

Profitability as a Mediator of the Effects of Green Accounting, CSR, and Environmental Performance on Firm Value in Indonesia's Raw Materials Sector

Shafri Zakariyya Rasyid ^{1*} Suyatmin Waskito Adi ²

¹ Universitas Muhammadiyah Surakarta, Surakarta, Indonesia. Email: b200210230@student.ums.ac.id

² Universitas Muhammadiyah Surakarta, Surakarta, Indonesia. Email: suy182@ums.ac.id

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ABSTRACT

Purpose: This study examines the effects of Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance on firm value, with profitability as a mediating variable, in basic materials companies listed on the Indonesia Stock Exchange during 2021–2023.

Research Method: This study uses a quantitative approach with secondary data from annual reports, sustainability reports, and PROPER ratings. The sample includes 57 observations selected through purposive sampling. Data were analyzed using multiple linear regression, path analysis, and the Sobel test with SPSS.

Results and Discussion: The findings show that Green Accounting has a negative and significant effect on profitability but a positive effect on firm value. Environmental Performance positively and significantly affects profitability, while CSR has no significant effect on profitability or firm value. Profitability significantly affects firm value but does not mediate the relationships among Green Accounting, CSR, Environmental Performance, and firm value.

Implications: The findings encourage companies to strengthen environmental management and transparent sustainability disclosure to improve firm value and investor confidence.

Originality: This study simultaneously examines Green Accounting, CSR, Environmental Performance, and profitability in Indonesian basic materials companies.

Keywords: corporate values; green accounting; corporate social responsibility (CSR); environmental performance; profitability.

1. Introduction

A high-value company demonstrates its ability to deliver strong performance and maintain business continuity. Rahmatullah & Bawono (2025) state that company value reflects a company's ability to manage resources, thereby increasing investor confidence. Increasing company value is no longer solely driven by financial factors but also by the company's ability to implement sustainable business practices that account for social and environmental considerations. Companies in the basic materials sector, whose operations involve significant natural resource exploitation and environmental impact, are closely linked to this. Industrial activities in this sector can cause environmental pollution, ecosystem damage, production waste, and even social conflict within the community. The cases of sea sand mining in Makassar, which damaged coral reefs and reduced fishermen's incomes, and the Lapindo mudflow



incident in Surabaya demonstrate that corporate activities that fail to consider environmental impacts can cause significant social and economic losses.

The growing attention to sustainable business practices in Indonesia is evident in the increasing number of companies publishing sustainability reports aligned with the Global Reporting Initiative (GRI) standards and participating in the Company Performance Rating Program for Environmental Management (PROPER), organized by the Ministry of Environment and Forestry (KLHK). CSR disclosure has also become a corporate obligation under Law Number 40 of 2007 (Pangestika & Widiastuti, 2017). Arofah et al. (2025) explain that CSR disclosure under the GRI Standards can provide stakeholders with information on a company's economic, social, and environmental performance. Furthermore, Ahmad (2021) states that PROPER is used to assess corporate environmental performance in Indonesia through a color-coded rating system.

This research is based on Legitimacy Theory. Legitimacy Theory posits that companies must ensure their operations align with prevailing social norms and values to gain public legitimacy (Wibowo & Linggarsari, 2024). A company will continue to exist if its activities are perceived as aligned with society's prevailing value system. Zahra et al. (2025) found that Green Accounting, profitability, and CSR have a positive and significant effect on company value. Furthermore, Ani (2021) showed that Environmental Performance has a positive and significant effect on company value. On the other hand, several studies have shown conflicting results. Haryono et al. (2025) found that Green Accounting negatively impacts firm value. Afifah et al. (2021) showed that CSR negatively impacts firm value.

Despite prior research, inconsistencies persist in findings on the influence of Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance on firm value and profitability. Some studies show a positive and significant impact, while others show a negative or even insignificant impact. Furthermore, most previous studies focus on a single aspect of sustainability and examine different sectors, such as mining, manufacturing, and banking. Research that simultaneously integrates Green Accounting, CSR, and Environmental Performance, with profitability as a mediating variable, in basic materials companies, remains relatively limited. Therefore, this study aims to fill this gap by using basic materials companies listed on the Indonesia Stock Exchange as research subjects for the 2021–2023 period.

This study aims to analyze the influence of Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance on firm value, with profitability as a mediating variable, in basic materials companies listed on the Indonesia Stock Exchange during the 2021–2023 period. This study is expected to provide theoretical contributions to the development of environmental accounting and corporate sustainability studies. Furthermore, this study is expected to provide practical contributions to companies seeking to increase firm value by implementing sustainable business practices that consider economic, social, and environmental aspects.

The remainder of this paper is organized as follows. Section 2 provides a literature review and hypothesis development. Section 3 presents the research method and design. Section 4 provides a discussion. Section 5 is Concluding Remarks and Recommendations.

2. Literature Review and Hypothesis Development

2.1 Legitimacy Theory

Legitimacy theory explains that companies have a social contract with society when carrying out their operations. Companies are required to conduct business activities in accordance with prevailing social norms and values to gain public legitimacy. Tapia-Espinoza (2025) states that legitimacy theory emphasizes the importance of companies aligning their activities and policies with societal interests. Therefore, a company's sustainability is determined not only by its ability to generate profits, but also by its ability to maintain good relationships with the community and the surrounding environment.

Disclosure of environmental and social concerns through Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance is an example of companies' efforts to gain public legitimacy. Companies that demonstrate environmental concern are expected to receive a positive response from stakeholders such as investors, creditors, the government, and the public, thereby enhancing the company's image and value. Koeswayo et al. (2024) state that a company's success depends on its ability to balance stakeholder interests. Thus, legitimacy theory explains that companies need to pay attention to social and environmental aspects to support long-term business sustainability.

2.2 Company Value

Company value is the market value that reflects investor confidence in a company and indicates its success in managing its resources. Hall (2024) states that company value can increase shareholder wealth by raising the company's stock price. Furthermore, Dzikir et al. (2020) explain that increasing company value is an advantage expected by all stakeholders, as it indicates strong company performance and prospects.

2.3 Profitability

Profitability is a ratio that measures a company's ability to generate profits from sales, assets, and capital over a specific period (Fadhillah et al., 2024). A high level of profitability indicates strong company performance and can increase investor confidence. The company's profit also indicates its ability to distribute dividends to investors, thereby increasing the company's value. In this study, profitability is measured using Net Profit Margin (NPM), a ratio that indicates a company's ability to generate net profit after accounting for all costs and income taxes.

2.4 Green Accounting

Green Accounting is the practice of identifying, measuring, assessing, and disclosing costs associated with a company's environmental activities (Dewi, 2025). Abdullah & Amiruddin (2020) stated that Green Accounting is used as a form of corporate environmental responsibility control through measuring and reporting waste management costs resulting from the company's operational activities. Furthermore, Fahlefi et al. (2025) explained that implementing Green Accounting helps companies improve economic performance without neglecting environmental conditions.



2.5 Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to a company's efforts to address negative impacts arising from its operations, encompassing economic, social, and environmental responsibilities (Baranova et al., 2021). Companies disclose CSR as a form of communication to the public and stakeholders about their social and environmental activities, typically presented in annual and sustainability reports. CSR disclosure can be mandatory according to regulations or voluntary as additional company information. The CSR concept is also based on the triple bottom line principle, which emphasizes a balance among profit, people, and planet to enable companies to achieve business sustainability.

2.7 Environmental Performance

Environmental performance is an output that can be assessed by implementing an environmental management system focused on controlling a company's environmental aspects. Environmental performance is a crucial indicator in assessing a company's commitment to sustainability because it reflects the impact of its activities on the environment (Dubey & Sharma, 2026). In Indonesia, environmental performance is measured through the Corporate Performance Rating Program in Environmental Management (PROPER) conducted by the Ministry of Environment (KLH). This assessment not only indicates a company's level of environmental compliance but also influences its image and reputation, which can impact its value.

The research hypotheses are formulated as follows:

H1: *Green Accounting influences Profitability.*

H2: *Corporate Social Responsibility influences Profitability.*

H3: *Environmental Performance influences Profitability.*

H4: *Green Accounting influences Firm Value.*

H5: *Corporate Social Responsibility influences Firm Value.*

H6: *Environmental Performance influences Firm Value.*

H7: *Profitability influences Firm Value.*

H8: *Green Accounting influences Firm Value through Profitability.*

H9: *Corporate Social Responsibility (CSR) influences Firm Value through Profitability.*

H10: *Environmental Performance influences Firm Value through Profitability.*

3. Research Method

This study uses a quantitative, associative approach. It aims to analyze the relationship between Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance on firm value, with profitability as a mediating variable in basic materials companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. This study was conducted to examine the direct and indirect effects between the research variables, specifically the role of profitability in mediating the relationship between Green Accounting, CSR, and Environmental Performance on firm value.

The data used in this study are secondary, including annual financial reports, annual reports, sustainability reports, and data from the Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup (PROPER). Data were obtained from the official website of the

Indonesia Stock Exchange (www.idx.co.id), the Global Reporting Initiative website (www.globalreporting.org), and the Ministry of Environment and Forestry (KLHK) website. The list of companies used in this study is summarized in Table 1.

The analytical methods used in this study were multiple linear regression and path analysis. The regression model was conducted in two stages. The first equation was used to analyze the influence of Green Accounting, CSR, and Environmental Performance on profitability. The equation model is formulated as follows:

$$PR_{it} = \beta_0 + \beta_1 GA_{it} + \beta_2 CSR_{it} + \beta_3 EP_{it} + \varepsilon_{it} \dots\dots\dots(1)$$

The second equation is used to analyze the influence of Green Accounting, CSR, Environmental Performance, and profitability on firm value. The equation model is formulated as follows:

$$NP_{it} = \beta_0 + \beta_1 GA_{it} + \beta_2 CSR_{it} + \beta_3 EP_{it} + \beta_4 PR_{it} + \varepsilon_{it} \dots\dots\dots(2)$$

Table 1. Company List

Company	Code
Aneka Gas Industri Tbk.	AGII
Aneka Tambang Tbk.	ANTM
Avia Avian Tbk.	AVIA
Indonesia Fibreboard Industry Tbk.	IFII
Ifishdeco Tbk.	IFSH
Vale Indonesia Tbk.	INCO
Indah Kiat Pulp & Paper Tbk.	INKP
Indocement Tunggul Prakarsa Tbk.	INTP
Indopoly Swakarsa Industry Tbk.	IPOL
Steel Pipe Industry of Indonesia Tbk.	ISSP
Madusari Murni Indah Tbk.	MOLI
Pinago Utama Tbk.	PNGO
Semen Baturaja (Persero) Tbk.	SMBR
Solusi Bangun Indonesia Tbk.	SMCB
Semen Indonesia (Persero) Tbk.	SMGR
Suparma Tbk.	SPMA
Indo Acidatama Tbk.	SRSN
Pabrik Kertas Tjiwi Kimia Tbk.	TKIM
Unggul Indah Cahaya Tbk.	UNIC

Source: Author (2026)

Table 2. Variable Definition and Measurement

Variable	Definition	Measure
NP	Price Book Value	Ratio
GA	Proportion of CSR activity costs to net profit after tax	Ratio (%)
CSR	Corporate Responsibility Index	Ratio (%)
EP	Peringkat Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup (PROPER)	Ordinal Range (1-5)
PR	Net Profit Margin	Ratio (%)

Source: Processed by Author, (2026)



In addition to multiple linear regression, this study employed path analysis to determine the direct and indirect effects among variables, with profitability as an intervening variable. The mediation effect was tested using the Sobel Test to determine whether profitability mediates the influence of Green Accounting, CSR, and Environmental Performance on firm value. The estimation stage in this study began with descriptive statistical analysis to characterize the research data. Next, classical assumption tests were conducted, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, to ensure the regression model met the BLUE (Best Linear Unbiased Estimator) assumptions. Subsequently, multiple linear regression estimation was performed on the first and second equations to examine the effects of the study variables. Model testing was performed using the F-test and the coefficient of determination (R^2), while hypothesis testing was conducted using the t-test at a 5 percent significance level. The final stage involved mediation testing using the Sobel Test and path analysis to determine the direct and indirect effects of Green Accounting, CSR, and Environmental Performance on firm value through profitability as an intervening variable (Herlina & Diputra, 2018).

4. Results and Discussion

4.1 Analysis Results

Table 3. Descriptive Statistics

Variable	N	Min.	Max.	Mean	Std. dev.
GA	57	3.09	13.85	7.9996	2.5641
CSR	57	5.48	6.84	6.1545	0.3425
EP	57	0.69	1.61	1.1502	0.2235
PR	57	4.00	352846	23126.5091	52004.7563
NP	57	6.41	9.13	7.1534	0.6896

Source: Data Analysis Results (2026)

Based on Table 3, the study used 57 observational data from basic materials sector companies for the period 2021–2023. The Green Accounting (GA) variable had an average of 7.9996 with a standard deviation of 2.5641. In contrast, Corporate Social Responsibility (CSR) had an average of 6.1545 and a standard deviation of 0.3425, indicating relatively homogeneous data. Environmental Performance (EP) had an average of 1.1502 and a standard deviation of 0.2235, indicating low variability. Profitability (PR) had an average of 23126.5091 and a standard deviation of 52004.7563, indicating substantial dispersion in the data. Meanwhile, Firm Value (NP) had an average of 7.1534 and a standard deviation of 0.6896, indicating relatively stable data.

Based on the estimation results in Table 4, the coefficient of determination (R^2) in equation (1) is 0.184, indicating that the Green Accounting (GA), Corporate Social Responsibility (CSR), and Environmental Performance (EP) variables explain 18.4% of the variation in profitability (PR). In comparison, the remaining 81.6% is explained by variables outside the research model. In equation (2), the R^2 value is 0.291, indicating that the Green Accounting (GA), Corporate Social Responsibility (CSR), Environmental Performance (EP), and Profitability (PR) variables explain 29.1% of the variation in Firm Value (NP). In comparison, the remaining 70.9% is influenced by factors outside the model.

The F-test results indicate that the regression model in equation (1) has a Prob. F value of 0.015, and in equation (2), a value of 0.002. This value is below the 0.05 significance level, so it can be concluded that the regression models in both equations are a good fit and that the independent variables simultaneously influence the dependent variable.



Table 4. Estimation Results and Diagnostic Test

Variabel	(1)	(2)
Cons.	4746.271	6.055***
GA	-7390.734**	0.082**
CSR	-5447.297	-0.001
EP	34306.587***	0.274
PR		5.655***
R2	0.184	0.291
Prob. F	0.015	0.002
Diagnostic Test		
a. Normality (Kolmogorov-Smirnov Test)		
	(1) = 0.058	(2) = 0.200
b. Multicollinearity (Variance Inflation Factors)		
	(1) (GA = 1.388; CSR = 1.683; EP = 1.633)	(2) (GA = 1.517; CSR = 1.685; EP = 1.783; PR = 1.157)
c. Heteroskedasticity (Glejser Test)		
	(1) (GA = 0.194; CSR = 0.183; EP = 0.538)	(2) (GA = 0.174; CSR = 0.166; EP = 0.564; PR = 0.565)
d. Autocorrelation (Run Test)		
	(1) = 0.342	(2) = 0.685

Source: Data Analysis Results (2026)

The t-test results in equation (1) indicate that Green Accounting (GA) has a negative and significant effect on profitability at the 5% significance level, with a coefficient of -7390.734. Corporate Social Responsibility (CSR) has a negative but insignificant effect on profitability. Meanwhile, Environmental Performance (EP) has a positive and significant effect on profitability at the 1% significance level, with a coefficient of 34306.587. In equation (2), Green Accounting (GA) has a positive and significant effect on firm value at the 5% significance level, with a coefficient of 0.082. Corporate Social Responsibility (CSR) does not significantly influence firm value, while Profitability (PR) has a positive and significant effect on firm value at the 1% significance level, with a coefficient of 5.655. Environmental Performance (EP) shows a positive but insignificant effect on firm value.

Based on the classical assumption test, the results of the normality test using the Kolmogorov-Smirnov Test show a significance value in equation (1) of 0.058 and equation (2) of 0.200. These values are greater than 0.05, indicating that the research data are normally distributed. The results of the multicollinearity test show that all Variance Inflation Factor (VIF) values in both equations are below 10, indicating no multicollinearity among the independent variables. The results of the Glejser test indicate that all p-values for the independent variables in both equations exceed 0.05, suggesting that the regression model is free of heteroscedasticity. In addition, the results of the autocorrelation test using the Run Test show a significance value in equation (1) of 0.342 and equation (2) of 0.685, which is greater than 0.05, so it can be concluded that the regression model does not experience autocorrelation.

Based on Table 5, the profitability variable does not mediate the effects of Green Accounting (GA), Corporate Social Responsibility (CSR), and Environmental Performance (EP) on Firm Value (NP). This is indicated by the Sobel test statistic of 0.0046 for each relationship, which is smaller than the table value of 1.98. Thus, the indirect influence of Green Accounting, CSR, and Environmental Performance on firm value, mediated by profitability, is insignificant. These results indicate that the implementation of Green Accounting, CSR disclosure, and corporate environmental performance has not increased profitability, which in turn has an indirect impact on firm value.

Table 5. Path Analysis Results

e. Structure	f. Value
g. GA → PR → NP	h.
i. A	j. 0.043
k. B	l. 0.002
m. Sea	n. 0.305
o. Seb	p. 0.426
q. Sobel test stat.	r. 0.0046
s. CSR → PR → NP	t.
u. A	v. 0.998
w. B	x. 0.002
y. Sea	z. 0.000
aa. Seb	bb. 0.426
cc. Sobel test stat.	dd. 0.0046
ee. EP → PR → NP	ff.
gg. A	hh. 0.580
ii. B	jj. 0.002
kk. Sea	ll. 0.089
mm. Seb	nn. 0.393
oo. Sobel test stat.	pp. 0.0046

Source: Data Analysis Results (2026)

4.2 Discussion

4.2.1 The Effect of Green Accounting on Profitability

The results of the first equation test indicate that Green Accounting significantly impacts profitability, with a significance value of 0.019, which is less than 0.05. The negative regression coefficient indicates that increasing environmental costs tend to decrease company profitability. This indicates that implementing Green Accounting requires additional operational costs, such as waste management, energy efficiency, and environmental program implementation, which can reduce company profits over a given period (Uddin et al., 2026). In basic materials companies, environmental expenditures are relatively high because production activities directly impact the environment (Zhang & Xie, 2022).

Despite its negative impact on short-term profitability, implementing Green Accounting can be a long-term investment to maintain business sustainability and a company's reputation. This study aligns with the research by Niandari & Handayani (2023), which found that Green Accounting impacts company profitability. However, the negative trend in this study indicates that basic materials companies still face high costs of implementing environmental activities.

4.2.2 The Effect of Corporate Social Responsibility (CSR) on Profitability

The results of the first equation test indicate that Corporate Social Responsibility (CSR) does not affect profitability, with a significance value of 0.832, greater than 0.05. This result indicates that the company's CSR activities have not improved its ability to generate profits. This condition may occur because CSR implementation in basic materials companies is still more about fulfilling regulatory obligations than a business strategy to increase company revenue (Vuong & Bui, 2023).

CSR expenditures can also be considered an additional company cost that does not necessarily lead to direct increases in sales. Investors and consumers likely pay more attention to a company's core financial performance than to its social activities (Özer et al., 2024). This study's findings align with those of Prabaningrum & Santoso (2025), who found that CSR does not affect company profitability. However,

this study differs from those of Prasetyorini & Suhermin (2018), which found that CSR can increase company profitability.

4.2.3 *The Effect of Environmental Performance on Profitability*

The results of the first equation test indicate that Environmental Performance significantly influences profitability, with a significance value of 0.007, which is less than 0.05. The positive regression coefficient indicates that better environmental performance increases profitability. This indicates that companies with good environmental management can improve operational efficiency and increase public and investor trust. Implementing good environmental management can also reduce the risk of environmental sanctions and pollution costs, which can be detrimental to the company (Cheng et al., 2025).

According to Benvenuto et al. (2023), companies that maintain the environment will gain social legitimacy from the community, thereby ensuring business continuity. Good environmental performance can also enhance the company's image and consumer loyalty to the company's products (Asnita & Wahidahwati, 2019). This study aligns with research by Putri & Sipayung (2025), which found that Environmental Performance positively influences company profitability. This demonstrates that corporate attention to the environment not only provides social benefits but also improves the company's economic performance.

4.2.4 *The Influence of Green Accounting on Company Value*

The results of the second equation test indicate that Green Accounting has a significant effect on company value, with a significance value of 0.043, which is less than 0.05. The positive regression coefficient indicates that the better the implementation of Green Accounting, the higher the company's value. This indicates that investors are beginning to consider a company's environmental concerns as an indicator of future corporate sustainability. The implementation of Green Accounting can send a positive signal to the market that the company is committed to environmental responsibility and business sustainability (Wardoyo & Achyani, 2026).

According to Sulemana et al. (2025), companies that disclose environmental activities will gain support from the public and stakeholders because they are perceived as responsible for the impacts of their operations. These findings align with Gunawan & Berliyanda (2024), who stated that Green Accounting has a positive effect on company value. Investors tend to perceive companies that implement Green Accounting as having lower environmental risks and better long-term prospects. Therefore, disclosure of environmental costs and company activities can increase positive market perceptions of basic materials companies (Almaqтари et al., 2023).

4.2.5 *The Effect of Corporate Social Responsibility (CSR) on Company Value*

The results of the second equation show that Corporate Social Responsibility (CSR) does not affect company value, with a significance value of 0.998, greater than 0.05. This result indicates that CSR activities undertaken by companies have not improved investors' perceptions of the companies. CSR disclosure in basic materials companies is likely still a formality and therefore has not had a significant impact on investment decisions (Kouaib & Amara, 2022). Consequently, CSR activities have not been able to increase stock prices or company value directly.

The benefits of CSR tend to be long-term and are not directly reflected in the company's market value during the study period. The results of this study align with those of Ariani et al. (2024), who found

that CSR did not affect company value. However, these results differ from those of Husnah & Primaningsih (2024), who stated that CSR can increase company value. The differences in research findings may be influenced by differences in industry characteristics, investor awareness of social issues, and the quality of a company's CSR disclosure.

4.2.6 *The Effect of Environmental Performance on Company Value*

The results of the second equation show that Environmental Performance does not affect company value, with a significance level of 0.580, which is greater than 0.05. This result indicates that a company's environmental performance is not yet a primary consideration for investors when assessing companies in the basic materials sector. Investors likely pay more attention to financial indicators than to information about a company's environmental performance. Furthermore, some investors may perceive a company's environmental activities as merely a regulatory obligation, thereby not providing significant added value.

According to Chen et al. (2024), companies with good environmental performance should receive support from the community and stakeholders. However, in this study, environmental legitimacy has not been fully translated by the market into increased company value. The results of this study align with those of Ani (2021), who stated that Environmental Performance did not affect company value. However, these results differ from those of Acintya & Subandi (2023), who found a positive effect of Environmental Performance on company value. This difference may be due to low investor attention to environmental information among basic materials companies in Indonesia during the study period.

4.2.7 *The Effect of Profitability on Company Value*

The results of the second equation show that profitability has a significant effect on company value, with a significance value of 0.002, which is less than 0.05. The positive regression coefficient indicates that higher company profitability is associated with higher company value. This indicates that a company's ability to generate profits is a key factor investors consider when making investment decisions. Highly profitable companies are considered to have good business prospects and are capable of providing higher returns to shareholders (Mansikkamäki, 2023).

Profitability reflects a company's efficiency in managing its assets and operations to generate profits. High profitability signals to investors the company's future financial condition (Suteja et al., 2023). The results of this study align with Andriyanti's (2023) research, which states that profitability has a positive effect on firm value. This demonstrates that investors in basic materials companies still strongly consider profit performance as the primary basis for company valuation.

4.2.8 *The Effect of Green Accounting on Firm Value through Profitability*

The Sobel test results indicate that profitability does not mediate the effect of Green Accounting on firm value. This is evidenced by the Sobel test statistic of 0.0046, which is smaller than the t-table of 1.98. This condition indicates that although Green Accounting affects profitability, its direct effect on firm value is not significant; the indirect effect through profitability is not yet strong enough to increase firm value. The high environmental costs increase Green Accounting, which actually depresses company profits in the short term, resulting in an insignificant mediation effect on profitability (Alvinatan et al., 2025).

The results of this study align with Sholichah & Puspawati (2023), who stated that profitability mediates the effect of Green Accounting on firm value. Therefore, the economic benefits of Green

Accounting in the basic materials sector have not yet been fully realized in increased company profitability.

4.2.9 The Effect of Corporate Social Responsibility (CSR) on Firm Value through Profitability

The Sobel test results indicate that profitability does not mediate the effect of Corporate Social Responsibility (CSR) on firm value. This is indicated by the Sobel test statistic of 0.0046, which is smaller than the t-table of 1.98. This indicates that the company's CSR activities have not increased profitability and therefore do not indirectly affect firm value. Corporate CSR programs are likely still focused on fulfilling social and regulatory obligations, so the economic benefits are not yet directly felt by the company (Adriyan & Hana Indriana, 2022).

The results of this study align with research by Putri & Lobo (2016), which found that profitability does not mediate the effect of CSR on firm value. While CSR activities can improve a company's image, these benefits are more long-term and do not directly increase company profits during the study period. Companies in the basic materials sector also tend to incur significant CSR expenditures, thus failing to improve their financial efficiency. Therefore, the effect of CSR on firm value is more direct through social legitimacy than through increased profitability.

4.2.10 The Effect of Environmental Performance on Firm Value through Profitability

The Sobel test results indicate that profitability does not mediate the effect of Environmental Performance on firm value. This is evidenced by the Sobel test statistic of 0.0046, which is smaller than the t-table of 1.98. These results indicate that although Environmental Performance can increase a company's profitability, this increase is not sufficient to increase firm value indirectly. Investors likely still focus more on key financial indicators than on information about a company's environmental performance.

According to Aryanti et al. (2023), companies with good environmental performance should receive support from the community and stakeholders, thereby enhancing their business sustainability. However, in this study, companies' environmental legitimacy has not increased company value through profitability. This finding differs from research by Prasetyo & Prijanto (2024), which found that profitability mediates the effect of environmental performance on company value. This difference in results may be due to low investor attention to environmental information among basic materials companies in Indonesia during the 2021–2023 study period.

5. Concluding Remarks and Recommendation

This study aims to analyze the influence of Green Accounting, Corporate Social Responsibility (CSR), and Environmental Performance on firm value, with profitability as a mediating variable, in basic materials companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The results indicate that Green Accounting has a significant negative effect on profitability but a significant positive effect on firm value. Corporate Social Responsibility (CSR) has no significant effect on profitability or firm value. Environmental Performance has a significant positive effect on profitability but not on firm value. Profitability has a significant positive effect on firm value. Furthermore, the Sobel test results indicate that profitability does not mediate the influence of Green Accounting, CSR, and Environmental Performance on firm value.

This study has several limitations: it used only basic materials companies during the 2021–2023 period, resulting in a relatively small number of observations. Furthermore, the study variables cover

only Green Accounting, CSR, Environmental Performance, and profitability, suggesting that other factors may influence firm value. The measurement of Green Accounting and CSR also relies on company disclosures in annual reports and sustainability reports.

Future research is recommended to expand the research scope and timeframe to yield more representative results. Furthermore, future research could include additional variables, such as leverage, company size, corporate governance quality, and liquidity, to enhance the model's explanatory power regarding firm value. Companies are also expected to increase their implementation of sustainable business practices to boost investor confidence and long-term firm value.

Statement of Use of Generative AI

During the preparation of this work, the author used ChatGPT to assist in improving clarity and readability of the text. The author reviewed and edited the output and takes full responsibility for the content of the publication.

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Corresponding author

Shafri Zakariyya Rasyid can be contacted at: b200210230@student.ums.ac.id

