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Corporate Social Responsibility, Environmental Social Governance, And Implementation of Green Accounting on Firm Value

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Abstract:

This research aims to test and analyze the influence of Corporate Social Responsibility, Environmental Social Governance, and the implementation of Green Accounting on firm value as proxied by Tobin's Q. The subjects of this research are manufacturing sector companies that are actively listed on the Indonesia Stock Exchange in the 2020-2022 period that selected through purposive sampling technique. This research uses quantitative research methods. This research has results showing that Corporate Social Responsibility has a positive effect on firm value, Environmental Social Governance has a negative effect on firm value, and Implementation of Green Accounting has no effect on firm value.

Keywords: *Corporate Social Responsibility, Environmental Social Governance, Green Accounting, Firm Value*

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1. Introduction

Company value or firm value is one of the indicators that are of concern for both companies and investors. The performance achievement and growth prospects of a company as measured by investors' reaction to the stock price is the definition of firm value. In addition, the value of a company can also describe the good performance of a company so as to attract investment or capital from investors (Mapalulo, 2017).

The fundamental objectives of the organization based on Theory of the firm is to strengthen organizational values (Weston & Copeland, 1986). Increasing value to an organization means increasing benefits for investors. By Weston & Copeland (1996), firm value is the fair value of a company that reflects the perception of stakeholders or investors in an issuer. According to the theory of legitimacy, in addition to stakeholders, a company must also be responsible to the environment in which the company is located. Organizations also need to focus on the ecological state resulting from the organization's business activities. If management is successful in overseeing ecological implementation and financial execution, this will increase stakeholder trust in the organization and be reflected in the increase in the company's value.

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The industrial revolution affected human life in various fields, including technology, economy, social, environmental, and others. The industrial revolution has an impact on environmental sustainability, especially in the environmental sector because greater industrial growth results in an increase in the amount of pollution e.g. waste from production activities, which leads to soil, air, and water pollution being several levels higher (Agustia et al., 2017). Today, the environment is a major topic in economic discussions globally. Companies create waste with a bad impact on the environment. Therefore, companies must be self-aware that their operations are not only mindful of their own profits, but also of the surrounding environment. To meet the demands of transparency and openness of stakeholders, the company began to push Sustainability Report (Jackson et al., 2011).

In response to the endless and worsening environmental and social issues, the Indonesian government is taking action by motivating companies to participate and aspiring as part of their responsibility to their stakeholders in response to ongoing environmental and social issues. Trend about Corporate social responsibility (CSR), Environmental Social Governance or ESG, and Green Accounting, became a hot topic and was discussed and encouraged by the government and related agencies either through appeals or regulation setting.

The purpose of this study is to test and analyze the influence of Corporate social responsibility, Environmental Social Governance, and the Implementation of Green Accounting, on firm value with leverage, liquidity, company size, profitability, and company age as control variables. This research is expected to show relatable results on the current condition of manufacturing sector companies. The object used in the research is manufacturing sector companies in Indonesia that are listed on the Indonesia Stock Exchange in 2020-2022.

Corporate Social Responsibility (CSR) is an obligation of the business world that is sustainable to act morally and help the financial development of the immediate environment or the wider community, as well as to strive for the welfare of workers and their families (Hadi, 2011). Muliani et al. (2019) emphasized that CSR in the annual report improves the company's image in the eyes of investors because it is expected that the organization will not only pursue profits but also act in accordance with norms and be accepted by the community so as to increase the company's value. Based on previous findings, it was found that CSR has an impact on company value (P. Y. Sari & Priantinah, 2018). This statement is supported by Singh et al. (2020) which also found that CSR has a positive relationship with firm value in China and Hong Kong. Instead Sugiyarti et al. (2023) and Oktapriana et al. (2022) found that CSR has a negative impact on firm value.

According to Noviarianti (2020), CSR has evolved into a practice that considers environmental, social, and corporate governance aspects also known as Environment, Social, and Governance (ESG). ESG is a standard that is followed by companies in investment practices that lead to governance, environmental, and social concepts. These three dimensions are the company's reference in implementing an action plan with ESG principles. Then, the company's management pours its report into

Sustainability Report. Some researchers conclude that ESG disclosure has a positive impact on firm value (Wong et al., 2020). Similar results were also expressed by Aouadi & Marsat (2016), Dincă et al. (2022), Zhang et al. (2020), Melinda & Wardhani (2020), Thahira & Mita (2021), Aboud & Diab (2018)and Fatemi et al. (2018) which also stated that there is a positive influence between ESG and firm value. On the other hand, Behl et al. (2022) said that ESG has a negative impact on firm value. Similar things were also stated by other authors such as Jeanice & Kim (2023), Prayogo et al. (2023)and Safriani & Utomo (2020) which also found a negative influence between ESG and company values. In contrast to the previous two findings, Velte (2017) states that there is no significant influence between ESG and firm value. This statement is the same as the results of the study Kartika et al. (2023) and Xaviera & Rahman (2023).

Environmental protection is becoming increasingly important and requires a management system that is connected to other systems (Rounaghi, 2019). Finally, this awareness resulted in the creation of a new accounting system methodology that aims to find out how human actions affect the earth's environmental and resource systems (Greenham, 2010). A new accounting system called Green accounting incorporate environmental costs into the company's financial results (Rounaghi, 2019). The goal of green accounting is to enable us to assess whether responsible human actions are sustainable (Greenham, 2010). The implementation of green accounting is the first step in reducing the impact of environmental problems (Hamidi, 2019). Much research has been done on the impact of Green aaccounting towards firm value conducted by various countries such as research Sapulette & Limba (2021) which states that the result is that Green Accounting has no impact on firm value. Similar results were expressed by Salsabila & Widiatmoko (2022), Sugiyarti et al. (2023), Sawitri & Setiawan (2017) and Christopeni (2022). Whereas Zhang et al. (2020) show Green aaccounting has a positive impact on firm value. This statement is supported by Sukmadilaga et al. (2023), Astari et al. (2023), Erlangga et al. (2021), Oktapriana et al. (2022), Faranica & Divine (2023), Nugroho (2023) and Anggita et al. (2022).

2. Theoretical Background

Theory of Legitimacy

Legitimacy theory has a focus on the relationship between the public and the company. In accordance with the statement (Deegan, 2002) which explains that the theory of legitimacy depends on social ideas carried out by companies and the results of reporting all company activities as a form of embodiment of public expectations. The theory of legitimacy has a correlation with several independent variables in this study, namely Corporate Social Responsibility (CSR), the application of Green accounting, and Environmental, Social, and Governance (ESG). Based on the theory of legitimacy, Corporate Social Responsibility (CSR), the application of Green accounting, and Environmental, Social, and Governance (ESG) are forms of corporate responsibility. The value and implementation of these variables by a high and obedient corporate entity will be in line with the frequent corporate social responsibility to the community to pay off the company's obligations and build a good corporate image.

Agency Theory
Theory explains that in a company there are differences in interests between managers and shareholders (owners). When there is a separation between the owner (principal) and the management (agent) in the company, there is an indication that the owner's desire will be ignored by the management (Michael C. Jensen, 1976). Agency theory is the theoretical basis to explain the independent variables in this study, namely Corporate Social Responsibility (CSR), Implementation of Green accounting, and Environmental, Social, and Governance (ESG). Based on this theory, CSR, ESG, and Green accounting are several performances that investors can use to monitor agent actions based on reports that have been published by management.

Stakeholder Theory
Stakeholder theory states that the existence of a company's agency depends on the support of stakeholders, and that the company must strive to obtain such support, so the purpose of the stakeholder theory is to help management create value and reduce losses experienced by stakeholders (Clarkson, 1995). The stakeholder theory has a correlation with the independent variables in this study, namely Corporate Social Responsibility (CSR), the Implementation of Green Accounting, and Environmental, Social, and Governance (ESG). Based on this theory, CSR, ESG, and Green accounting are several ways to meet the interests of various stakeholders.

Signalling Theory
The initial purpose of developing the Signalling Theory was to explain the problem of information asymmetry in the labor market. However, over time, this theory is also used to prevent problems due to information asymmetry when making decisions related to capital, disclosure of financial statements, and various ownership issues. (Ross, 1977, Ross 1979, Leland and Pyle, 1977, Downes and Heinkel, 1982, in Morris, 1987). Signal Theory has a correlation with independent variables in this study, namely Corporate Social Responsibility (CSR), the implementation of Green accounting, and Environmental Social Governance (ESG). With the existing disclosure and assessment, capital owners can measure the company's performance independently, both in the dimensions of social performance and environmental performance, so as to minimize problems caused by information asymmetry.

Company Values
The value of a company is defined as the fair value of a company, which is a description of how investors perceive the issuer in question (Weston & Copeland, 1996). Tobin's Q ratio, created by James Tobin in 1967 is used as a proxy to measure the dependent variables in this study. Some previous research Fatemi et al. (2018), also using this ratio as a variable proxy firm value. Tobin's Q is a ratio calculated using the market value of the amount of debt and outstanding shares compared to the company's assets. To calculate the value of Tobin's Q can use the following formulation:

Tobin^' s Q=(Total Market Value+Total Debt)/(Total Asset)

Corporate Social Responsibility (CSR)

According to Retno & Priantinah (2012), the definition of CSR is a type of corporate social responsibility based on economic development with the aim of improving the economic condition of employees and their families as well as the general public. In this study, CSR variables are proxied with CSR Score (CSRI) with an item checklist system based on annual reports in accordance with the items that have been determined. The approach to calculating CSRI uses a dichotomous approach, namely each CSR item in the research instrument is given a value of 1 if disclosed, and a value of 0 if not disclosed (Haniffa et al, 2005). Furthermore, the scores of each item are summed up to derive the overall score for each company. There are three categories divided into economic, environmental, and social categories which are clarified by the Global Reporting Initiative (GRI), to calculate the index and formulated as a result:

$$CSRIj=(\sum Xyi)/nj$$

$\sum Xyi$: Value 1 if there is a disclosure of a criterion; 0 if there is no disclosure of a criterion

Nj : total criteria for corporate CSR disclosure according to Global Reporting Initiative (GRI).

Environmental, Social, and Governance (ESG)

Noviarianti (2020) stated that ESG is a guideline for investment practices in a company that integrates and implements its business policies to support governance, environmental, and social concepts. In this study, ESG variables are proxied with ESG Score with the system Checklist Item Based Annual Report or Sutainability Report in accordance with the items that have been set in Global Reporting Initiative (GRI). The approach to calculating CSRI uses a dichotomous approach, namely each ESG item in the research instrument is given a value of 1 if disclosed, and a value of 0 if not disclosed. Furthermore, the scores of each item are summed up to derive the overall score for each company. There are three categories divided into Environmental, Social, and Governance which are clarified by reference Global Reporting Initiative (GRI), to calculate the index and formulated as a number:

$$ESG\ Score=(\sum Xyi)/nj$$

$\sum Xyi$: Value 1 if there is a disclosure of a criterion; 0 if there is no disclosure of a criterion

Nj : total criteria for corporate ESG disclosure according to Global Reporting Initiative (GRI).

Implementation of Green Accounting

Green accounting is a relatively new type of accounting that considers environmental well-being and economic costs when calculating a company's earnings (Singh et al., 2020). This score provides information about how orderly the company processes its environment to the bookkeeping and reporting process. In this study, the Green Accounting variable is measured using the PROPER rating (Company Performance Rating Assessment Program in Environmental Management) conducted by the Ministry of Environment, the PROPER performance rating system includes a company rating consisting of 5 colors that have been published on the https://proper.menlhk.go.id/ website. The mechanism and criteria of PROPER consist of:

Gold (excellent) score 5.
Green (good) score 4.
Blue (quite good) score 3.
Red (bad) score 2.
Black (very poor) score 1.
A score of 0 (zero) is a company that is not listed in the PROPER rating index.

The Effect of Corporate Social Responsibility (CSR) on Corporate Value

One type of corporate responsibility to the community is corporate social responsibility, the implementation of which can influence the community to buy shares of a company. The more information about a company's social responsibility, the higher the company's value (Sugiyarti et al., 2023). According to Agustina (2012), it is hoped that CSR disclosure can increase the company's value. According to Nofryanti (2020), companies that report CSR activities will make the company act in accordance with community standards, which will give more value to the company for profit or community image purposes, because CSR activities are a form of corporate concern for the community. Consumers can choose high-quality goods that are judged not only from their goods but also from their corporate governance management. One of the components of good corporate governance is CSR activities. The results of previous studies show that CSR has a positive effect on firm value (P. Y. Sari & Priantinah, 2018; Singh et al., 2020). However, the opposite is shown by Sugiyarti et al. (2023) and Oktapriana et al. (2022). From the existing research gap, the hypothesis proposed in this study is as follows:

H1: Corporate Social Responsibility (CSR) Affects Company Value

The Influence of Environmental, Social, and Governance (ESG) on Company Value

Today, stakeholders who focus on corporate social and ethical accountability, particularly in environmental management, are starting to pay attention to ESG. Stakeholders believe that the right investments and cost savings in environmental programs can provide greater customer excellence or satisfaction. Conversely, if investment in environmental management is poor due to inefficiency or even unnecessary investment, its business performance will be disrupted (Jeanice & Kim, 2023). The results of previous studies show that ESG has a positive effect on firm value (Wong et al., 2020; Aouadi & Marsat, 2016; Dincă et al., 2022; Zhang et al., 2020; Melinda & Wardhani, 2020; Thahira & Mita, 2021; Aboud & Diab, 2018; Safriani & Utomo, 2020; Fatemi et al., 2018). However, the opposite results were aimed at by Behl et al. (2022), Jeanice & Kim (2023), Prayogo et al. (2023) and Safriani & Utomo (2020). In addition, previous studies have also shown that there is no significant influence between the two variables (Velte, 2017; Kartika et al., 2023; Xaviera & Rahman, 2023). From the existing research gap, the hypothesis proposed in this study is as follows:
H2: Environmental, Social, and Governance (ESG) Affects Company Value

The Effect of the Implementation of Green Accounting on Company Value

Green accounting supports corporate green movement initiatives by identifying, quantifying, measuring, and closing environmental impacts on business activities (Fauzi & Chandra, 2016). According to research conducted by Astuti & Permana (2012), green accounting has a relationship with the environmental conservation of companies and other organizations, including corporate interests. One way to implement green accounting is to consider environmental resources and services as well as changes in efforts to increase revenues and maintain sustainable growth and development by taking into account current and future needs (Rout, 2010). The concept of green accounting is actually an effort to reduce production costs, which can reduce the company's operational responsibility if applied in the long term and on target (Fauzi & Chandra, 2016). The results of previous studies show that Green Accounting has a positive effect on firm value (Zhang et al., 2020; Sukmadilaga et al., 2023; Astari et al., 2023; Erlangga et al., 2021; Oktapriana et al., 2022; Faranika & Dilahi, 2023; Nugroho, 2023; Anggita et al., 2022). However, the opposite is shown by Sapulette & Limba (2021), Salsabila & Widiatmoko (2022), Sugiyarti et al. (2023), Sawitri & Setiawan (2017) and Kristopeni (2022). From the existing research gap, the hypothesis proposed in this study is as follows:
H3: The application of Green Accounting affects the company's value

3. Methodology

This study uses a quantitative approach. The data used are secondary data obtained from financial statements, annual reports, and sustainability reports of manufacturing companies that are actively listed on the Indonesia Stock Exchange for the 2020-2022 period, as well as the Decree of the Minister of Environment and Forestry of the

Republic of Indonesia regarding the company's PROPER value for the years 2020 to 2022. The secondary data in question are the CSR Score, ESG Score, and PROPER value as independent variables. Tobin's Q ratio as a dependent variable. As well as the profitability ratio (Return On Asset), company size, company age, liquidity ratio (Current ratio), and solvency ratio (Debt To Equity ratio) as control variables. *The Purposive Sampling* technique was used in this study to obtain a good sample. In determining the sample, this study uses the criteria of Manufacturing companies registered with the OJK that do not publish their Financial Statements and Annual Reports in full during 2020-2022 and Manufacturing Companies registered with the OJK that do not disclose CSR and ESG items based on the Global Reporting Initiative (GRI) reference in the company's annual report or sustainability report. With these criteria, a sample of 171 data was obtained.

This study uses the multiple linear regression analysis method. Previously, descriptive statistical tests and classical assumption diagnosis were carried out in the form of: normality test, autocorrelation test, multicollinearity test, and heterokedasticity test. The test decision was made using a significance level of 0.05 on the t-test, and the R2 test was also carried out to determine the ability of independent variables to explain a dependent variable in the study.
The following is the calculation of linear regression in this study:

$Y=a+ \beta 1X1+\beta 2X2+\beta 3X3+\beta 4X4+\beta 5X5+\beta 6X6+\beta 7X7+\beta 8X8+e$
Information:
Y : Tobin's Q (*Firm Value*)
A : Equation constants of regression models
X1 : CSR Score
X2 : ESG Score
X3 :Application *Green Accounting*
X4 :ROA
X5 : SIZE
X6 : AGE
X7 :DER
X8 :CR

4. Empirical Findings/Result

Normality Test

Table 1. Kolmogorov-Smirnov One-Sample Normality Test Results

		Unstandardized Residual
N		171
Normal Parameters	Mean	0.000
	Std. Deviation	0,321
Most Extreme Differences	Absolute	0,064
	Positive	0,064
	Negative	-0,039
Test Statistic		0,064
Asymp. Sig. (2-tailed)		0,083

Based on the table above, the Asymp value. Sig. (2-tailed) exceeded 0.05 which is 0.083, which indicates that in this study the data used has been distributed normally.

Autocorrelation Test

Table 2. Durbin-Watson Autocorrelation Test Results

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,277	0,077	0,031	0,32895	1,820

Based on the table above, the Durbin-Watson value is 1,820. This value is located between the DU value of 1.786 and the 4-DU value of 2.214 which indicates that there is no autocorrelation problem.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Type	Collinearity Statistics	
	Tolerance	VIF
CSR Score	0,198	5,060
ESG Score	0,208	4,812
Green Accounting	0,830	1,205
ROA	0,982	1,018
SIZE	0,740	1,352
AGE	0,811	1,233
DER	0,962	1,040
CR	0,923	1,084

Based on the table above, the Tolerance value of all variables in the study >0.10. Then all variables also have a VIF value of <10.00. Both of these indicate that there is no problem of multicollinearity in the data used in the study.

Heteroscedasticity Test

Table 4. Spearmans Rho Heteroscedasticity Test Results

			Unstandardized Residual
Spearman's Rho	CSR	Correlation Coefficient	0,018
		Sig. (2-tailed)	0,814
		N	171
	ESG	Correlation Coefficient	0,010
		Sig. (2-tailed)	0,900
		N	171
	GA	Correlation Coefficient	0,031
		Sig. (2-tailed)	0,689
		N	171

	ROA	Correlation Coefficient	0,095
		Sig. (2-tailed)	0,215
		N	171
	SIZE	Correlation Coefficient	-0,026
		Sig. (2-tailed)	0,740
		N	171
	AGE	Correlation Coefficient	0,007
		Sig. (2-tailed)	0,931
		N	171
	DER	Correlation Coefficient	0,103
		Sig. (2-tailed)	0,178
		N	171
	CR	Correlation Coefficient	-0,086
		Sig. (2-tailed)	0,262
		N	171

Based on table 4.5 above, the Asymp value. Sig (2-tailed) of all variables had a value of >0.05 which indicates the absence of heterokedagility problems in the data used in the study.

Multiple Linear Regression Test

Table 5. Multiple Linear Regression Test Results

Type	Unstandarduzed Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,318	0,432		3,050	0,003
CSR	0,858	0,344	0,424	2,498	0,014
ESG	-0,631	0,318	-0,329	-1,986	0,047
GA	0,013	0,018	0,059	0,718	0,474
ROA	-0,001	0,003	-0,030	-0,400	0,690
SIZE	-0,008	0,016	-0,044	-0,500	0,618
AGE	-0,005	0,002	-0,194	-2,320	0,022
DER	-0,003	0,006	-0,042	-0,542	0,589
CR	0,0004	0,001	0,047	0,596	0,552

In this study, a test was carried out with a multiple linear regression model on the independent variables of Corporate Social Responsibility (CSR), Environmental, Social, and Governance (ESG), and the Application of Green Accounting to the dependent variables of company value (Tobin's Q). With ROA, Company Size, Company Age, DER, and CR. The following is the calculation of multiple linear regression in this study: Y=1.318 - 0.631X1 + 0.858X2 + 0.013X3 - 0.001X4 - 0.008X5 - 0.005X6 -0.003X7 + 0.0004X8 + e

Statistical Test Results t

Table 6. t-test Result

Type	Unstandarduzed Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,318	0,432		3,050	0,003
CSR	0,858	0,344	0,424	2,498	0,014
ESG	-0,631	0,318	-0,329	-1,986	0,047
GA	0,013	0,018	0,059	0,718	0,474
ROA	-0,001	0,003	-0,030	-0,400	0,690
SIZE	-0,008	0,016	-0,044	-0,500	0,618
AGE	-0,005	0,002	-0,194	-2,320	0,022
DER	-0,003	0,006	-0,042	-0,542	0,589
CR	0,0004	0,001	0,047	0,596	0,552

From the table, it can be seen that if the first criterion is used, namely the significance value of < 0.05, then the significance values of the CSR Score and ESG Score variables show that CSR Score and ESG Score partially affect Tobin's Q, with a significant value for the CSR Score variable of 0.014 and the ESG Score variable of 0.047. Meanwhile, the variable of the Implementation of Green Accounting does not meet these criteria with a significant value of 0.474.

Determination Coefficient Test (R2)

Table 7. Determination Coefficient Test Results (R2)

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,277	0,077	0,031	0,32895

Based on the table above, it is known that the Adjusted *R Square value* is 0.031, so it can be known the magnitude of the influence of the independent variable on the dependent variable, which is 3.1%.

5. Discussion

The Effect *of Corporate Social Responsibility* on Corporate Value

The results of the test stated that Corporate Social Responsibility had a positive effect on the value of manufacturing companies that were proxied with Tobin's Q. That is, an increase in the value of a company's CSR Score would cause an increase in the value of companies proxied with Tobin's Q. The results of this study supported the signal theory. Signal theory explains that success and failure signals are communicated to owners, if the company anticipates rapid growth, managers will try to give positive signals to investors in the form of clear, accountable, and transparent information, including information on the success of CSR implementation in the company.

A good CSR Score indicates the success of the company in implementing its social responsibility programs to the community. To implement a good CSR program, more operational cost allocation is needed from the company. A good CSR score from a company means that the company has good and excess total assets, so that it succeeds in fulfilling the company's operations properly and optimally.

When the company continues to increase the disclosure of CSR activities, it will get a positive response from the public. The positive image that the company has due to the social responsibility that has been carried out is a success of the company in establishing good relations with external parties so that the company avoids unwanted events such as boycotts and protests from business activities. The increasing positive response received from the public makes investors more interested in investing in companies that have a positive image from the community that will increase the value of the company (Flammer, 2013). The results of this study are in line with previous studies such as the research of P. Y. Sari & Priantinah, 2018 and Singh et al., 2020.

The Influence of *Environmental, Social, and Governance* on Company Value

The test results stated that Environmental, Social, and Governance had a negative effect on the value of manufacturing companies that were proxied with Tobin's Q. This means that an increase in the value of a company's ESG Score would cause a decrease in the value of companies proxied with Tobin's Q. The results of this study were due to the fact that at the beginning of the implementation of ESG principles, companies would spend large resources or operational funds. The allocation of funds will have an impact on the company's total assets that will be sacrificed first in the present to gain the trust of investors, and maintain the company's value in the future (Future).

The results of the research are in accordance with the concept of sustainability. Sustainability explains that companies strive to prioritize social responses to environmental and economic issues that meet the needs of the present and future generations (Meadows, 1972). Applying ESG principles to companies is a business and investment strategy that can improve business practices in companies by balancing the needs of current and future stakeholders.

The results of this study are inversely proportional to previous research which stated that ESG has a positive effect on company value, such as the research of Wong et al., 2020; Dincă et al., 2022; and Zhang et al., 2020. Where these studies are carried out in developed countries. However, this research is in line with research by Behl et al. (2022) and Jeanice & Kim (2023) who also carried out research in developing countries, namely India and Indonesia. In developing countries, it takes longer to create intangible resources such as corporate culture and reputation in the market due to greater instability in political and institutional systems, regulations, norms regarding carbon emissions, environmental hazards, pollution, various other social issues related to wages, and other aspects (Odell & Ali, 2016). In contrast to developed countries that have already implemented ESG principles and have been in the settlement phase to enjoy the impact of increasing company value due to investment in ESG implementation in the past.

Investing in ESG practices is highly beneficial for companies, especially in value creation through increased sales, reduced costs, fewer regulatory and legal interventions, increased productivity, and increased market capitalization (KPMG report, 2018). However, there is no consistency in the results of ESG creation because the literature shows that the impact is very dynamic between countries, industries, and business models (KPMG report, 2018).

The Effect of the Implementation of *Green Accounting* on Company Value

The test results state that the application of Green Accounting has no effect on the value of manufacturing companies proposed with Tobin's Q. That is, the high or low score of the implementation of green accounting does not affect the value of the company or in other words, the value of the company cannot be affected by the application of green accounting. This result is due to the fact that in this study, the application of green accounting is proxied with the PROPER index score. Meanwhile, it turns out that the PROPER index assessment conducted by the Ministry of Environment and Forestry, not all manufacturing sector companies are registered in the assessment category.

In this study, 171 amounts of data were used, where it turned out that for the variable of the implementation of green accounting with the PROPER index proxy, there were 83 data or 49% of the total number of company data that were not registered in the PROPER assessment category. The amount of data of unregistered companies is relatively large, causing insignificant influence results. The large number of companies that are not listed in the PROPER index assessment category is due to the fact that the regulations and recommendations for the assessment are still voluntary. This low level of participation also illustrates the lack of awareness of environmental and sustainability issues from companies in developing countries, including Indonesia.

Focusing on the environment alone for now is not able to increase the views of potential investors which will then result in an increase in the company's value. This can also be due to the fact that the research period covers the pandemic period, where during this period, investors are more likely to see how the company's ability to deal with the impact of the pandemic and post-Covid-19 pandemic (Ekawati, 2023). Although the results of the company's PROPER Index assessment remain good and stable, this is not the main highlight for investors, because investors will judge a company more from several factors that are considered more capable of promoting the company's welfare than the company's participation in maintaining its environmental performance during the pandemic (Ekawati, 2023). The results of this study are in line with several previous studies such as studies conducted by Sapulette & Limba (2021), Sugiyarti et al. (2023), and Sawitri & Setiawan (2017).

6. Conclusions

Based on the results of the tests and discussions that have been carried out in the study, the following conclusions are obtained:

1. *Corporate Social Responsibility* (CSR) has a positive effect on the company's value in manufacturing sector companies in Indonesia. This happens because to implement a good CSR program, more operational cost allocation is needed from the company. A good CSR *score* from a company means that the company has good and excess total assets, so that it succeeds in fulfilling the company's operations properly and optimally.
2. *Environmental, Social, and Governance* (ESG) has a negative effect on the value of companies in the manufacturing sector in Indonesia. This is because companies in Indonesia are still in the early stages of implementing ESG principles, where companies will pour large resources or operational funds. The allocation of funds will have an impact on the company's total assets that will be sacrificed first in the present to gain the trust of investors, and maintain the company's value in the future (*Future*).

The application of Green Accounting has no effect on the value of companies in the manufacturing sector in Indonesia. This is because as many as 49% of the company's data in this study has not been registered in the PROPER assessment category which proxies the variables of green *accounting implementation*

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