

DOI: <https://doi.org/10.63332/joph.v6i1.3868>

## Do Green Accounting, Sustainable Growth Rate, and Sustainability Report Disclosure Impact the Firm-Value? - Insights from Indonesia

Surifah<sup>1</sup>, Ifah Rofiqoh<sup>2</sup>, Krismiaji<sup>3</sup>

### Abstract

*In recent decades, sustainability imperatives have driven companies to move beyond a sole focus on financial performance toward environmental practices, governance, and transparency. The objective is to analyse the effects of green accounting, the sustainable growth rate (SGR), and sustainability report disclosure (SRD) on firm value. The research population comprises companies listed on the Indonesia Stock Exchange. The sample includes firms that achieved an ASEAN Corporate Governance Scorecard (ACGS) rating of 70 or higher during 2021–2023, selected using a purposive sampling method. The study analyzes data from 110 firms over the 2021–2023 period, yielding 330 firm-year observations. The results indicate that green accounting negatively affects firm value. Although this finding leads to the rejection of the related hypothesis, it can be theoretically justified and aligns with prior empirical evidence showing mixed results under varying conditions. Conversely, the sustainable growth rate and sustainability report disclosure have positive effects on firm value. These findings fully support the hypotheses and confirm prior studies as well as signaling theory, legitimacy theory, and stakeholder theory.*

**Keywords:** Green Accounting, Sustainable Growth Rate, Sustainability Report, Disclosure, Firm Value.

### Introduction

The issues of Green Accounting, Sustainable Growth, and Sustainability Report Disclosure (SRD) remain highly relevant and essential to study in both academia and public policy. Do these three factors increase company value? The purpose of this research is to provide empirical evidence that these three factors are responded to by the market, thus playing a role in creating company value. Company value is an important indicator that reflects market perceptions of a company's performance and prospects.

In recent decades, global and domestic awareness of the importance of environmental and social sustainability has continued to grow among regulators, investors, and the wider public. Companies are no longer judged solely by short-term financial performance, but also by how they manage their environmental impacts, implement good governance, and account for sustainability through formal reporting. Green accounting practices and sustainability report disclosure are increasingly being adopted as a form of corporate accountability for sustainability principles. In theory, these practices send a positive signal to investors about the company's ability to manage non-financial risks and demonstrate a commitment to sustainable Development (Dewi & Rustiarini, 2024).

Green accounting (GA) is an accounting approach that considers environmental

---

<sup>1</sup> Faculty of Business and Humanities, Yogyakarta University of Technology, Yogyakarta, Indonesia, Email:

[surifah.ifah@gmail.com](mailto:surifah.ifah@gmail.com)

<sup>2</sup> Faculty of Business and Humanities, Yogyakarta University of Technology, Yogyakarta, Indonesia

<sup>3</sup> YKPN Polytechnic, Yogyakarta, Indonesia



impacts in a company's financial statements, including Environmental pollution costs, the Utilization of natural resources, and Investments in renewable energy or environmental efficiency. Green Accounting is important to discuss because: 1) the world is facing a climate crisis and ecosystem damage, so many countries and organizations are pushing for ESG (Environmental, Social, Governance)-based regulations. In addition, Investors and regulators want to know: "How much is the environmental cost of a company's operations?" Sustainable Growth (SG) is economic growth that does not damage the environment, maintains social balance, and is consistent in the long term. Sustainable growth is important to discuss because 1) Conventional growth models have been shown to cause negative externalities (poverty, pollution, inequality), 2) the UN Sustainable Development Goals (SDGs) encourage all countries to achieve them before 2030, and 3) Many business and government sectors are now focusing on the green transition. Sustainability Report Disclosure is an annual report on environmental impact and corporate social responsibility governance. The SRD typically adheres to the standards of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), or the Sustainability Disclosure Standards (DSS). Discussing the SRD is important because investors and other stakeholders, such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), demand transparency on sustainability issues. Furthermore, ESG is part of investment risk assessments.

Empirically, several studies have shown that ESG disclosure, or sustainability reporting, can increase company value. For example, a large-scale study in China (1,024 companies, 6,575 firm-year observations) showed that ESG disclosure positively impacted firm value, as measured by Tobin's Q (Li et al., 2024). In Indonesia, several studies have also found a positive relationship between ESG disclosure and firm value, especially when combined with moderating variables such as profitability or sustainable growth (Wongso et al., 2025). However, these findings are not universal. Some studies found that ESG disclosure had no significant effect on firm value, and some even showed a negative relationship—for example, in Indonesian public companies, ESG disclosure did not improve information asymmetry and actually decreased firm value (Angir & Weli, 2024). Internationally, Fatemi et al. (2018) also emphasized that disclosure without strong ESG performance can reduce company value, as the market perceives it as a negative signal.

This diverse research phenomenon demonstrates that the influence of sustainability disclosure on firm value is strongly influenced by context: company characteristics, financial structure, the quality of sustainability reports, and the company's ability to maintain long-term growth. In this context, variables such as green accounting (which reflects the internalization of environmental costs) and the Sustainable Growth Rate (SGR) become increasingly relevant. The SGR reflects the extent to which a company can grow sustainably without increasing financial risk, thereby strengthening or weakening the influence of sustainability disclosure on firm value (Dewi & Rustiarini, 2024). However, research that simultaneously examines green accounting, SGR, and sustainability disclosure on firm value—particularly in Indonesia—is still limited.

The question is whether green accounting, the sustainable growth rate, and the level of sustainability report disclosure truly determine company value in the Indonesian market context. To what extent do these factors play a role, and how do they interact? Because the literature remains mixed and does not yet integrate green accounting and SGR variables, new research is needed to clarify the mechanisms by which sustainability influences company value.

The above description reveals several research gaps. First, there is a gap in practical integration, where green accounting has not often been placed alongside sustainability reporting

and sustainability disclosure. Many studies focus solely on ESG or sustainability reporting, and some also examine green accounting separately. However, few have examined the question: What if all elements of corporate sustainability, including internal practices (green accounting), growth capability (SGR), and public disclosure (sustainability reporting), were examined together against corporate value? Second, there is a gap in the determinants of corporate value, whether internal behavior or simply external image. Sustainability reporting is external because it communicates to external parties, while green accounting is internal because it relates to what the company does. These two factors—what is practiced and what is disclosed—are rarely studied simultaneously. Third, there is a temporal and contextual gap, characterized by the limited number of recent studies following the OJK's sustainability regulations (POJK 51/2017 and the 2022 SBR guidelines). The Indonesian context has changed significantly since: (1) the sustainability reporting obligation (POJK 51/2017), (2) the emergence of the Sustainable Finance Roadmap 2021–2025, and (3) increasing ESG pressure from global investors.

Based on the research gaps identified above, this research offers the following innovations. First, it integrates three sustainability perspectives (practice, growth, and disclosure) into a single empirical model. This innovation stems from green accounting, which focuses on internal environmental practices; SGR, which focuses on financial sustainability; and sustainability reporting, which focuses on external disclosure. Second, this research examines the consistency between internal behavior and external disclosure. This innovation examines whether companies that are transparent in their sustainability reports also maintain strong green records. Moreover, does this consistency enhance company value? Third, this research examines this phenomenon in the context of Indonesia's latest sustainability regulations.

Although previous studies have shown that sustainability report disclosure influences firm value, most studies focus solely on disclosure without considering its consistency with the company's internal practices, such as green accounting. Furthermore, a company's ability to sustain growth (Sustainable Growth Rate - SGR) is rarely incorporated into an integrated empirical model alongside other sustainability factors. Furthermore, changes in sustainability regulations in Indonesia (POJK 51/2017 and the latest sustainability reporting guidelines) have the potential to alter the relationship between these sustainability factors and firm value—but this has not been widely studied empirically.

Therefore, the main problem identified is the lack of clarity regarding how the simultaneous integration of internal practices, sustainable growth capabilities, and external disclosures impacts company value in the current era of sustainability regulations. Based on the identified problem, a logical and coherent research question is formulated as follows:

RQ: How do the implementation of green accounting, sustainable growth rate (SGR), and Sustainability report disclosure impact on company value?.

In line with the research questions above, the objective of this study is to analyze the influence of green accounting, the sustainable growth rate (SGR), and sustainability report disclosure on company value. This study provides theoretical, practical, and methodological contributions. Theoretical contributions include (1) broadening the understanding of sustainability mechanisms in signaling theory, (2) integrating the concepts of green accounting, SGR, and sustainability disclosure into a coherent theoretical framework, and (3) strengthening the foundation of legitimacy theory. Empirical contributions include (a) providing the latest empirical evidence in the context of Indonesia after the implementation of OJK sustainability regulations, (b) testing rarely studied variables simultaneously, and (c) generating cross-sector empirical evidence.

Practical contributions include: (a) providing a basis for management to formulate effective sustainability strategies, (b) providing recommendations for investors, and (c) serving as a reference for policymakers. Methodological contributions include: (a) offering a new or more integrated measurement approach, and (b) providing a replicable empirical analysis model.

## **2. Literature Review And Hypothesis Development**

### **2.1 Literature Review**

The grand theory used in this study is Signaling Theory, which states that parties with better information about a company's quality or prospects (usually management) will send signals to less informed parties (e.g., investors) to reduce information asymmetry and influence their perceptions or decisions (Spence, 1972). Disclosure of non-financial information signals a company's quality and reduces information asymmetry, thus eliciting a positive market response. Sustainability disclosure and green accounting are signals companies send to the market to demonstrate quality, environmental commitment, and operational integrity. Investors interpret these signals and respond through stock prices, which, in turn, shape the company's value.

Furthermore, a supporting theory, Legitimacy Theory, is also used. Specifically, Legitimacy Theory states that organizations continually strive to ensure that their operations and actions fall within the boundaries and norms of society's social system, as their survival depends on the perception that their activities are legitimate and socially acceptable (Suchman, 1995). Thus, companies create value for various stakeholders. Disclosure of sustainability and environmentally friendly practices responds to stakeholder demands, which in turn influences market valuations. The logical explanation for using this theory as a supporting theory is that sustainability reports are a way for companies to seek social legitimacy by demonstrating that management has conducted business responsibly. Green accounting is also part of this effort, as environmental record-keeping practices demonstrate compliance and responsibility, thereby influencing market valuations.

The second supporting theory is Stakeholder Theory, which states that companies must consider the interests of all stakeholders who influence or are influenced by the organization's goals. The company's success depends on its ability to manage these relationships effectively (Freeman, 2015). In a more recent article, Freeman et al. (2010) stated that a company's goal is not merely to maximize profits, but to create value for stakeholders through ethical and sustainable processes. Stakeholder theory holds that companies are responsible not only to shareholders but also to all parties affected by their activities. This means that a company's value is shaped by the quality of its relationships with stakeholders. This theory was used because the three research variables are a company's response to stakeholder demands. Regulators demand sustainability reporting, investors demand transparency, consumers demand environmentally friendly products, and the general public demands social responsibility. Green accounting, SGR, and sustainability reports are all ways to meet stakeholder expectations.

### **2.2. Hypothesis Development**

#### **2.2.1. Green Accounting and Firm Value.**

Signaling theory states that disclosing non-financial information signals a company's quality and reduces information asymmetry, thus generating a positive market response. One such signal is green accounting. Green accounting is not simply about recording environmental costs. It is an internal signal of efficiency and long-term commitment. Why? Because companies must invest resources to implement green accounting. Investors can interpret this as a signal that the company

is better prepared for future regulations, has sound risk management, and cares about its long-term reputation.

Previous research has inconsistently supported the effect of green accounting on firm value. Green accounting reporting, with an emissions dimension, has a significant positive effect at the 10% level on the creation of economic value added (EVA) in companies receiving the Asia Sustainability Reporting Award (Sukmadilaga et al., 2023). However, Green accounting with an energy consumption dimension does not have a significant effect. In contrast, the implementation of green accounting reporting with a water consumption dimension has a significant negative effect on EVA creation of companies in the Asia Sustainability Reporting List Awards (Sukmadilaga et al., 2023). Sukmadilaga et al. (2023) studied 13 of the 29 companies that won the 2021 ASRA (Asia Sustainability Reporting Awards) in ASEAN, with an observation period of 2019-2021. A positive effect of GA on company value was found by Septiana & Sundari (2024). They studied 37 companies from the basic and chemical industry subsectors listed on the IDX in 2022 (Septiana & Sundari, 2024). GA did not affect FV in companies listed on the Jakarta Islamic Index (JII) of the Indonesia Stock Exchange (Hutabarat, 2024). The study used a sample of 30 companies over 4 years, from 2019 to 2022, yielding 120 observations. The study also found a significant negative effect of green accounting on firm value, measured by EVA, in the energy, material, and emissions dimensions. However, the water dimension did not affect the outcome (Al-Dhaimesh, 2020). The research was conducted across seven sectors, comprising 47 companies listed on the Qatar Stock Exchange during the period 2014 to 2019 (Al-Dhaimesh, 2020). Fernando et al. (2024) also found that GA had no effect on FV across 89 mining and agricultural companies over five years from 2017 to 2021.

The inconsistency in previous research results is likely due to samples from different industries and a relatively small sample size, which yield low degrees of freedom and larger standard errors, leading to less stable estimation. Although research results are inconsistent, this study hypothesizes that green accounting has a positive effect on FV, as it demonstrates the extent to which a company considers environmental impacts in its business activities. By implementing green accounting, a company not only demonstrates compliance with environmental regulations but also enhances its image as a responsible entity, which is well received by the market. Therefore, the following hypothesis is formulated: H1: Green accounting has a positive effect on firm value.

### **2.2.2. Sustainable Growth and Firm Value**

One of the signals referred to by Signaling Theory is the Sustainable Growth Rate (SGR). The SGR ratio indicates a company's ability to grow organically without resorting to risky external financing. Investors can interpret a high SGR as a signal of financial stability, healthy expansion capacity, and strong operational performance. Sustainable growth indicates a company's ability to grow consistently over the long term without burdening its capital structure or requiring excessive external funding. Sustainable growth indicates an efficient use of capital, which can increase a company's value. Sustainable growth is a positive signal to investors about the company's long-term prospects.

The relationship between sustainable growth and company value is close, as sustainable growth reflects a company's ability to consistently improve performance without compromising environmental, social, and governance (ESG) factors. Sustainable growth indicates that a company can survive in the long term, maintain profitability with controlled risk, and attract investor interest because it demonstrates strong prospects and sound risk management.

Sustainable growth can increase company value by increasing market confidence.

Previous research shows that sustainability growth is positively related to company value. Jin & Lei's (2023) research found that the development of the Concept of Sustainable Development (ESG) through ESG has a positive effect on company value. For companies with non-government ownership, the impact is higher than for government-owned companies, especially in Eastern China (Jin & Lei, 2023). Several other studies also show that ESG has a positive effect on company value (Yu & Xiao, 2022; Wu et al., 2022; and Bashir et al., 2023). Bashir et al. (2023) used 13,412 observations from 19 developing countries from 2011 to 2019 and found that ESG pillars have a strong positive effect on a company's future value creation in the product market. Abdi et al. (2020) found that environmental pillar (Env) and governance pillar (Gov) scores have a positive effect on company value (Abdi et al., 2020). These findings imply that improving environmental and governance pillars increases market value and financial efficiency. Research by Ramadhan et al. (2024) found that sustainable growth rates positively impact firm value in companies listed on the Indonesia Stock Exchange (IDX) (Ramadhan et al., 2024). This research also hypothesizes that sustainable growth rates positively impact firm value. Based on signaling theory and previous research, sustainable growth rates positively impact firm value. Therefore, Hypothesis 2 is formulated as follows:

H2. Sustainable growth positively affects firm value.

### **2.2.3. Sustainability Report Disclosure and Firm Value.**

According to Signaling Theory, Sustainability Report Disclosure is the most powerful signaling variable because it serves as a direct communication channel between companies and investors. Extensive disclosure signals that a company is transparent, responsible, and in a sound financial and operational position to disclose sensitive information. In this context, investors tend to place a higher value on companies that provide this positive signal.

The Sustainability Report Disclosure (SRD) provides stakeholders with information about a company's social and environmental responsibilities. The more comprehensive and transparent the disclosure, the greater the public and investor trust in the company, ultimately increasing its value. Several previous studies support the positive impact of sustainability reporting on company value.

Research by Hardi et al. (2023) suggests that sustainability reporting plays a crucial role in shaping firm value. This insight can be valuable to businesses and investors seeking to understand the financial implications of sustainability reporting (Hardi et al., 2023). The level and quality of sustainability reporting are significantly positively correlated with various company performance indicators, including market performance indicators such as Tobin's Q. The effect is stronger in large companies, those with strong governance (CG) structures, and those receiving reporting quality awards (Prashar, 2023). Nipper et al. (2025) found that companies that publish sustainability reports have higher market value than those that do not. Furthermore, better reporting quality also increases company value by reducing asymmetric information, lowering the cost of capital, and increasing stock liquidity. Disclosure of standardized sustainability metrics (e.g., the EU Taxonomy's green revenue) increases the probability of investment, indicating the added value companies can capitalize on (Nipper et al., 2025). The quality of CSR/Sustainability reporting is positively associated with long-term financial performance and corporate reputation, which in turn increases company value (Velte, 2022). This research hypothesizes that SRD has a positive effect on company value. Based on the overview of signaling theory and the literature review, sustainable reporting disclosure has a positive impact

on company value. Therefore, the research hypothesis is formulated as follows:

H3: SRD has a positive effect on firm value.

### **3. Research Methodology**

#### **3.1 Data Sources, Population, and Sample.**

This research data was obtained from each company's website, the IDX website ([www.idx.co.id](http://www.idx.co.id)), and other necessary sources. The research population was companies listed on the Indonesia Stock Exchange (IDX). Data were obtained from company financial reports, sustainability reports, and ACGS scores obtained from company websites.

The sample was selected purposively with the following criteria: 1) companies with an ACGS (ASEAN Corporate Governance Scorecard) score above 70, or Fair, in 2021-2023, with priority given to companies with larger market capitalizations. 2) companies that published sustainability reports in 2021-2023. 3) companies that published financial reports and presented complete data related to the variables studied. There are five levels of ACGS Score, namely 1) Excellent with a score of 121-130, 2) Very Good with a score of 111-120, 3) Good with a score of 91-110, 4) Fair with a score of 71-90, and 5) Needs Improvement with a score of less than 70.

#### **3.2 Variable Measurement**

This research uses firm value as the dependent variable and green accounting, sustainable growth rate (SGR), and the Sustainability Report Disclosure Index as the independent variables. This research is complemented by a control variable, namely firm size. Firm Value Firm value is a measure of how much the market values a company as a whole, reflecting investor expectations regarding its current performance, prospects, and risk level. Firm value represents the market's perception of a company's total assets. Firm value in this research is calculated using the following formula:

$$\text{Firm Value} = \frac{\text{Market Value of Equity} + \text{Debt}}{\text{Total Assets}} \quad (1)$$

Market Value of Equity (MVE) is obtained by multiplying the closing share price by the number of shares outstanding. Debt is the total of short-term liabilities plus long-term liabilities. Total Assets is the total amount of assets reported in the company's statement of financial position.

#### **Green Accounting**

Green accounting (GA) is accounting that presents information on a company's environmental and social impacts in financial reports and decision-making processes. Green accounting identifies, measures, and presents the costs (such as pollution or ecosystem damage) and benefits (such as resource efficiency) associated with a company's activities. There are several ways to measure green accounting, for example, using the Green Accounting Index, assessing a company's level of environmental information disclosure, or calculating the ratio of environmental costs to the company's total costs or revenues. This research measures GA using the GA ratio (GRA) as follows: Green Accounting Ratio = Environmental Cost x 100% (2) Total Assets.

#### **Sustainability Report Disclosure Index (SRDI).**

The Sustainability Report is a company reporting system that responsibly communicates information on economic, environmental, and social aspects to stakeholders, related to the organization's contribution to achieving sustainable development targets. Sustainability Report disclosure is measured by a score of sustainability information disclosure presented by companies in their annual reports or sustainability reports. This measurement aims to determine the extent, completeness, and transparency of a company's disclosure of information related to economic, environmental, social, and governance (ESG) aspects. The SRD is measured using a checklist-based Sustainability Report Disclosure Index. Each disclosure item is scored as one if disclosed and zero if not disclosed. The index used in this research refers to the Global Reporting Initiative (GRI) G4 Index, with the following formula:

$$SRDI = \frac{\text{Number of items disclosed}}{\text{Number of items required to be disclosed}} \times 100\% \quad (4)$$

### Control Variables

This research uses the control variable firm size to enhance the model. Firm size is often used as a control variable because it influences nearly all aspects of financial reporting, performance, disclosure, and market perception. By using it as a control variable, researchers can minimize bias arising from differences in firm size, thus enhancing the validity of the relationship between the independent and dependent variables. Juniarti & Sasanti (2025) also use firm size as a control variable. Firm size in this research is proxied using the natural logarithm (Ln) of Total Assets.

### 3.3 Model Specification.

The analysis technique used was multiple linear regression with general least squares, and the analysis was processed using EViews version 12. The multiple linear regression formula uses the following equation:

$$FV_{it} = \alpha_{it} + \beta_1 GA_{it} + \beta_2 SGR_{it} + \beta_3 SRD_{it} + \beta_4 Size_{it} + \varepsilon_{it} \quad (5)$$

Where:

- $FV_{it}$  = Firm Value firm i in the period of t.
- $GA_{it}$  = Green Accounting firm i in the period of t.
- $SGR_{it}$  = Sustainable Growth Rate firm i in the period of t.
- $SRD_{it}$  = Sustainability Report Disclosure firm i in the period of t.
- $Size_{it}$  = Firm size of firm i in period of t.
- $\varepsilon_{it}$  = Error term.

## 4. Results And Discussion

### 4.1. Univariate Analysis

Based on the sampling process described above, this study collected data from 110 companies over the period 2021 to 2023, yielding 330 company-year observations. Table 1 presents descriptive statistics of the sample data. The results indicate that all variables used in the assessment model have a reasonable level of variation. Firm value (FV) has a mean value of 3.094, with a minimum value of -53.89 and a maximum value of 79.02. Table 1 shows that, on average, green accounting practices have a mean score of 0.119, with a minimum score of 0.0010 and a maximum score of 0.1970. This indicates that the sample companies are aware of

164 *Do Green Accounting, Sustainable Growth Rate,*  
accounting practices for recording environmental costs.

The mean score for the Sustainable Growth Rate (SGR) variable is 0.0291, with a minimum of 0.000 and a maximum of 0.4140, indicating business growth in line with sustainability principles, although some companies have not yet shown growth, as evidenced by their minimum scores. The SRDI variable, which indicates the sustainability report disclosure index, has a mean of 0.9289, a minimum of 0.7580, and a maximum of 1.00. A score of 1 indicates that the company has disclosed all items that should be disclosed. With a value close to 1, it can be concluded that the majority of companies have disclosed most of the required items. Table 1 also shows that company size (Size) varies significantly, ranging from 10.83 to 15.33, with a mean of 13.41. This score indicates that the range of size or total assets of the sample companies is relatively narrow.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
GA	300	.0010	.1970	.0119	.02367
SGR	300	.0000	.4140	.0291	.04339
SRDI	300	.7580	1.00	.9289	.04675
SIZE	300	10.83	15.33	13.41	.85353
FV	300	-53.89	79.02	3.094	11.943

#### 4.2. Bivariate Analysis

Pearson correlations between variables were calculated and presented in Table 2. Examination of the correlation matrix for the independent variables in Table 2 shows no correlation coefficients above 0.8. This indicates that there is no multicollinearity problem. Table 2 also shows a positive correlation between the independent variables GA, SGR, and SRDI and the dependent variable, FV. This indicates that green accounting, the sustainable growth rate, and the sustainable reporting disclosure index are positively related to firm value, as hypothesized. However, more comprehensive testing will be conducted through multivariate regression analysis.

Table 2. Pearson Correlation

	GA	SGR	SRDI	SIZE
SGR	-0,004			
SRDI	0.150**	-0,088		
SIZE	-.388**	-0.156**	-0.122*	
FV	0,032	0,083	0,072	-0,090

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.3. Multivariate Analysis

Before conducting the hypothesis test, a classical assumption test was first performed. This test concluded that there were no violations of the classical assumptions and no outliers in the data tested. To test all hypotheses, the regression model (5) was used. The results of the regression test are presented in Table 3.

**Table 3. Regression Analysis**

$FV_{it} = \alpha_{it} + \beta_1GA_{it} + \beta_2SGR_{it} + \beta_3SRD_{it} + \beta_4Size_{it} + \varepsilon_{it}$ (5)				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.182327	0.815958	2.674559	0.0079
GA	-6.077880	1.805242	-3.366794	0.0009
SGR	17.29620	2.829529	6.112749	0.0000
SRDI	2.995706	0.608831	4.920424	0.0000
Size	-0.273132	0.093403	-2.924218	0.0037
R-squared	0.136537	F-statistic		11.66192
Adjusted R-squared	0.124829	Prob(F-statistic)		0.000000
		Durbin-Watson stat		1.913904

Table 3 shows that the coefficient for the green accounting (GA) variable is -6.007 and is significant at the 1% level. Based on these results, Hypothesis 1, which states that green accounting has a positive effect on firm value, is not supported by empirical data. However, these results align with Hutabarat's (2024) research, which found a significant negative effect of green accounting on firm value across the energy, material, and emissions dimensions. The researchers suspect this negative result is related to the sample companies' low awareness of, and limited implementation and recording of, green accounting practices.

Other studies also indicate that implementation costs, investor perceptions, and the initial adoption stage often negatively impact firm value in the short term. Harahap & Yuyetta (2025) found that the implementation of green accounting (encompassing environmental performance, environmental disclosure, and carbon emission disclosure) in manufacturing companies listed on the IDX did not always increase firm value. This is because environmental disclosure can create perceptions of additional costs and risks. Meanwhile, Octavia & Wafiroh (2025) examined the energy and non-cyclical consumer sectors on the IDX and found that green accounting can suppress profitability, thereby negatively impacting company value. Kusuma & Dosinta (2023) emphasized that green accounting and CSR have a complex influence on company value; in some cases, the effect is negative because investors focus more on short-term profits. This is confirmed by the descriptive statistics presented in Table 1, which show that, on average, green accounting practices have a mean score of 0.119, a minimum of 0.0010, and a maximum of 0.1970.

While this indicates growing awareness of accounting practices for recording environmental costs incurred by the sample companies, given the wide gap between the minimum and maximum values, the researchers believe this awareness is insufficient to ensure that green accounting implementation sends a positive signal to increase company value.

From a signaling theory perspective, detailed environmental reporting through green accounting signals risk because it can disclose contingent liabilities, litigation exposure, or regulatory risk (transition risk), leading the market to overestimate risk and lower valuations. From a Stakeholder Theory perspective, although green accounting aims to meet stakeholder demands, if primary stakeholders (investors) focus more on short-term profits, the impact can be negative. Furthermore, from a Legitimacy Theory perspective, environmental disclosure can raise public awareness of a company's negative impacts, thus undermining legitimacy. While the research findings align with the empirical literature, green accounting is often perceived as an additional cost and risk burden, especially in the initial stages of implementation. Over the long term,

however, the benefits of reputation, legitimacy, and sustainability can shift the impact to become a positive direction.

Table 3 also reports the results of hypothesis 2, which states that Sustainable Growth has a positive effect on firm value. The regression results show that the SGR variable has a regression coefficient of 17.296, with significance at the 1% level. This result confirms that a company's sustainable growth is strongly and positively associated with firm value. Substantively, the market places a premium on companies that can grow with healthy internal funding capacity (retained earnings) without sacrificing risk structure, resulting in higher valuations, consistent with hypothesis 2. These results also confirm the findings of previous research conducted by Ramadhan et al. (2024), which reported that Sustainable Growth Rate has a positive effect on firm value. These results support the narrative that companies with a high SGR are perceived as having a feasible and sustainable growth path, thereby reducing cash flow uncertainty and increasing valuation multiples.

The results of the hypothesis 2 test can also be interpreted in the context of signaling theory, namely, the presence of signals of cash flow quality and investment discipline. A high SGR signals that growth is supported by the ability to generate and retain earnings, not by debt-driven expansion. This signal reduces information asymmetry and risk premiums, leading investors to raise valuations. In the context of sustainability, the SGR indicates growth that does not compromise solvency or environmental/social commitments, thereby strengthening the signal's credibility in the market's eyes.

The results of the hypothesis 3 test are also presented in Table 3. The regression results confirm hypothesis 3, which states that the Sustainability Report Disclosure Index (SRDI) has a positive effect on firm value. This is confirmed by the regression coefficient of 2.995, which is significant at the 1% level. A positive coefficient (2.995) indicates that each increase in the SRDI score is associated with an increase in firm value, and a significance level of 1% indicates a statistically strong relationship. Practically, broader and more transparent sustainability disclosure is perceived by investors as an indicator of management quality, long-term commitment, and reduced non-financial risk. This finding confirms that more comprehensive sustainability disclosure increases market confidence and strengthens company valuations.

These results confirm previous research by Putra & Natalia (2023), which found that the sustainability report disclosure index (SRDI) positively affects the performance and value of companies in the agribusiness and mining sectors. Furthermore, these results also confirm signaling, legitimacy, and stakeholder theory. A high SRDI score sends a positive signal, as SRDI disclosure signals to investors that the company is serious about managing environmental, social, and governance issues. This signal reduces information asymmetry and increases trust, thereby placing a premium on market valuation. Sustainability reports strengthen social and institutional legitimacy. By disclosing sustainability commitments, companies demonstrate compliance with the norms and expectations of society, regulators, and the global community. This legitimacy increases public acceptance and strengthens the company's value. SRDI reflects concern for stakeholders' interests, including investors, consumers, regulators, and the public. By meeting stakeholders' information needs, companies mitigate conflicts of interest, lower agency costs, and enhance their reputation. This alignment strengthens long-term relationships and significantly impacts company value.

## 5. Conclusion

This research investigates the impact of green accounting, sustainability growth rate, and sustainability report disclosure on firm value in companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. The results indicate that green accounting negatively impacts firm value. Although this result rejects the hypothesis, it is theoretically justified, and, empirically, previous research has shown mixed results under different conditions. Conversely, the sustainability growth rate and the sustainability report disclosure have a positive effect on firm value. These results fully support the hypothesis and confirm previous research findings and theories, including signaling theory, legitimacy theory, and stakeholder theory.

Based on the previously identified novelty, this research provides theoretical and practical implications. The theoretical implication is that, because this research integrates three sustainability perspectives (practice, growth, and disclosure) into a single empirical model, it produces a new study: green accounting, focusing on internal environmental practices; SGR, focusing on financial sustainability; and sustainability reports, focusing on external disclosure. The practical implication of this research is to demonstrate the robustness of companies' green accounting implementation and its impact on firm value. Furthermore, this research demonstrates the effectiveness of Indonesia's latest sustainability regulations.

This research is not without limitations. One limitation is the relatively short data span, covering only three years. This short time span is insufficient to capture the impact of implementing sustainability regulations and policies on company performance and value. Therefore, further research is needed using time-series data spanning more than 3 years. Measuring green accounting variables using only a single measure may also be a limitation, leading to the hypothesis being disproven. Future research could include more detailed measures or a composite index.

## References

- Abdi, Y., Li, X., & Càmara-Turull, X. (2020). Impact of sustainability on firm value and financial performance in the air transport industry. *Sustainability (Switzerland)*, *12*(23), 1–22. <https://doi.org/10.3390/su12239957>
- Al-Dhaimesh, O. H. (2020). Green accounting practices and economic value added: An applied study on companies listed on the Qatar stock exchange. *International Journal of Energy Economics and Policy*, *10*(6), 164–168. <https://doi.org/10.32479/ijeeep.10199>
- Angir, P., & Weli. (2024). The Influence of Environmental, Social, and Governance ( ESG ) Disclosure on Firm Value: An Asymmetric Information Perspective in Indonesian Listed Companies. *Binus Business Review*, *15*(1), 29–40. <https://doi.org/10.21512/bbr.v15i1.10460>
- Bashir, Y., Zhao, Y., Qiu, H., Ahmed, Z., & Yau, J. T. H. (2023). Environmental, Social, and Governance Performance and Value Creation in Product Market: Evidence from Emerging Economies. *Journal of Risk and Financial Management*, *16*(12). <https://doi.org/10.3390/jrfm16120517>
- Dewi, N. S., & Rustiarini, N. W. (2024). Sustainability reporting and firm value: systematic literature review. *Scientific Journal of Economics, Management, Business, and Accounting*, *14*(02), 218–232. <https://doi.org/10.37478/als.v14i02.4509>
- Fatemi, A., Glaum, M., & Kaiser, S. (2018). ESG performance and firm value: The moderating role of disclosure. *Global Finance Journal*, *38*, 45–64.

168 Do Green Accounting, Sustainable Growth Rate,  
<https://doi.org/10.1016/j.gfj.2017.03.001>

- Fernando, K., Jocelyn, H., Frista, F., & Kurniawan, B. (2024). The Effect of Green Accounting Disclosure on the Firm Value of Listed Mining and Agriculture Companies in Southeast Asia Countries. *International Journal of Energy Economics and Policy*, 14(1), 377–382. <https://doi.org/10.32479/ijeeep.15151>
- Freeman, R Edward; Harrison, Jeffrey S.; Wicks, Andrew C.; Parmar, Bidhan; de Colle, S. (2010). *Stakeholder Theory: The State of The Art*. Cambridge University Press.
- Freeman, R. E. (2015). *Strategic Management: A Stakeholder Approach*. <https://doi.org/https://doi.org/10.1017/CBO9781139192675>
- Harahap, F. A., & Yuyetta, E. N. A. (2025). Pengaruh Penerapan Green Accounting terhadap Nilai Perusahaan. *Diponegoro Journal of Accounting*, 14(2), 1–15.
- Hardi, I., Idroes, G. M., Hardia, N. A. K., Fajri, I., Furqan, N., Noviandy, T. R., & Utami, R. T. (2023). Assessing the Linkage Between Sustainability Reporting and Indonesia's Firm Value: The Role of Firm Size and Leverage. *Indatu Journal of Management and Accounting*, 1(1), 21–28. <https://doi.org/10.60084/ijma.v1i1.79>
- Hutabarat, F. (2024). Effect of Green Accounting, Leverage, and Firm Size on Firm Value with Profitability as Intervening Variable. *International Journal of Professional Business Review*, 9(4), 1–25. <https://doi.org/Doi:https://doi.org/10.26668/businessreview/2024.v9i4.4612>
- Jin, X., & Lei, X. (2023). A Study on the Mechanism of ESG's Impact on Corporate Value under the Concept of Sustainable Development. *Sustainability (Switzerland)*, 15(11). <https://doi.org/10.3390/su15118442>
- Juniarti, E., & Sasanti, E. E. (2025). The Effect of Carbon Accounting Disclosure, Environmental Performance, and CEO Characteristics on Financial Performance: The Role of Firm Size as a Control Variable. *International Journal of Business and Applied Economics*, 4(1), 111–124.
- Kusuma, D. A., & Dosinta, N. F. (2023). Effects of Green Accounting, Corporate Social Responsibility on Firm Value. *International Research Journal of Economics and Management Studies*, 2(4), 290–299. <https://doi.org/10.56472/25835238/IRJEMS-V2I4P133>
- Li, L., Saat, M. M., & Jiayi, W. (2024). The Effect of ESG Disclosure on Firm Value: An Empirical Evidence from Chinese Listed Companies. *International Journal of Academic Research in Business & Social Sciences*, 14(1), 1091–1101. <https://doi.org/10.6007/IJARBS/v14-i1/20524>
- Nipper, M., Ostermaier, A., & Theis, J. (2025). Mandatory disclosure of standardized sustainability metrics: The case of the EU Taxonomy Regulation. *Corporate Social Responsibility and Environmental Management*, 32(2), 2171–2190. <https://doi.org/10.1002/csr.3046>
- Octavia, F., & Wafiroh, N. L. (2025). The Effect of Green Accounting, Leverage and Environmental Performance on Company Value with Profitability as A Moderating Variable ( Empirical Study on Consumer Non-Cyclicals and Energy Sector Companies on The IDX in 2020-2023 ). *Akunesa: Jurnal Akuntansi Unesa*, 13(3), 284–297.
- Prashar, A. (2023). Moderating effects on the relationships between sustainability reporting and

- firm performance: a meta-analytical review. *International Journal of Productivity and Performance Management*, 72(4), 1154–1181. <https://doi.org/10.1108/IJPPM-04-2021-0183>
- Putra, L. S., & Natalia, I. (2023). Pengaruh sustainability report terhadap kinerja perusahaan dan nilai perusahaan. *Open Journal Systems*, 18(1978), 809–816.
- Ramadhan, B., Rosdini, D., & Yuliafitri, I. (2024). Analysis of the Impact of Sustainable Growth Rate and ESG Risk Score on the Valuation of Listed Companies on the Indonesian Stock Exchange. *Quantitative Economics and Management Studies*, 5(1), 190–196. <https://doi.org/10.35877/454ri.qems2371>
- Septiana, A., & Sundari, B. (2024). Pengaruh Penerapan Green Accounting terhadap Profitabilitas pada Perusahaan Sektor Industri Dasar dan Kimia yang Terdaftar di Bursa Efek Indonesia Periode 2020-2022. *FINANCIAL: Jurnal Akuntansi*, 10(2), 210–220. <https://doi.org/10.54373/ifijeb.v4i3.1587>
- Spence, M. (1972). Job Market Signaling. *Quarterly Journal of Economics*, 355–374.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approach. *The Academy of Management Review*, 20(3), 571–610. <http://www.jstor.org/stable/258788>
- Sukmadilaga, Citra; Winarningsih, S., & Yudianto, I. (2023). Does green accounting affect firm value ? : evidence from ASEAN countries. *International Journal of Energy Economics and Policy*, 13(2), 509–515. <https://doi.org/10.32479/ijeep.14071>.
- Sukmadilaga, C., Winarningsih, S., Yudianto, I., Lestari, T. U., & Ghani, E. K. (2023). Does Green Accounting Affect Firm Value? Evidence from ASEAN Countries. *International Journal of Energy Economics and Policy*, 13(2), 509–515. <https://doi.org/10.32479/ijeep.14071>
- Velte, P. (2022). Meta-analyses on Corporate Social Responsibility (CSR): a literature review. In *Management Review Quarterly* (Vol. 72, Issue 3). Springer International Publishing. <https://doi.org/10.1007/s11301-021-00211-2>
- Wongso, D. A., Suganda, T. R., & Stephanus, D. S. (2025). The Effect of Environmental, Social, and Governance Disclosure on Firm Value. *Jurnal Ilmiah Akuntansi Dan Finansial Indonesia*, 9(1), 12–22. <https://doi.org/https://doi.org/10.31629/ahfn0849>
- Wu, S., Li, X., Du, X., & Li, Z. (2022). The Impact of ESG Performance on Firm Value: The Moderating Role of Ownership Structure. *Sustainability (Switzerland)*, 14(21), 1–22. <https://doi.org/10.3390/su142114507>
- Yu, X., & Xiao, K. (2022). Does ESG Performance Affect Firm Value? Evidence from a New ESG-Scoring Approach for Chinese Enterprises. *Sustainability (Switzerland)*, 14(24), 1–40. <https://doi.org/10.3390/su142416940>.