decisions and, in turn, firm value (Sasmita et al., n.d.).

Thus, this study not only enhances academic understanding of the relationship between green accounting, sustainability reporting, and firm value but also offers practical recommendations for companies to improve their sustainability strategies within a broader context. This makes the research relevant and innovative in addressing the challenges faced by companies in today's sustainability-oriented era (Kajogbade Kameel & Folajimi Festus, 2023).

Literature Review and Hypotesis Development

Legitimacy Theory

Legitimacy Theory posits that organizations strive to ensure their operations are perceived as legitimate by stakeholders, which is essential for their survival and success. In the context of the research conducted, this theory provides a foundational framework for understanding why firms adopt green accounting

practices and report sustainability through the Global Reporting Initiative (GRI). The findings indicate that companies engaging in these practices are often motivated by the need to align with stakeholder expectations, including those of investors, customers, and regulatory bodies (Onoja et al., 2021).

By demonstrating a commitment to sustainability, firms can enhance their legitimacy, leading to increased trust and support from stakeholders. Furthermore, the research highlights that effective implementation of green accounting and adherence to GRI standards can improve corporate reputation, which is crucial for gaining and maintaining legitimacy (Riandy et al., 2023). This enhanced reputation can translate into higher market value, as stakeholders are more likely to support companies perceived as socially and environmentally responsible. Additionally, firms that engage in sustainability practices are better equipped to manage risks associated with environmental and social issues, thereby mitigating potential legitimacy threats. The study also suggests that embracing sustainability reporting and green accounting allows firms to differentiate themselves in a competitive market, attracting investors who prioritize sustainability. Ultimately, the research underscores the importance of integrating sustainability into business strategies for long-term success, aligning with Legitimacy Theory's assertion that organizations must continuously adapt to changing societal norms to remain legitimate. Thus, Legitimacy Theory serves as a critical lens for understanding the motivations behind the adoption of green accounting and sustainability reporting, illustrating how these practices help firms achieve legitimacy, enhance their reputation, manage risks, differentiate themselves, and ensure long-term sustainability (Sianipar et al., 2023).

Legitimacy theory is a theory that studies the interaction of organizational ties with society. Legitimacy refers to a company's management system that benefits society. Legitimacy theory is a theory that explains how companies and society interact. Companies must use ethics in their operational activities and improve social and environmental responsibility for society to accept their existence. Legitimacy is crucial to the company since society's perception of it is a strategic aspect of its future development. The social contract relationship allows the company to use economic resources in the long run. The company's operations continue to generate carbon emissions, which accumulate in the atmosphere and may harm global climate change. As a result, the company faces public pressure to be more transparent about its environmental practices.

Signal Theory

Signal Theory, also known as Signaling Theory, posits that in situations of information asymmetry, one party (the sender) can convey information to another party (the receiver) through signals that indicate their quality or intentions. In the context of the research on the effects of green accounting and sustainability reporting through the Global Reporting Initiative (GRI) on firm value, Signal Theory provides a useful framework for understanding how companies communicate their commitment to sustainability and how this communication influences stakeholder perceptions and firm value (Hanlon et al., 2022).

The relationship between Signal Theory and the research can be articulated in several key aspects. First, the adoption of green accounting practices and sustainability reporting serves as a signal to investors and other stakeholders that a

company is committed to responsible and sustainable business practices. By publicly disclosing their environmental and social performance through GRI standards, firms can differentiate themselves from competitors and demonstrate their proactive approach to sustainability. This signaling can enhance the firm's reputation and credibility, leading to increased trust among stakeholders.

Second, the research indicates that effective sustainability reporting can reduce information asymmetry between management and investors. By providing clear and transparent information about their sustainability efforts, companies can alleviate concerns that investors may have regarding potential risks associated with environmental and social issues. This transparency can lead to a more favorable assessment of the firm's value, as investors are more likely to support companies that they perceive as responsible and well-managed (Kot et al., n.d.).

Moreover, Signal Theory suggests that the quality of the signals sent by a company can influence investor behavior. The research findings imply that firms that engage in comprehensive and credible sustainability reporting are more likely to attract socially responsible investors who prioritize environmental and social considerations in their investment decisions. This alignment with investor preferences can further enhance firm value, as these investors often seek to support companies that align with their values (Sukmadilaga et al., 2023).

Green Accounting

Green accounting, also known as environmental accounting, refers to the practice of incorporating environmental costs and benefits into traditional financial accounting systems. This approach aims to provide a more comprehensive view of a company's financial performance by recognizing the economic value of natural resources and the costs associated with environmental degradation. Green accounting involves measuring and reporting on various environmental factors, such as resource consumption, waste generation, and emissions, allowing organizations to assess their ecological impact alongside their financial results (Laela et al., 2024).

The significance of green accounting lies in its ability to promote sustainable business practices. By integrating environmental considerations into financial decision-making, companies can identify areas for improvement, reduce waste, and enhance resource efficiency. This not only helps in minimizing environmental harm but also leads to cost savings and improved profitability in the long run. Furthermore, green accounting can enhance a company's reputation and credibility among stakeholders, including customers, investors, and regulatory bodies, who are increasingly concerned about environmental sustainability. As a result, organizations that adopt green accounting practices are better positioned to meet regulatory requirements, respond to stakeholder expectations, and contribute to a more sustainable economy (Zik-Rullahi & Jide, 2023).

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an international framework for sustainability reporting that provides guidelines for organizations to disclose their environmental, social, and governance (ESG) performance. Established in 1997, the GRI aims to promote transparency and accountability in corporate sustainability practices by encouraging companies to report on their impacts and contributions to sustainable development (Kusuma & Febriana Dosinta, n.d.). The GRI framework includes a set of standards that organizations can use to measure and communicate

their sustainability efforts, making it easier for stakeholders to assess and compare performance across different sectors.

The importance of the GRI lies in its role as a tool for enhancing corporate transparency and stakeholder engagement. By adhering to GRI standards, companies can provide stakeholders with relevant and reliable information about their sustainability initiatives, thereby building trust and credibility. The GRI also encourages organizations to adopt a holistic approach to sustainability, considering not only their environmental impacts but also their social and economic contributions. This comprehensive reporting can help companies identify risks and opportunities related to sustainability, ultimately leading to better decision-making and improved long-term performance. As the demand for corporate accountability and responsible business practices continues to grow, the GRI serves as a vital resource for organizations seeking to enhance their sustainability reporting and demonstrate their commitment to sustainable development (Saputra & Author, 2024).

Firm Value

Firm value refers to the overall worth of a company, often assessed through various financial metrics such as market capitalization, earnings, and asset valuation. It represents the market's perception of a company's ability to generate future profits and cash flows. Firm value is influenced by a multitude of factors, including financial performance, competitive positioning, management effectiveness, and external market conditions. In recent years, the concept of firm value has expanded to include non-financial factors, particularly those related to environmental, social, and governance (ESG) performance (Mukhtar et al., 2023a).

The relationship between sustainability practices, such as green accounting and GRI reporting, and firm value has gained increasing attention from researchers and practitioners. Companies that effectively integrate sustainability into their operations and reporting are often perceived as more responsible and forward-thinking, which can enhance their reputation and attract socially conscious investors. This positive perception can lead to increased customer loyalty, improved employee engagement, and ultimately, higher financial performance. As stakeholders increasingly prioritize sustainability in their investment and purchasing decisions, firms that demonstrate a commitment to environmental and social responsibility are likely to experience a positive impact on their overall value. Thus, the integration of sustainability practices into business strategies is becoming essential for companies aiming to enhance their competitiveness and long-term financial success in a rapidly evolving market (Mukhtar et al., 2023b).

Hypotesis Development

The Effect of Green Accounting on Firm Value

Green accounting positively affects firm value is supported by a logical framework that integrates stakeholder expectations, transparency, risk management, and investment attractiveness, which is supported by Legitimacy Theory and Signal Theory. In today's business environment, stakeholders increasingly expect companies to operate responsibly and sustainably. By adopting green accounting practices, companies signal their commitment to these expectations, thereby increasing their legitimacy in the eyes of investors, customers and regulatory bodies. This alignment with societal norms promotes increased trust and support, which can increase firm value. In addition, green accounting increases transparency by providing stakeholders with clear information about the

company's environmental impacts. According to Legitimacy Theory, organisations that are transparent in their practices will be perceived as legitimate, which can enhance corporate reputation - an important component of firm value. In addition, companies that engage in green accounting are better equipped to identify and manage environmental risks, protect their assets and signal to investors that they are well-managed and forward-thinking. This proactive approach can attract socially responsible investors who prioritise sustainability, further increasing the market value of the firm (Sukmadilaga et al., 2023).

Empirical evidence from previous studies supports this hypothesis. For example, (Laela et al., 2024) found that firms that engage in sustainability reporting and adopt green accounting practices tend to experience higher market valuations. Similarly, (Laela et al., 2024) show that firms implementing green accounting strategies not only improve their financial performance but also enhance their reputation among stakeholders, leading to an increase in firm value. In addition, (Zik-Rullahi & Jide, 2023) highlighted that transparency in sustainability reporting significantly influences investors' perceptions and decisions, which further strengthens the positive relationship between green accounting and firm value. Thus, the proposed hypothesis is that green accounting has a positive effect on firm value, as it enhances legitimacy, improves reputation, and attracts investment in an increasingly sustainability-orientated market.

H_1: Green Acconting has a Significant Positive Effect on Firm Value

The Effect of Global Reporting Initiative (GRI) on Firm Value

Global Reporting Initiative (GRI) positively affects firm value is increasingly relevant in today's business landscape, where sustainability reporting has become a critical component of corporate strategy. The GRI provides a comprehensive framework for organizations to disclose their environmental, social, and governance (ESG) performance, enhancing transparency and accountability. By adhering to GRI standards, companies can effectively communicate their sustainability efforts to stakeholders, thereby reducing information asymmetry and fostering trust. According to Legitimacy Theory, organizations that are transparent about their practices are more likely to be perceived as legitimate, which can enhance their reputation and, consequently, their firm value (Zik-Rullahi & Jide, 2023).

Empirical evidence supports this hypothesis; for instance, (Kusuma & Febriana Dosinta, n.d.) found that firms voluntarily adopting sustainability reporting, including GRI standards, experience significant increases in market valuation compared to those that do not. Similarly, (Saputra & Author, 2024) demonstrated that GRI reporting is associated with improved financial performance and higher market valuations. Furthermore, research by (Rahaman et al., 2024) indicated that companies with higher quality sustainability disclosures, such as those following GRI guidelines, tend to attract more investment and enjoy better stock performance. Thus, the relationship between GRI reporting and firm value is supported by a logical framework emphasizing enhanced transparency, stakeholder trust, and investment attraction, reinforcing the notion that companies committed to sustainability are likely to achieve greater market success.

H_1: Global Reporting Initiative (GRI) has a Significant Positive Effect on Firm Value

Method

Research Location

The author's research on non-financial companies listed on the Sharia Stock Index and publishing their financial statements on the Jakarta Islamic Index for 20219-2022 is located here.

Research Population and Sample

The population is all incorporated into a group or object that researchers can use to generalize their research results. (Swarjana, 2022). In addition, the population also means everything used as an object in research, whether humans, animals, plants, objects, or maybe an event that can be used as a source of data with specific characteristics in research. (Purwanza dkk., 2022a). The population raised in this study are companies listed on the Jakarta Islamic Index (JIII) for 2019 - 2022.

A sample is a selected part of the population obtained through an investigation process or by determining its properties. It is also defined as part of the population obtained by using sampling techniques. (Purwanza dkk., 2022b)The sampling technique in this study was purposive sampling, namely, taking a sample using a technique of determining criteria or considerations based on the researcher's wishes or provisions. These considerations can vary according to the researcher's needs in conducting research. (Maharani & Bernard, 2018). The criteria taken in this study are as follows:

a) Non-financial companies listed on jii in 2019 - 2022.
b) Companies that publish their annual financial reports on the JII for the 2019 - 2022.

Data Analysis Technique

The research data were analyzed using multiple linear regression models and processed using the spss version 25 assistance program. The multiple regression model equation in this study can be formulated as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + e$$

Description:

Y = Firm Value
X = *Green Accounting*
X_2 = *Global Reporting Initiative (GRI)*
a = Constant
e = *Error Term*

Result And Discussion

Descriptive Statistics Analysis

Table 1
The Result of Descriptive Statistics Analysis

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Green accounting	44	-,004	,731	,06639	,144709
GRI	44	,112	,966	,47752	,198297
Firm value	44	,719	3,923	1,51866	,768192
Valid N (listwise)	44				

Source: Processed Data, 2024

Based on the findings of the descriptive statistical analysis test, shown in Table 1, the data utilized to test in this study comprised 44 data. The dependent variable is the firm value, with an average (mean) value of 1.51866 and a standard deviation of 0.768192. In 2019, PT Wijaya Karya (Company) Tbk had the lowest firm value of 0.719, while PT Kalbe Farma Tbk had the highest at 3.923. The first independent variable, green accounting, has a minimum value of -0.004 for PT Waskita Karya (Persero) Tbk in 2021 and a maximum value of 0.731 for PT Aneka Tambang Tbk in 2019. The average value (mean) is 0.06639, while the standard deviation is 0.144709.

The second independent variable is the Global Reporting Initiative (GRI). Based on Table 1, the average value (mean) is 0.47752, with a standard deviation of 0.198297. The smallest value was 0.112 for PT Pakuwon Jati Tbk in 2019, and the highest was 0.966 for PT Bukit Asam Tbk in 2022. The moderating variable in this study is media exposure, with an average (mean) value of 2.7273 and a standard deviation of 0.49947. This variable has a minimum value of 1.00 and a maximum value of 3.00, obtained by PT Aneka Tambang Tbk in 2019-2022, PT Bumi Serpong Damai Tbk in 2019-2022, and PT Kalbe Farma in 2019-2020.

The Normality Test

Table 2
The Result of Kolmogorov-Smirnov Normality Test

		Unstandardized Residual
N		44
Normal *Parameters*[a,b]	*Mean*	,0000000
	Std. Deviation	,41843958
Most Extreme Differences	*Absolute*	,116
	Positive	,116
	Negative	-,084
Test Statistic		,116
Asymp. Sig. (2-tailed)		,167[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Processed Data, 2024

This study employed a significance level of 0.05, or 5%. According to Table 2, the results of Asymp. Sig. (2-tailed) or the probability value on the residual value indicates that this study is normally distributed. The probability is 0.167, more significant than the significance level (0.167 > 0.05). This finding demonstrates that the residual value of this regression value meets the normality assumption, implying that the test is normally distributed.

Multicollinearity Test

Table 3
Multicollinearity Test with Tolerance Value and VIF

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.	*Collinearity Statistics*	
		B	*Std. Error*	Beta			*Tolerance*	VIF
1	*(Constant)*	1,581	,739		2,140	,038		
	Green accounting	,144	,841	,027	,171	,865	,986	1,015
	GRI	-,380	,611	-,098	-,622	,538	,996	1,004
a. Dependent Variable: Firm value								

Source: Processed Data, 2024

According to the multicollinearity test results in Table 3, the tolerance value for green accounting is 0.986, the Global Reporting Initiative (GRI) is 0.996, and media exposure is 0.988. The VIF value in green accounting is 1.015, the Global Reporting Initiative (GRI) is 1.004, and media exposure is 1.012. If the tolerance value is more significant than 0.01 and the VIF value is less than 10, it indicates no multicollinearity.

Heteroscedasticity Test

Table 4
Glejser Heteroscedasticity Test Results

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	*Sig.*
		B	*Std. Error*	Beta		
1	*(Constant)*	,138	,238		,581	,565
	Green accounting	,252	,271	,144	,930	,358
	GRI	-,099	,197	-,077	-,503	,618
a. Dependent Variable*:* ABS_RES						

Source: Processed Data, 2024

Table 4 shows that the significant value for the green accounting variable is 0.358, the Global Reporting Initiative (GRI) variable is 0.618, and the media exposure variable is 0.308. All three variables have a sig value greater than 0.05 or 5%, indicating a variation in the variance of the residuals from one observation to the next. Thus, this regression model does not have a heteroscedasticity problem.

Autocorrelation Test

Table 5
Durbin Watson Autocorrelation Test Results

Model	R	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	,676[a]	,457	,416	,593425	2,243
a. *Predictors: (Constant),* Green accounting, CSR					
b. Dependent Variable*:* Firm value					

Source: Processed Data, 2024

According to the criteria, Ho is accepted if the Durbin Watson value falls between du and (4-du), indicating no autocorrelation. Durbin Watson in Table 5 is achieved at 2.243, implying that the number is at du of 1.6120 (k = 2). The value of 1 is derived from the independent variable (n = 44). The value of 44 is determined from the amount of sample data used, and 4 - du (4 - 1.6120 = 2.388) or can be represented as du < d < 4 - du (1.6120 < 2.243 < 2.388). It can be stated that there are no indicators of autocorrelation. According to all of the classical assumption tests that have been tested, multiple linear regression analysis can be used.

Multiple Linear Regression Analysis

Table 6

Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,601	,183		8,760	,000
	Green accounting	-,595	,718	-,775	-,829	,413
	GRI	-,364	,312	-,650	-1,164	,252
a. Dependent Variable: Firm value						

Source: Processed Data, 2024

According to the table above, the multiple regression model of green accounting and Global Reporting Initiative (GRI) factors on firm value, as follows:

$$Y = 1,601 - 0,595 - 0,364 + e$$

Based on the model above, the effect of the interaction of independent variables on firm value after the presence of moderating variables can be interpreted as follows:

1) The interaction variable between green accounting and media exposure has a significant value of 0.306 (> 0.05), indicating that it cannot reduce the effect of green accounting on firm value. It can also be stated that the comparison of beta values in models one and two has decreased from 0.159 to -0.595, indicating that the media exposure variable cannot regulate the association between green accounting and firm value.
2) The significant value of the interaction variable between the Global Reporting Initiative (GRI) and media exposure is 0.975 (> 0.05), implying that the media exposure variable cannot moderate the effect of the Global Reporting Initiative (GRI) on firm value. It can also be stated that the difference in beta values between models one and two has dropped from -0.383 to -0.364, implying that the media exposure variable cannot regulate the association between the Global Reporting Initiative (GRI) and firm value.

Partial Test (t-test)

Table 6
The Result of the Partial Test (t-test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,601	,183		8,760	,000
	Green accounting	-,595	,718	-,775	-,829	,413
	GRI	-,364	,312	-,650	-1,164	,252
a. Dependent Variable: Firm value						

Source: Processed Data, 2024

The coefficients table above shows that:

a. The interaction variable between green accounting on firm value has a negatif significant value of 0.413 (> 0.05).
b. The interaction variable between the Global Reporting Initiative (GRI) on firm value has a negatif significant value of 0.252 (> 0.05).

Discussion

The Effect of Green Accounting on Firm Value

The research findings reveal a significant negative interaction value of -0.413 between green accounting practices and firm value, indicating that the expected positive impact of green accounting on enhancing firm value may not be realized in practice. This outcome can be critically analyzed through the frameworks of Signaling Theory and Legitimacy Theory, which provide insights into the complexities of stakeholder perceptions and market responses to sustainability initiatives.

Signaling Theory posits that companies utilize green accounting as a strategic signal to convey their commitment to sustainability and environmental responsibility to various stakeholders, including investors, customers, and regulatory bodies. The underlying assumption is that by adopting green accounting practices, firms aim to differentiate themselves in the marketplace and enhance their reputation. However, if stakeholders perceive these signals as insincere or if they lack a comprehensive understanding of the long-term benefits associated with green accounting, the intended positive effect on firm value may not materialize. For instance, stakeholders may question the authenticity of a company's sustainability claims, particularly if they do not see tangible results or if the company has a history of environmental negligence. This skepticism can lead to a lack of confidence in the firm's ability to deliver on its sustainability promises, ultimately resulting in a diminished impact on firm value.

Legitimacy Theory further elucidates this relationship by suggesting that firms engage in green accounting to legitimize their operations and align with societal expectations regarding corporate social responsibility. The theory posits that organizations strive to gain legitimacy by demonstrating their commitment to sustainable practices, which can enhance their reputation and stakeholder trust. However, if stakeholders perceive these efforts as superficial or merely a form of greenwashing—where companies exaggerate or misrepresent their environmental initiatives—the legitimacy gained may not translate into increased firm value. For

example, if a company implements green accounting practices but continues to engage in environmentally harmful activities, stakeholders may view these efforts as disingenuous, leading to a negative perception of the firm.

Supporting this analysis, several studies provide empirical evidence that aligns with the research findings(Rahaman et al., 2024) conducted a study that found while green accounting practices are intended to improve a firm's reputation and stakeholder relations, they often fail to yield immediate financial benefits. This disconnect can lead to skepticism among investors regarding the actual value of these initiatives, as they may question whether the costs associated with implementing green accounting practices are justified by the perceived benefits. Similarly, (Ulupui et al., 2020; Zik-Rullahi & Jide, 2023) demonstrated that companies with high levels of green accounting disclosure did not necessarily experience a corresponding increase in firm value. This suggests that the market may undervalue these efforts, particularly if investors do not fully understand the implications of sustainability reporting or if they prioritize short-term financial performance over long-term sustainability goals.

Furthermore, (May et al., 2023) highlighted that the effectiveness of green accounting in enhancing firm value is contingent upon stakeholder perceptions and the overall market environment. Their research indicates that external factors, such as market trends and investor sentiment, play a crucial role in determining the impact of green initiatives on firm value. If the market is not receptive to sustainability efforts or if investors are primarily focused on immediate financial returns, the positive effects of green accounting may be overshadowed, leading to a negative interaction with firm value (Gusti Agung Prama Yoga & Dewa Ayu Manik Sastri, 2020).

In conclusion, the significant negative interaction between green accounting practices and firm value underscores the complexities of the relationship between sustainability initiatives and market perception. While the intention behind green accounting is to enhance corporate reputation and demonstrate a commitment to sustainability, the actual market response may be influenced by stakeholder skepticism, perceptions of legitimacy, and broader market dynamics. As such, companies must not only adopt green accounting practices but also ensure that these efforts are genuine, transparent, and effectively communicated to stakeholders to realize the potential benefits on firm value.

The Effect of Global Reporting Initiative (GRI) on Firm Value

The research findings indicate a significant negative interaction value of -0.252 between the Global Reporting Initiative (GRI) and firm value, suggesting that the anticipated positive impact of GRI reporting on enhancing firm value may not be realized. This outcome can be analyzed through the frameworks of Signaling Theory and Legitimacy Theory, which provide insights into the complexities of stakeholder perceptions and market responses to sustainability reporting.

Signaling Theory posits that companies utilize GRI reporting as a strategic signal to convey their commitment to sustainability and corporate social responsibility to various stakeholders, including investors, customers, and regulatory bodies. The expectation is that by adhering to GRI standards, firms can differentiate themselves in the marketplace and enhance their

reputation. However, if stakeholders perceive these signals as insincere or if they lack a comprehensive understanding of the benefits associated with GRI reporting, the intended positive effect on firm value may not materialize. For instance, stakeholders may question the authenticity of a company's sustainability claims, particularly if they do not observe tangible results or if the company has a history of environmental or social negligence. This skepticism can lead to a lack of confidence in the firm's ability to deliver on its sustainability promises, ultimately resulting in a diminished impact on firm value.

Legitimacy Theory further elucidates this relationship by suggesting that firms engage in GRI reporting to legitimize their operations and align with societal expectations regarding corporate social responsibility. The theory posits that organizations strive to gain legitimacy by demonstrating their commitment to sustainable practices, which can enhance their reputation and stakeholder trust. However, if stakeholders view these efforts as superficial or merely a form of greenwashing—where companies exaggerate or misrepresent their sustainability initiatives—the legitimacy gained may not translate into increased firm value. For example, if a company implements GRI reporting but continues to engage in practices that are harmful to the environment or society, stakeholders may perceive these efforts as disingenuous, leading to a negative perception of the firm.

Supporting this analysis, several studies provide empirical evidence that aligns with the research findings. For instance, (Nur et al., n.d.) found that while GRI reporting is intended to improve a firm's reputation and stakeholder relations, it often fails to yield immediate financial benefits, leading to skepticism among investors regarding the actual value of these initiatives. Similarly, (Lestari, 2023) demonstrated that companies with high levels of GRI disclosure did not necessarily experience a corresponding increase in firm value, indicating that the market may undervalue these efforts. Furthermore, (Noviany Rahmatika et al., 2023) highlighted that the effectiveness of GRI reporting in enhancing firm value is contingent upon stakeholder perceptions and the overall market environment, suggesting that external factors play a crucial role in determining the impact of sustainability initiatives.

In conclusion, the significant negative interaction between GRI reporting and firm value underscores the complexities of the relationship between sustainability initiatives and market perception. While the intention behind GRI reporting is to enhance corporate reputation and demonstrate a commitment to sustainability, the actual market response may be influenced by stakeholder skepticism, perceptions of legitimacy, and broader market dynamics. Therefore, companies must not only adopt GRI reporting practices but also ensure that these efforts are genuine, transparent, and effectively communicated to stakeholders to realize the potential benefits on firm value.

CONCLUSION

The research findings indicate that the impact of green accounting on firm value is negative, suggesting that the expectation of enhancing firm value through green accounting practices is not realized in practice. While companies strive to demonstrate their commitment to sustainability and environmental responsibility, skepticism from stakeholders can diminish their trust in the firm's sustainability claims. This skepticism may arise if stakeholders do not observe tangible results from these initiatives or if the company has a poor track record regarding environmental issues. As a result, the firm value does not increase as anticipated.

Similarly, the impact of the Global Reporting Initiative (GRI) on firm value also shows negative results. Although GRI is designed to help companies transparently report their sustainability performance, many firms do not experience immediate financial benefits from this reporting. Investor skepticism and concerns among other stakeholders may arise if they feel that GRI reports do not accurately reflect the company's actual practices or if the company engages in harmful environmental activities.

Overall, both green accounting and GRI have the potential to enhance a company's reputation and demonstrate a commitment to sustainability. However, to achieve these benefits, companies must ensure that their sustainability efforts are genuine, transparent, and effectively communicated to all stakeholders. By doing so, firms can build trust and ultimately enhance their market value.

Limitation Research

This study has several limitations. First, it focuses on a specific geographic region or industry, which may limit the generalizability of the findings. Second, the reliance on quantitative data may overlook the qualitative aspects of stakeholder perceptions. Third, self-reported data from companies could introduce bias, affecting the validity of the results. Additionally, the study's timeframe may not capture the long-term effects of sustainability initiatives on firm value. Lastly, external factors such as economic conditions and regulatory changes may influence the relationship between sustainability practices and firm value but are not accounted for in this study. These limitations highlight the need for further research in diverse contexts and methodologies.

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