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The Effect Of Green Accounting, Corporate Social Responsibility, Profitability And Investment Decisions On Firm Value

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Abstract

Purpose – *This study aims to obtion emprical evidence on the Effect of Green Accounting, Corporate Social Responsibility, Profitability, and Invesment Decisions on Firm Value.*

Design/methodology/approach – *This study uses a type of quantitative research, the sample in this study is a raw materials sector company listed on the Indonesia Stock Exchange in 2021-2024 as many as 20 companies. The analytical technique used to test the lupotests is multiple regression analysis using e-views 9 software.*

Findings – *The results of this study found that green accounting has a negative and statistically insignificant effect on firm value, as well as corporate social responsibility has a negative and statistically significant effect on firm value. while profitability has a positive and statistically significant effect on firm value. then investment decisions have a positive and statistically significant effect on firm value.*

Originality/value: *This study discusses Firm Value and other factors such as Green Accounting. Corporate Social Responsibility, Profitability, and Investment Decisions that focus on raw materials sector companies.*

INTRODUCTION

The raw materials sector in Indonesia has an important role in national economic development as it is directly supplies raw materials for the production process of other industries. According to a report by the International Energy Agency, the demand for these commodities is highly dependent on global conditions, including international prices fluctuations. Consequently, the raw material sector is highly sensitive to changes in the economy, environmental policies and developments in sustainability issues. In this context, the raw materials sector is also encouraged to adopt green accounting and corporate social responsibility practices, given the environmental impact of its activities (Saputra and Windyastuti, 2024).

The associated press (2023) indicates that PT. Vale is transitioning from coal to renewable energy in order to reduce carbon emissions in nickel production. This initiative not only aims to lower carbon emissions, but also to seek to meet the global demand for more environmentally friendly raw materials. This reflects Indonesia's efforts to environmental responsibility into its operational strategy. This initiative demonstrates the company's long-term commitment to sustainable development and is anticipated to enhance its reputation among global investors.

The various efforts undertaken by companies are essentially aimed at increasing market value. This can also be observed when the closing of the Jakarta Composite Index Strengthened, led by the raw materials sector. As reported by antaranews (2024), around 70 companies in the raw materials sector listed on the Indonesia Stock Exchange (IDX) contributed 3,33% to market capitalization. This indicates the significant growth potential of the raw materials sector, while also highlighting the differences among issuers in maintaining performance and attracting investor interest. Despite its considerable growth potential, the sector faces serious challenges, such as fluctuations in raw materials prices and regulatory pressures. As a result, companies may lose their ability to raise funds from the capital market, undermine investor confidence, and experience a decline in share prices, which ultimately leads to a decrease in firm value (Faisal & Bandiyono, 2024).

Firm value is considered highly important as it reflects the welfare of shareholders. Meanwhile, firm value can also indicate an increase in the company's stock price, both in the present and in the future. Therefore, the level of firm value may influence investor confidence (Melawati and Rahmawati, 2022). Firm value itself is not only influenced by the company's internal conditions but also by external factors that develop within the business environment. Thus, understanding the factors that affect firm value becomes essential, both from environmental and financial perspectives, which include green accounting, corporate social responsibility, profitability, and investment decisions.

Several modern companies have begun to realize that social and environmental issues are important factors in profit growth and corporate sustainability (Melawati and Rahmawati, 2022). The implementation of green accounting contributes to more stable financial performance, as it demonstrates the company's ability to manage environmental risks effectively. Profit growth and effective environmental risk management are closely interconnected. Proper environmental risk management helps companies reduce the likelihood of fines or sanctions due to violations of environmental regulations, as stipulated in Law No. 23 of 1997 concerning Environmental Management and Law No. 32 of 2009 of the Republic of Indonesia concerning Environmental Protection and Management.

The implementation of green accounting can also strengthen investor confidence, increase stock demand, raise stock prices, and ultimately affect firm value. Research by Margie (2024) in the primary consumer sector shows that green accounting has a positive and significant effect of firm value. It is explained that the application of green accounting alters investors' perceptions of a company, which in turn increases stock demand and thereby influences firm value. However, different results were found in several other studies. Sapulette (2021) in the energy sector, Gunawan (2024)in the manufacturing sector, and Larastiwi (2022) in the mining sector, found that green accounting does not have a significant impact on firm value.

Meanwhile, corporate social responsibility also serves as a solution to address environmental and social issues faced by companies. This is because companies will always be associated with the surrounding environment and society in creating balanced and mutually benefical relationships. In Law No. 40 of 2007 concerning Limited Liability Companies, corporate social responsibility has shifted from being a voluntary activity to becoming a mandatory obligation (Melawati and Rahmawati, 2022)

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Profitability is one of the factors that influence firm value. Profitability indicates the extent to which a company is able to generate profits. These profits are derived from the company's activities, such as sales and investment operations Kalsum (2021). A high level of profitability reflects that the company is operating effectively, efficiently, and has promising growth opportunities. Profitability is also an important indicator for investors when assessing firm value, as it demonstrates how much of the invested capital generates returns and how much of it is distributed as dividends to shareholders (Istiqomah, 2022).

Zafirah (2024)study found that profitability affects firm value in the real estate sector, indicating that the higher the company's profits, the higher its firm value. This finding is consistent with the research of Chaidir (2021) and Yuni (2022) in the banking sector, which also showed that profitability has a positive effect on firm value. Conversely, low profitability or a company's limited ability to generate profits may negatively affect firm value, as evidenced by the study of Aulia (2020) in the food and beverage sector.

Investment decisions refer to the allocation of company funds, either from internal or external sources, in the form of investments Hastuti (2022). Investment decisions serve as a determining aspect for shareholders in deciding whether or not to invest in the company. Investment decisions influence firm value; if a company is able to properly analyze and manage its working capital requirements, it will attract investors. Conversely, if the company fails to analyze its working capital needs, it may pose a risk that investors will withdraw their funds from the company.

Research conducted by Widyarti (2023) in the consumer goods sector, Hasbullah (2021)in the construction sector, and Mesrawati (2021) in the consumption sector found that investment decisions positively affect firm value, indicating that higher levels of investment decisions have a positive impact on firm value. On the other hand, studies by Salama (2019) in the banking industry and Amaliyah (2020) in the mining sector found that investment decisions have no significant effect on firm value. The insignificant effect of investment decisions may be attributed to uncertainty regarding future conditions.

LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory emphasizes that companies operate not solely for internal profit but are also responsible for providing benefits to their stakeholders. Therefore, the sustainability of a company greatly depends on the support given by these stakeholders. According to Yusri (2020), stakeholder theory asserts that every stakeholder has the right to access information related to company activities that may influence their decisions.

Signalling Theory

Signalling theory refers to the actions taken by company management to provide information to investors regarding their perspectives on the company's prospects. This information is crucial for investors and other business actors, as it offers explanations, documentation, or even insights into past, present, and future conditions, as well as their impact on the company's sustainability and performance.

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Green Accounting

Lako (2021) stated that green accounting is a process of recording and disclosing information related to company activities, covering economic, social, and environmental aspects. Its main objective is to ensure that all impacts arising from company activities are comprehensively defined within an integrated accounting information report, so that such information can be utilized by various stakeholders in making both economic and non-economic decisions.

Corporate Social Responsibility

Gunardi (2022) stated that corporate social responsibility is a process of disclosing information regarding the social and environmental impacts arising from a company's operational activities, both to specific stakeholders and to the general public.

Profitability

Brigham & Houston, (2019) stated that profitability is the final result obtained through various decisions and policies established by the company. Thus, profitability can be understood as a key indicator for assessing the effectiveness of management in utilizing the company's resources.

Investment Decision

In a business, investment serves as a source of profit that can be generated by the company over the long term or in the future. Therefore, investment activities are an essential element for the company, as they are closely related to operations and firm value. Investment decisions refer to financial decisions as well as investment activities in various forms Gunardi (2022)

HYPOTHESES DEVELOPMENT

Green Accounting on Firm Value

Stakeholder theory explains that companies need to provide benefits to their stakeholders, one of which is through the disclosure of *green accounting* in the form of environmental cost reporting in the annual report. Such transparency not only assists stakeholders in the decision-making process but also helps reduce environmental issues and maintain the company's image. Furthermore, the implementation of *green accounting* serves as an initial step to minimize environmental risks, enhance stakeholder trust, attract investors who are concerned about environmental issues, and ultimately have a positive impact on firm value. The findings of Arindita (2024)) support this view, showing a positive relationship between *green accounting* and firm value.
H_1: Green Accounting has a positive effect on the firm value

Corporate Social Responsibility on Firm Value

Stakeholder theory emphasizes that companies have an obligation to conduct social disclosure through the implementation of *corporate social responsibility* (CSR) as part of their

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business strategy, particularly since the raw materials sector is considered a contributor to global warming. The application of CSR demonstrates a company's commitment to addressing social and environmental issues, strengthening its positive reputation, enhancing investor trust, and ultimately increasing firm value. Previous studies, such as Karina (2020)in the mining sector and Erawati (2021) in the manufacturing sector, also found that CSR has a positive effect on firm value, indicating that CSR can be considered an important factor in driving the growth of firm value.

H_2: Corporate Social Responsibility has a positive effect on the firm value

Profitability on Firm Value

Signalling theory explains that high profitability serves as a positive signal to shareholders regarding the company's operational performance. High profitability not only reflects the company's ability to generate profits but also has the potential to increase stock prices, strengthen the company's image, and attract investor interest, thereby enhancing firm value. Studies by Chaidir (2021), Yuni (2022), and Zafirah (2024) support this view, showing that profitability influences firm value, although in some cases the effect is not significant.

H_3: Profitability has a positive effect on the firm value

Investment Decision on Firm Value

Based on signalling theory, investment decisions serve as an important signal for investors regarding the company's growth prospects. Appropriate investment decisions indicate strong long-term growth potential, which can enhance firm value and benefit shareholders. Wise investment decisions also reflect the management's ability to allocate resources effectively for sustainable growth, thereby increasing investor trust and encouraging capital investment. Several studies support this view, including Mesrawati (2021) on consumer goods companies (2016–2018), Widyarti (2023) on consumer goods companies (2007–2022), and Hasbullah (2021)on construction companies (2015–2019), all of which found that investment decisions positively and significantly influence firm value.

H_4: Investment Decision has a positive effect on the firm value

RESEARCH METHOD

This study uses secondary data that can be obtained from previously released sources. The research was conducted on raw materials sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2024. The research downloads the company's financial statements in 2021-2024 through the www.idx.co.id website and *the website* of each company. The criteria for sampling in this study are:

1. The sample must be a raw materials sector company listed on the IDX during 2021–2024.
2. A raw materials sector company that has published its audited financial statements for 2021–2024, accompanied by an independent auditor's report.
3. A raw materials sector company that has issued sustainability reports consecutively for four years from 2021–2024.

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Table 1 Sample Selection Criteria

No	Criterion	Number of Companies
	Total number of raw materials sector companies listed on the Indonesia Stock Exchange (IDX) as of December 31, 2024	116
1	Raw materials sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2024 and still registered as issuers as of December 31, 2024.	83
2	Raw materials sector companies that publish audited financial statements for four consecutive years during 2021–2024	70
3	Raw materials sector companies that publish sustainability reports for four consecutive years during 2021–2024	20
Number of companies available as a sample		20

RESULT

In this study, companies in the raw materials sector listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period that published both annual financial statements and sustainability reports consecutively were selected. This research examines the influence of green accounting, corporate social responsibility, profitability, and investment decisions on firm value. The research population consists of 116 companies in the raw materials sector. Using the purposive sampling method, 20 companies were determined as samples in accordance with the specified criteria.

Based on the sample selection process that met the established criteria, the list of raw materials sector companies that are the research samples is as follows:

Table 2. Company Sample

No	Company Name	Stock Code	IPO
1	Barito Pacific Tbk.	BRPT	1 Okt 1993
2	PT. Lautan Luas Tbk.	LTLS	21 Jul 1997
3	Indocement Tunggal Prakarsa Tbk	INTP	5 Des 1989
4	Semen Indonesia (Persero) Tbk.	SMGR	8 Jul 1991
5	Wijaya Karya Beton Tbk.	WTON	8 Apr 2014
6	Aneka Tambang Tbk	ANTM	27 Nov 1997
7	Vale Indonesia Tbk.	INCO	16 May 1990
8	Gunung Raja Paksi Tbk.	GGRP	19 Aug 2019
9	Steel Pipe Industry of Indonesia	ISSP	22 Feb 2013
10	PT Petrosea Tbk	PTRO	21 May 1990
11	PT ABM Investama Tbk	ABMM	6 Des 2011
12	Indah Kiat Pulp & Paper Tbk.	INKP	16 Jul 1990
13	Pabrik Kertas Tjiwi Kimia Tbk.	TKIM	3 Apr 1990

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No	Company Name	Stock Code	IPO
14	PT. Madusari Murni Indah Tbk.	MOLI	30 Agt 2018
15	PT. Duta Pertiwi Nusantara Tbk.	DPNS	8 Agt 1990
16	PT. Saraswanti Anugerah Makmur Tbk	SAMF	31 Mar 2020
17	Semen Baturaja (Persero) Tbk.	SMBR	28 Jun 2013
18	Panca Budi Idaman Tbk.	PBID	13 Des 2017
19	Cita Mineral Investindo Tbk	CITA	20 Mar 2002
20	Pinago Utama Tbk.	PNGO	31 Agt 2020

Source: www.sahamu.com (data processed by the author)

Statistics Descriptive

Table 3. Descriptive

Variabel	N	Min	Max	Mean	Std. Dev
GA	80	0.00	1.00	0.35	0.47
CSR	80	0.008	0.98	0.51	0.29
PR	80	0.005	0.55	0.12	0.10
ID	80	0.41	7.79	2.51	1.20
FV	80	0.18	3.58	1.10	0.73

Source : data processed by the author

Based on the descriptive analysis of 80 observations during the 2021–2024 research period, the green accounting (GA) variable shows a minimum value of 0.00 and a maximum of 1.00, with a mean of 0.35 and a standard deviation of 0.47. This indicates that the practice of green accounting disclosure among basic materials companies is still inconsistent. The corporate social responsibility (CSR) variable has a minimum value of 0.008, a maximum of 0.98, a mean of 0.51, and a standard deviation of 0.29. This suggests that, in general, companies have disclosed more than half of the CSR indicators, although there are significant variations in disclosure levels across companies. The profitability variable has a minimum value of 0.005 and a maximum of 0.55, with a mean of 0.12 and a standard deviation of 0.10. This reflects that the profitability level of basic materials companies remains relatively low, with only minor differences across companies. Furthermore, the investment decision variable shows a minimum value of 0.41 and a maximum of 7.79, with a mean of 2.51 and a standard deviation of 1.20. This demonstrates variation in investment levels among companies, with some actively engaged in expansion. Lastly, the firm value variable has a minimum of 0.18 and a maximum of 3.58, with a mean of 1.10 and a standard deviation of 0.73. This indicates that the market value of basic materials companies tends to be at a moderate level, with variations across firms that are not too far from the average.

Panel Data Test Results

This test aims to select the best regression model from three available options, namely the Common Effect Model, the Fixed Effect Model, and the Random Effect Model.

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a. Chow test

Table 4. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	6.943609	(19,56)	0.0000
Cross-section Chi-square	96.856819	19	0.0000

Source : data processed by the author

Based on the results of the Chow test, the probability value of the cross-section F was obtained at 0.0000, which indicates that the value is smaller than the significance level (α = 0.05). Thus, the most appropriate model to be used is the Fixed Effect Model (FEM). Subsequently, a Hausman test is required to determine the best model between the Fixed Effect Model and the Random Effect Model.

b. Hausman test

Table 5. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.317213	4	0.3648

Source : data processed by the author

Based on the results of the Hausman test, a probability value of 0.3648 was obtained, which indicates that the value is greater than the significance level (α = 0.05). Thus, the most appropriate model to be used is the Random Effect Model (REM). Subsequently, a Lagrange Multiplier (LM) test is required to ensure whether the Random Effect Model (REM) is more suitable compared to the Common Effect Model (CEM), so that the most optimal panel estimation model for this study can be determined.

c. Lagrange Multipler test

Table 6. Lagrange Multipler Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	34.75871	0.707476	35.46618
	(0.0000)	(0.4003)	(0.0000)
Honda	5.895652	-0.841116	3.574096
	(0.0000)	--	(0.0002)
King-Wu	5.895652	-0.841116	1.395447
	(0.0000)	--	(0.0814)
Standardized Honda	6.851253	-0.560736	0.677902
	(0.0000)	--	(0.2489)
Standardized King-Wu	6.851253	-0.560736	-0.919052

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	(0.0000)	--	--
Gourieroux, et al.*	--	--	34.75871 (< 0.01)
*Mixed chi-square asymptotic critical values:			
1%	7.289		
5%	4.321		
10%	2.952		

Source : data processed by the author

Based on the results of the Lagrange Multiplier test, it was found that the significance value for Both is 0.000, which is smaller than the significance level (α = 0.05). Therefore, the most appropriate model to be used is the Random Effect Model (REM).

Model Hypothesis Testing

The most appropriate regression model based on the estimation results and model selection in this study is the Random Effect Model (REM). Based on these results, the regression equation is obtained as follows:

FV = 0.402713 – 0.239220**GA – 0.581311*CSR + 2.591916*PR + 0.306167*ID + €

Table 7. Partial Hypothesis Testing (Random Effect Model)

Variable	Prediction	Coefficient	T-Statistik	Prob.
C		0.402	1.361	0.177
GA	+	-0.239	-1.591	0.115
CSR	+	-0.581	-2.570	0.012
PR	+	2.591	3.126	0.002
ID	+	0.306	0.066	0.000
R-Square				0.296
Adjusted R-Square				0.259
F-Statistic				7.915
Prob (F-Statistic)				0.000

*= Significance 5%
**= Significance 25%
GA=*Green Accounting*, CSR=*Corporate Social Responsibility*, PR=Profitability, ID=Investment Decision, FV=Firm Value
Source : data processed by the author

Coefficient of Determination Test (R-Square)

Based on the regression analysis, the Adjusted R-Square value is 0.259, indicating that 25.9% of the variation in firm value can be explained by the independent variables, namely green accounting, corporate social responsibility, profitability, and investment decisions. The remaining 74.1% is explained by other factors not included in this study's model, such as firm size, capital structure, business risk, operational efficiency, and external factors like

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macroeconomic conditions, regulations, and investor perceptions of the industry sector (Fitrianaa (2025); Afifah (2021); Amaliyah (2020); Sumartono (2020); Agustin (2022).

DISCUSSION

Green Accounting on Firm Value

The results of the first hypothesis (H1) test indicated that *green accounting* had a negative effect on the company's value, so the first hypothesis (H1) was rejected. These findings indicate that the higher the *green accounting* applied by the company (in this case the allocation of environmental costs), the lower the company's value. This is likely due to the implementation of *green accounting* that has not been effective and efficient, so that it becomes an obstacle for companies to generate profits and can even cause losses in certain situations. Thus, the value of the company is also affected (Lindawati et al., 2023).

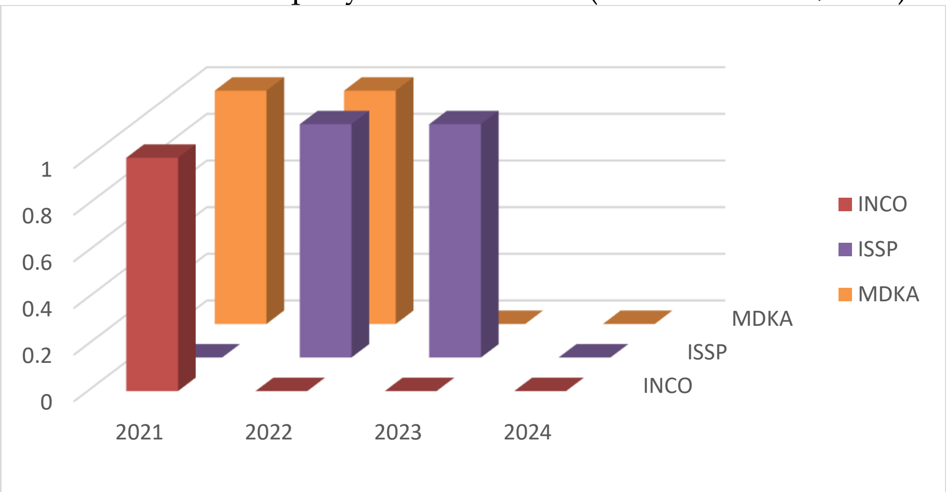

Figure 1 Green accounting disclosure chart

Based on figure 1, it can be seen that PT. Vale Indonesia Tbk, PT. Steel Pipe Industry of Indonesia, and PT. Merdeka Copper Gold Tbk shows the disclosure of environmental costs in its annual report for the first one to two years. But in the years that followed, the company no longer disclosed it. This shows that the disclosure is carried out on a voluntary basis, because in Indonesia green *accounting* disclosure has not been regulated in a mandatory or specific way in the law (Anggara Afrizal, 2021). On the other hand, Fitrianaa et al. (2025) show that *green accounting* transparency is too large and inefficient, this can lead to business failure. Large investors are more focused on the company's ability to generate profits because this is directly related to increasing capital gains and dividend distribution. Therefore, the disclosure pattern that was only stopped a short time ago reflects that the implementation of *green accounting* is carried out by companies selectively, only when it is considered useful, and stopped when it is considered not to provide added value or even negatively valued by the market (Sari & Faisal, 2024).

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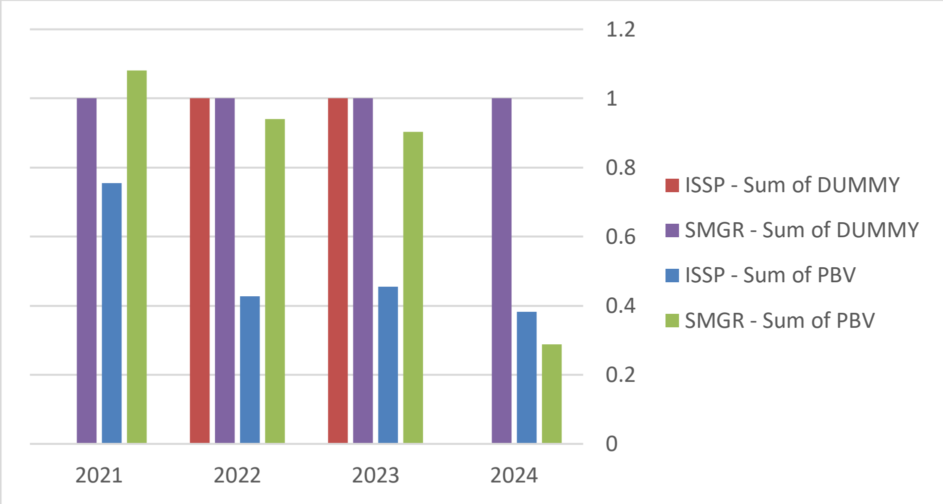

Figure 2 Green accounting graph with company value

Based on the graph, it can be observed that when a company discloses environmental costs, the value of the company (using *price to book value*) tends to decrease, and when disclosure is stopped, the value of the company often increases slightly. PT. Semen Indonesia (Persero) Tbk. (SMGR) revealed environmental costs for 4 consecutive years but the company's value decreased, meaning that even though the disclosure was made, the market did not respond positively. Then, PT. Lionmesh Prima Tbk. (LMSH) when it began to disclose environmental costs in 2022-2024, the company's value actually decreased from 0.52 to 0.39, whereas in 2021 when it did not disclose, the company's value was higher. *Green accounting* is considered burdensome because it requires large investments without a guarantee of direct profits, thereby reducing short-term investor interest and negatively impacting the company's value (Indrastuti et al., 2024).

This research is not in line with *the assumption of stakeholder theory,* which states that the disclosure of information related to company activities, including environmental costs in the *annual report*, should receive a positive response from the market in the form of increasing the company's value. However, in practice, the disclosure of *green accounting* actually has a negative impact on the company's value. It happens that while companies are trying to meet the needs of stakeholders who care about environmental sustainability, these efforts can raise concerns among investors about the high costs and risks that business entails. Research by Alaika & Firmansyah (2024) shows that the high environmental costs can become a burden on the company's operations and ultimately reduce the company's value.

The inconsistency of these results with *stakeholder theory* can be explained through *the agency theory approach.* According to Jensen & Meckling (1976), management as an agent has the potential to make decisions such as allocating funds to environmental costs for the company's image or reputation, which is not entirely in line with the shareholders' goal, which is to maximize the company's profits and value. In this context, investors consider *green accounting* expenses as a reduction in net profit, not as a profitable investment strategy.

These results are supported by the findings of Jayanti (2023), which revealed that the disclosure of environmental information can increase investor confidence as reports become more transparent, but the amount of environmental costs disclosed does not necessarily

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reflect the effectiveness of environmental management by companies. Conversely, the disclosure of environmental costs can raise investor concerns over the future outlook for cash flows, profits, and dividends. This then triggers negative market reactions, such as a decline in stock prices, which ultimately has an impact on decreasing the company's value (Buana & Nuzula, 2019). Thus, *green accounting* disclosure through environmental costs does not always provide market advantages, and can even have the opposite negative effect on the company's value.

Corporate Social Responsibility on Firm Value

The results of the second hypothesis (H2) test indicated that *corporate social responsibility* had a negative effect on the company's value, so the second hypothesis (H2) was rejected. These findings indicate that the higher the level of corporate *social responsibility* disclosure, the more likely it is to be followed by a decrease in the company's value (measured by *price to book value*). This means that companies that are active in *disclosing corporate social responsibility* can actually add a significant cost burden and be perceived as inefficient by investors, so that investment interest decreases and company value decreases (Afifah et al., 2021).

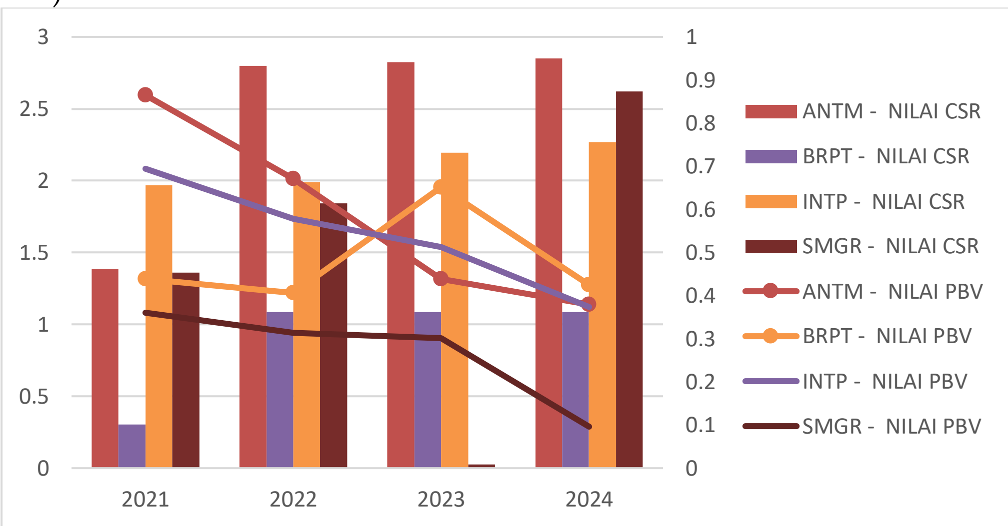

Figure 3 Corporate social responsibility graph

Based on the chart above, the company has an increasing trend of *corporate social responsibility* disclosure but is followed by a decline in the company's value. PT. Semen Indonesia (Persero) Tbk. (SMGR) showed a significant increase *in corporate social responsibility* from 0.4538 in 2021 to 0.8739 in 2024, but the company's value actually decreased sharply from 1.08 to 0.28 in the last year. This shows that a high *corporate social responsibility* commitment is not necessarily positively received by the market, and can even be considered as a burden that suppresses the company's financial performance. Then, PT. Aneka Tambang Tbk. (ANTM) showed a similar pattern, with an increase in the disclosure index from 0.4622 in 2021 to 0.9496 in 2024, while the company's value decreased from 2.59 to 1.13. This suggests that increased corporate social responsibility does not necessarily create investor confidence, and in some cases actually leads to a negative market response. This is in line with *agency theory* which states that expenditure on *corporate social responsibility* can be

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perceived as a cost that limits shareholder profits, thus negatively impacting the company's value (Muhamad Fahminuddin Rosyid et al., 2022).

These results are supported by the findings of Afifah (2021) who found that *corporate social responsibility* can have a negative effect on company value. Corporate *social responsibility* activities are often viewed by the market as an additional expense that burdens the company's cash flow, so it does not have a direct impact on increasing profitability. Therefore, the greater the costs incurred for social activities, the higher the potential for a decline in the value of the company because investors consider the policy to be less able to create economic benefits for shareholders.

Probability of Firm Value

The results of the third hypothesis (H3) test indicated that profitability had a positive effect on the company's value, so the third hypothesis (H3) was accepted. These findings indicate that the higher the level of profitability (measured by *return on equity*) of the company, the more likely it is to be followed by an increase in the value of the company (Faisal & Meiliana, 2024). This shows that management has successfully carried out its financial functions well, in accordance with the main goal of financial management, which is to maximize value for shareholders (Brigham & Houston, 2019).

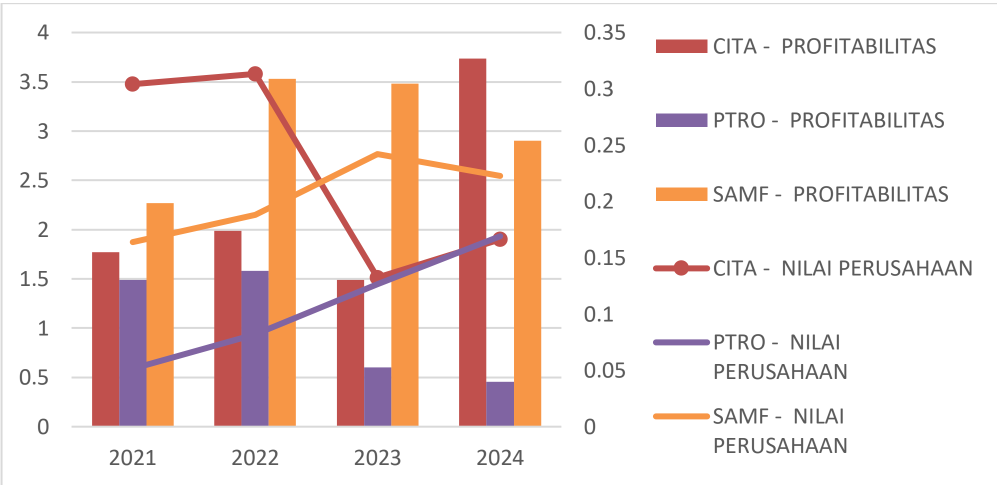

Figure 4 Profitability Graph

Based on graphs from company data such as SMAF, PTRO, and CITA, it can be seen that an increase in profitability tends to be followed by an increase in the value of the company. This shows that the market gives a positive signal to the performance of companies that are able to generate higher profits, thereby increasing investor confidence. Then, Brigham & Houston (2019) explained that profitability is one of the important indicators for investors in assessing the success of management in maximizing company value and shareholder welfare.

According to (Spence, 1973) in *signaling theory,* financial information such as profitability acts as a signal that managers use to convey the company's internal conditions to outsiders, especially investors. The increase in profitability in companies in the raw goods sector is seen as a positive signal that reflects good performance and more promising

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business prospects. Thus, investors interpret increased profitability as an indicator of management's success in creating added value, thereby contributing to the increase in company value.

This research is in line with Sihombing (2021) who shows that profitability provides a positive signal to the company's value, especially when increased profits are accompanied by effective utilization. Effective utilization of profits can be done through reinvestment for business expansion or product development, proper dividend payments to shareholders, reducing debt, preparing a reserve fund to face risks, or improving operational efficiency. Therefore, in the raw goods sector that has a high rate of fluctuation, investors tend to prioritize increasing profitability that is effectively managed as an indicator of management's success in creating sustainable company value (Sudiyatno et al., 2021).

Investment Decision on Firm Value

The results of the fourth hypothesis (H4) test indicated that investment decisions had a positive effect on the company's value, so the fourth hypothesis (H4) was accepted. These findings indicate that higher investor confidence to invest in a company reflects confidence in future earnings growth prospects, which ultimately drives an increase in the company's value. Investors tend to give higher value to companies with high *price earning* ratios, because they are considered to have promising profit prospects.

Based on *signaling theory,* investment decisions made by investors reflect confidence in the company's future growth prospects. This belief arises from various positive signals that the company shows, such as financial performance or consistency in sharing relevant information with the public. These signals will be the basis for consideration for investors in making investment decisions, because they are considered to reflect the seriousness of management in maintaining business sustainability and creating added value for shareholders (Amaliyah & Herwiyanti, 2020).

This application is increasingly relevant when it is associated with the characteristics of the raw goods sector. The raw goods sector has business characteristics that are highly dependent on the global commodity cycle, so companies in it are required to make the right investment allocation to maintain competitiveness (Syahidah et al., 2024). Investments made, especially in production, exploration, or technology development assets, play an important role in maintaining operational sustainability and increasing company value. The results of this study are relevant to the context of the raw goods sector. Because, in the raw materials sector, effective investment decisions can have a direct impact on long-term revenue increases, and ultimately reflected in the increase in the company's market value.

This is in line with Widyarti's (2023) research which explains that the higher the investment decision (which is reflected in the *price earning ratio*), the higher the company's value. This shows that investment decisions directly affect the company's value because the investment decision determines the direction of the business and productive activities that the company will run, thus having an impact on increasing the company's value.

CONCLUSIONS AND SUGGESTIONS

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Conclusion

This study aims to determine the influence of green accounting, corporate social responsibility, profitability, and investment decisions on the value of companies in the basic materials sector listed on the Indonesia Stock Exchange during 2021–2024. The data in this study consists of 80 observations from 20 companies over 4 years. Based on the test results, the findings can be summarized as follows:

1. Green accounting (GA) as H1 has a negative effect on firm value with a Prob. value of 0.002 < 0.25. However, this effect is statistically insignificant, so H1 is rejected. This indicates that higher levels of green accounting (environmental cost allocation) do not increase firm value, which may be due to ineffective and inefficient implementation, as well as the voluntary nature of green accounting disclosure in Indonesia.
2. Corporate social responsibility (CSR) as H2 has a negative and significant effect on firm value with a Prob. value of 0.012 < 0.05. Therefore, H2 is rejected. This suggests that higher levels of CSR disclosure, measured using the GRI index, may increase company costs, reduce investment interest, and consequently lower firm value.
3. Profitability (PR) as H3 has a positive and significant effect on firm value with a Prob. value of 0.002 < 0.05. Therefore, H3 is accepted. This indicates that higher profitability, measured by return on equity, is associated with higher firm value, reflecting effective financial management that maximizes shareholder wealth.
4. Investment decisions (ID) as H4 have a positive and significant effect on firm value with a Prob. value of 0.000 < 0.05. Therefore, H4 is accepted. This implies that greater investor confidence in the company's investment activities signals expected future profit growth, which increases firm value.

Suggestions

This study offers several recommendations for future research:

1. Future studies are encouraged to expand the research scope beyond the basic materials sector to include other sectors, such as energy, non-primary consumer goods, or manufacturing, in order to compare the effects of the examined variables on firm value across different industries.

2. Future research may incorporate additional variables, such as ownership structure, board size, leverage, or liquidity, to enhance the analysis and provide a more comprehensive understanding of the factors influencing firm value.

3. Future studies are advised to assess corporate sustainability more comprehensively by considering ESG scores, which encompass environmental, social, and governance aspects, thereby providing findings that are more relevant and aligned with global sustainable business practices.

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