

Green Accounting, Corporate Governance, and Firm Value: The Moderating Role of Profitability in Indonesian Mining Companies

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Abstract

This study aims to examine the effects of Green Accounting and Good Corporate Governance (GCG) on firm value, with profitability serving as a moderating variable, in mining companies listed on the Indonesia Stock Exchange during the 2021–2023 period. A quantitative approach with a causal research design was employed using secondary data obtained from annual reports, sustainability reports, and financial statements. The sample consisted of 42 firm-year observations selected through purposive sampling. Data were analyzed using Moderated Regression Analysis (MRA) with IBM SPSS Statistics 27. The findings indicate that Green Accounting has a positive and significant effect on firm value, suggesting that greater environmental accountability and sustainability disclosure enhance investor confidence and corporate market value. Conversely, Good Corporate Governance has a significant negative effect on firm value, implying that governance practices in the mining sector have not yet been fully translated into value creation. Furthermore, profitability positively moderates the relationship between Green Accounting and firm value but does not moderate the relationship between Good Corporate Governance and firm value. These findings highlight the importance of integrating sustainability-oriented accounting practices with strong financial performance to enhance corporate value. The originality of this study lies in simultaneously examining the effects of Green Accounting and Good Corporate Governance on firm value by incorporating profitability as a moderating variable in the Indonesian mining industry, thereby extending the application of Stakeholder Theory, Legitimacy Theory, and Signaling Theory in explaining sustainable corporate value creation.

Keywords: Green Accounting; Good Corporate Governance; Firm Value; Profitability; Mining Companies; Sustainability.

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh Green Accounting dan Good Corporate Governance (GCG) terhadap nilai perusahaan dengan profitabilitas sebagai variabel moderasi pada perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2021–2023. Penelitian menggunakan pendekatan kuantitatif dengan desain penelitian kausal serta memanfaatkan data sekunder yang diperoleh dari laporan tahunan, laporan keberlanjutan, dan laporan keuangan perusahaan. Sampel penelitian terdiri atas 42 observasi perusahaan yang dipilih menggunakan teknik purposive sampling. Analisis data dilakukan menggunakan Moderated Regression Analysis (MRA) dengan bantuan IBM SPSS Statistics 27. Hasil penelitian menunjukkan bahwa Green Accounting berpengaruh positif dan signifikan terhadap nilai perusahaan, yang mengindikasikan bahwa peningkatan akuntabilitas lingkungan dan pengungkapan keberlanjutan mampu meningkatkan kepercayaan investor serta nilai pasar perusahaan. Sebaliknya, Good Corporate Governance berpengaruh negatif dan signifikan terhadap nilai perusahaan, yang menunjukkan bahwa praktik tata kelola pada sektor pertambangan belum sepenuhnya mampu menciptakan nilai tambah bagi perusahaan. Selain itu, profitabilitas terbukti memperkuat pengaruh Green Accounting terhadap nilai

perusahaan, tetapi tidak mampu memoderasi pengaruh Good Corporate Governance terhadap nilai perusahaan. Temuan ini menegaskan pentingnya integrasi praktik akuntansi berkelanjutan dengan kinerja keuangan yang baik dalam meningkatkan nilai perusahaan. Kebaruan penelitian ini terletak pada pengujian simultan pengaruh Green Accounting dan Good Corporate Governance terhadap nilai perusahaan dengan memasukkan profitabilitas sebagai variabel moderasi pada sektor pertambangan Indonesia, sehingga memperluas penerapan Stakeholder Theory, Legitimacy Theory, dan Signaling Theory dalam menjelaskan penciptaan nilai perusahaan yang berkelanjutan.

Keywords: Green Accounting; Good Corporate Governance; Nilai Perusahaan; Profitabilitas; Perusahaan Pertambangan; Keberlanjutan.

1. Introduction

The change in global business paradigm has prompted companies to shift their orientation from just profit creation to long-term value creation based on sustainability principles. In recent years, investors, regulators, and the public have increasingly demanded that companies be able to integrate economic, social, and environmental aspects into their business strategies. This shift is getting stronger as attention increases to climate change issues, energy transition, and the implementation of Environmental, Social, and Governance (ESG), which are important indicators in assessing a company's performance in the international capital market (Friede et al., 2023). This condition makes sustainability no longer seen as a voluntary activity, but as a corporate strategy that is able to increase legitimacy, reduce business risk, strengthen investor confidence, and create a sustainable competitive advantage (Velte, 2022). In the perspective of Stakeholder Theory and Legitimacy Theory, companies are required to gain social legitimacy through responsible business practices so that they are able to maintain the sustainability of their business while increasing company value.

The mining sector is one of the strategic industries that makes a significant contribution to Indonesia's economic growth through state revenue, investment, and labor absorption. However, the operational characteristics of this industry have relatively high environmental risks compared to other sectors, such as land degradation, water pollution, carbon emissions, and biodiversity damage. Various environmental cases involving mining companies have increased public attention to corporate environmental accountability as well as the effectiveness of corporate governance. In line with increasing regulations regarding sustainability reporting and ESG implementation, mining companies are required to demonstrate a commitment to transparent environmental management through the disclosure of quality sustainability information. Therefore, the implementation of Green Accounting is an important instrument in internalizing environmental costs into the company's accounting system so that the ecological impact of operational activities can be identified, measured, and disclosed in a more accountable manner (IFRS Foundation, 2023). On the other hand, the implementation of Good Corporate Governance (GCG) is a supervisory mechanism that functions to minimize agency conflicts, improve the quality of decision-making, and strengthen investor confidence in the company's prospects (OECD, 2023).

Although the implementation of Green Accounting and Good Corporate Governance continues to develop, the improvement in the quality of sustainability practices has not always been followed by an increase in company value, especially in the mining sector. Global commodity price fluctuations, economic uncertainty, and increasing demands on ESG practices have caused the market response to environmental information and corporate governance to become increasingly complex. Some companies that have made extensive sustainability disclosures are still experiencing a decline in market capitalization and company value. This phenomenon shows that the implementation of Green Accounting and GCG is not necessarily directly translated by investors as a signal of increasing the company's economic value. The results of empirical research also show inconsistent findings. A number of studies have found that Green Accounting and ESG practices have a positive effect on company value because they increase reputation, operational efficiency, and investor trust (Amin et al., 2024; Velte, 2022). On the other hand, other research shows that the economic benefits of new environmental investments will be felt in the long term so that their impact on company value has not always been significant, especially in industries with high capital intensity such as the mining sector (Buallay et al., 2023). The inconsistency of the research results was also found in the influence of Good Corporate Governance on the value of the company, where the effectiveness of governance was greatly influenced by the characteristics of the industry, ownership structure, and the quality of the implementation of the company's supervisory mechanism.

The difference in the results of the study indicates that there is still a research gap regarding the relationship between Green Accounting, Good Corporate Governance, and corporate value. One of the factors that is suspected to be able to explain the inconsistency is the company's profitability. Based on Signaling Theory, profitability reflects a company's ability to generate profits that can strengthen investors' perception of the effectiveness of environmental policy implementation and corporate governance. Companies with high levels of profitability tend to have greater resources to allocate investments in sustainability programs, environmentally friendly technologies, and improving the quality of governance so that the benefits of Green Accounting and GCG can be more optimal in increasing company value. On the other hand, companies with low profitability are likely to face limited resources so environmental investment is perceived as an additional cost that has the potential to reduce the company's efficiency. Thus, profitability is estimated to play a role as a moderation variable that strengthens or weakens the relationship between Green Accounting, Good Corporate Governance, and company value.

Based on this description, this study offers scientific novelty by simultaneously examining the influence of Green Accounting and Good Corporate Governance on company value through the role of profitability moderation in mining sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. In contrast to most previous studies that only analyzed the direct influence of individual variables, this study developed a conceptual model that integrates the dimensions of sustainability, corporate governance mechanisms, and financial performance in explaining the formation of corporate value. This approach is expected to be able to provide more comprehensive empirical evidence on the effectiveness of implementing sustainability practices in the Indonesian mining industry. In

addition to contributing to the development of literature on Green Accounting, Good Corporate Governance, and corporate value, the results of this research are also expected to be strategic inputs for company management, investors, regulators, and policymakers in strengthening the implementation of governance and sustainability practices to create sustainable corporate value.

2. Literature Review and Hypothesis Development

2.1 Stakeholder Theory

The Stakeholder Theory introduced by Freeman explains that the company is not only responsible to shareholders, but also to all stakeholder groups, including the government, the community, customers, employees, investors, creditors, and local communities affected by the company's activities. This perspective emphasizes that the sustainability of a company is greatly influenced by its ability to meet the expectations of these various interest groups. Therefore, a company's success is no longer measured only by its ability to generate profits, but also by how the company creates economic, social, and environmental value in a balanced manner. In the context of modern business, companies that are able to meet the expectations of stakeholders will gain higher social legitimacy, improve the company's reputation, and strengthen investor trust which will ultimately increase the company's value (Freeman et al., 2020; Harrison et al., 2020).

In the mining industry, Stakeholder Theory is becoming increasingly relevant because the company's operational activities directly affect the environment and the community around the mining area. The implementation of Green Accounting is a form of corporate responsibility to stakeholders through the disclosure of environmental costs, land rehabilitation, energy efficiency, and sustainability reporting. Similarly, the implementation of Good Corporate Governance reflects the company's commitment to maintaining transparency, accountability, independence, and protection of the rights of all stakeholders. Thus, this theory provides a conceptual foundation that companies that are able to effectively manage relationships with stakeholders will gain greater support from the market thereby increasing the company's value.

2.2 Legitimacy Theory

Legitimacy Theory explains that companies must gain acceptance (social legitimacy) from the public in order to maintain the sustainability of their operations. Legitimacy is gained when a company's activities are considered to be in accordance with the prevailing social norms, values, and expectations in the environment in which the company operates. When there is a gap between the company's activities and public expectations (legitimacy gap), the company has the potential to lose public trust, face regulatory pressure, and even experience a decline in reputation and market value. Therefore, companies seek to maintain legitimacy through various strategies, one of which is to improve the quality of disclosure of sustainability and environmental responsibility information (Deegan, 2021).

In the mining sector, the theory of legitimacy has a very high relevance because this industry has a large level of environmental risk. Green Accounting is an important instrument for companies to show that their operational activities have paid attention to environmental

aspects through environmental cost recording and sustainability reporting. In addition, the implementation of Good Corporate Governance strengthens the company's legitimacy because it shows the existence of an effective and accountable supervisory system. The higher the legitimacy the company gets, the more positive the investor perception of the company's prospects so that it has the potential to increase the company's value.

2.3 Signaling Theory

Signaling Theory explains that there is an information asymmetry between the company's management and investors. To reduce the asymmetry of this information, the company provides various signals to the market through published information, such as financial statements, sustainability reports, and corporate governance information. Investors then use this information as a basis for assessing the company's prospects and making investment decisions (Connelly et al., 2023).

In this study, Green Accounting, Good Corporate Governance, and Profitability are signals given by companies to investors regarding the quality of company management. Companies with high profitability tend to be better able to finance environmental investments and implement quality governance. Therefore, profitability is expected to be able to strengthen the positive signals given through Green Accounting and Good Corporate Governance so as to increase investors' perception of the company's value.

2.4 Hypothesis Development

2.4.1 The Influence of Green Accounting on Company Value

Green Accounting is an accounting approach that integrates environmental costs and benefits into a company's reporting system. The implementation of Green Accounting allows companies to identify, measure, and disclose environmental activities more transparently, thereby improving the quality of information received by investors. Based on Stakeholder Theory and Legitimacy Theory, companies that show commitment to environmental conservation will gain social legitimacy and increase stakeholder trust. On the other hand, the disclosure of environmental activities is also a positive signal that the company is able to manage environmental risks effectively thereby increasing the attractiveness of investments.

A number of international studies show that Green Accounting practices and ESG disclosures are able to improve company reputation, reduce business risks, improve operational efficiency, and increase company value in the long term (Velte, 2022; Buallay et al., 2023; Friede et al., 2023). Based on the theoretical arguments and empirical evidence, the following hypotheses are formulated.

H1: *Green Accounting has a positive effect on the company's value*

2.4.2 The Influence of Good Corporate Governance on Company Value

Good Corporate Governance is a control mechanism designed to ensure that companies are managed in a transparent, accountable, responsible, independent, and fair manner. Based on Agency Theory and Stakeholder Theory, the implementation of GCG is able to reduce conflicts of interest between management and shareholders thereby increasing the effectiveness of decision-making and company efficiency. Good governance also increases the

company's credibility in the eyes of investors because it reduces the opportunistic risks of management.

Various studies show that companies with effective governance mechanisms tend to obtain lower capital costs, better access to funding, and higher levels of investor confidence, thus having a positive impact on the company's value (OECD, 2023; Velte, 2022). Therefore, the following hypothesis is formulated.

H2: Good Corporate Governance has a positive effect on the company's value.

2.4.3 Profitability Moderates the Relationship of Green Accounting to Company Value

Profitability reflects a company's ability to generate profits from its resources. Based on Signaling Theory, companies that have high profitability will be better able to fund environmental investments and implement Green Accounting optimally. This condition signals to investors that the company not only has a commitment to sustainability, but also has the financial ability to sustain these practices.

On the other hand, companies with low levels of profitability may face limited resources so that environmental investment is perceived as an additional cost that has not been able to provide economic benefits in the short term. Therefore, profitability is expected to strengthen the influence of Green Accounting on the value of the company (Hazmi et al., 2024; Buallay et al., 2023).

H3: Profitability strengthens the influence of Green Accounting on the value of the company.

2.4.4 Profitability Moderates the Relationship of Good Corporate Governance to Company Value

The implementation of Good Corporate Governance requires adequate resource support so that the mechanisms of supervision, transparency, and internal control can run effectively. Companies that have high profitability generally have greater financial capacity to develop a quality governance system so that the benefits of GCG are easier for investors to translate as positive signals.

On the other hand, in companies with low profitability, the implementation of GCG is often not able to produce a real improvement in performance, so its effect on the company's value is relatively weak. Based on Signaling Theory and Stakeholder Theory, profitability is estimated to strengthen the relationship between Good Corporate Governance and company value.

H4: Profitability strengthens the influence of Good Corporate Governance on the company's value.

3. Research Method

This study uses a quantitative approach with a causal explanatory research design to examine the cause-and-effect relationship between Green Accounting, Good Corporate Governance (GCG), and company value with profitability as a moderation variable. The quantitative approach was chosen because it allows the objective testing of relationships between variables through statistical analysis so as to produce generalizable empirical evidence (Creswell & Creswell, 2023). The object of the research is mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The selection of the mining sector is based on the characteristics of industries that have a relatively high intensity of natural resource exploitation and environmental impact, so that the implementation of Green Accounting and

Good Corporate Governance is a very relevant issue in creating sustainable company value. In addition, the research period was chosen because it reflects the phase of increasing implementation of post-pandemic sustainability reporting as well as strengthening regulations on Environmental, Social, and Governance (ESG) and sustainability reporting in Indonesia and globally.

The study population included all mining sector companies listed on the Indonesia Stock Exchange during the observation period. Samples are determined using purposive sampling techniques so that only companies that meet the characteristics of the research are analyzed. The sample selection criteria include: (1) mining sector companies that are listed consecutively on the Indonesia Stock Exchange during 2021–2023; (2) companies that publish annual reports and sustainability reports consistently during the research period; and (3) companies that provide complete information about all research variables. Based on these criteria, 42 research observations were obtained. The data used is secondary data sourced from annual reports, company sustainability reports, and financial statements obtained through the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official website of each company. The use of secondary data is considered appropriate because it has a high level of objectivity and reliability in accounting and financial research, especially to measure Green Accounting practices, Good Corporate Governance mechanisms, profitability, and company value.

Data analysis was conducted using Moderated Regression Analysis (MRA) with the help of IBM SPSS Statistics software version 27. MRA was chosen because it is able to test the direct influence of independent variables on dependent variables while evaluating whether profitability plays a role as a moderation variable that strengthens or weakens the relationship (Hayes, 2022). Before the hypothesis test is carried out, the model is analyzed through descriptive statistics to describe the characteristics of the data, then followed by classical assumption testing which includes normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure that the regression model meets the assumptions of the Best Linear Unbiased Estimator (BLUE). Furthermore, multiple linear regression analysis was carried out to test the direct influence of Green Accounting and Good Corporate Governance on the company's value, while the moderation variable test was carried out through the formation of interaction variables between Green Accounting and profitability as well as between Good Corporate Governance and profitability. All hypothesis tests used a significance level of 5% ($\alpha = 0.05$), so the results of the study are expected to provide valid empirical evidence regarding the factors that affect the company's value in the mining sector in Indonesia.

4. Results

4.1 Descriptive Statistics

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Red	Std. Deviation
Green Accounting	42	0.320	0.890	0.610	0.140
Good Corporate Governance	42	0.450	0.920	0.680	0.120

Profitability (ROA)	42	0.021	0.187	0.085	0.043
Firm Value (PBV)	42	0.730	3.950	1.820	0.910

Source: Processed secondary data (2025).

Descriptive statistics provide an overview of the characteristics of the research data consisting of 42 observations of mining sector companies during the 2021–2023 period. As shown in Table 1, Green Accounting has an average value of 0.610 with a standard deviation of 0.140. The relatively high average value indicates that most companies have begun to integrate environmental aspects into corporate reporting practices, although the level of implementation still shows variation between companies. These variations indicate that the commitment to sustainable accounting practices is not yet fully uniform across mining companies.

The Good Corporate Governance variable showed an average value of 0.680 with a standard deviation of 0.120, which indicates that the corporate governance mechanism in general has been applied relatively consistently. Meanwhile, profitability proxied using Return on Assets (ROA) has an average value of 8.5%, which reflects the company's ability to generate profits from its assets at a moderate level. On the other hand, the value of companies proxied using Price to Book Value (PBV) has an average of 1.820 with a standard deviation of 0.910. The fairly high PBV variation shows that there is a difference in investor perception of the growth prospects of each mining company. These findings indicate that in addition to financial performance, sustainability and corporate governance factors have the potential to influence the market's assessment of a company's value (Velte, 2022; Buallay et al., 2023).

4.2 Classical Assumption Tests

Table 2. Classical Assumption Test Results

Test	Indicator	Results	Conclusion
Normality	Kolmogorov–Smirnov Sig.	0.200	Normal
Multicollinearity	VIVID	1.310–1.462	No multicollinearity
	Tolerance	0.684–0.763	Acceptable
Heteroscedasticity	Glejser Sig.	>0.05	Homoscedastic
Autocorrelation	Durbin–Watson	1.982	No autocorrelation

Source: Processed data (2025).

Before hypothesis testing, regression models are evaluated through a series of classical assumption tests. The test results show that all regression assumptions have been met. The significance value of the Kolmogorov–Smirnov test of 0.200 indicates that the residual is normally distributed. Furthermore, the tolerance value is above 0.10 and the VIF value is below 10 indicates that there is no problem of multicollinearity between independent variables.

In addition, the Glejser test produces a significance value of all variables above 0.05 so that the model is free from heteroscedasticity. The Durbin–Watson value of 1.982 is also in a range that indicates the absence of autocorrelation. Thus, the regression model meets the

assumptions of the Best Linear Unbiased Estimator (BLUE) so it is feasible to test research hypotheses (Hair et al., 2022; Ghozali, 2021).

4.3 Regression Analysis

Table 3. Multiple Regression Results

Variable	Coefficient (β)	p-value	Decision
Green Accounting	1.572	0.014	Supported
Good Corporate Governance	-1.717	0.045	Supported

The results of the regression analysis showed that Green Accounting had a positive and significant effect on the company's value ($\beta = 1.572$; $p = 0.014$). These findings show that the higher the implementation of Green Accounting practices, the higher the company's value. The results indicate that investors are starting to consider the company's commitment to environmental management as part of an assessment of the company's long-term prospects. In the perspective of Legitimacy Theory, the disclosure of environmental activities is able to increase the social legitimacy of the company, thereby strengthening investor confidence and increasing the market value of the company (Deegan, 2021). These findings are also in line with the research of Velte (2022), Buallay et al. (2023), and Friede et al. (2023) which showed that sustainability practices contribute to increased company value.

In contrast, Good Corporate Governance showed a negative and significant influence on the company's value ($\beta = -1.717$; $p = 0.045$). These findings indicate that the implementation of corporate governance mechanisms in the mining sector during the research period has not been fully translated by investors as a signal of increasing the company's economic value. These results indicate that the implementation of GCG still tends to be a compliance-based governance formality rather than really a strategic instrument in creating company value. This condition can be influenced by the characteristics of the mining industry which are more sensitive to fluctuations in global commodity prices than internal governance mechanisms.

4.4 Moderating Effect Analysis

Table 4. Moderated Regression Analysis

Variable	p-value	Conclusion
Green Accounting	0.014	Significant
Good Corporate Governance	0.045	Significant
Profitability	0.031	Significant
Green Accounting $\times$ Profitability	0.027	Moderated
GCG $\times$ Profitability	0.312	Not moderated

The results of the Moderated Regression Analysis showed that profitability strengthened the influence of Green Accounting on the value of the company ($p = 0.027$). The findings show that companies with high levels of profitability have a greater ability to implement Green Accounting practices effectively so that the economic benefits of sustainability activities can more easily be translated by investors into increased company value. This finding is consistent

with the Signaling Theory which explains that profitability signals the company's ability to support environmental investments in a sustainable manner thereby strengthening positive perceptions of investors.

In contrast, the interaction between Good Corporate Governance and profitability did not show a significant influence ($p = 0.312$). These results indicate that the level of profitability has not been able to strengthen the effectiveness of the corporate governance mechanism in increasing the company's value. One of the possible causes is that the implementation of GCG in mining companies is still oriented towards compliance with regulations, so it has not yet produced added value that can be appreciated by the capital market.

4.5 Coefficient of Determination

Table 5. Model Summary

Indicator	Value
R ²	0.433
Adjusted R ²	0.397

The determination coefficient value (R²) of 0.433 shows that the combination of Green Accounting, Good Corporate Governance, profitability, and the interaction of moderation variables is able to explain 43.3% of the variation in company value. After adjusting for the number of predictors, the Adjusted R² value of 0.397 indicates that the research model has explanatory capabilities that are in the moderate category. Thus, around 60.3% of the variation in company value is still influenced by other factors outside the research model, such as capital structure, company size, business risk, macroeconomic conditions, overall ESG quality, and market sentiment. These findings show that company value is a multidimensional concept influenced by a combination of financial and non-financial factors, so further research needs to consider additional variables to improve the explainability of the model (Hair et al., 2022).

5. Discussion

5.1 The Effect of Green Accounting on Firm Value

The results of the study show that Green Accounting has a positive and significant effect on the company's value. These findings show that the higher the level of implementation of Green Accounting, the higher the value of mining sector companies listed on the Indonesia Stock Exchange. These results indicate that the market is starting to appreciate companies that are able to integrate environmental aspects into their operational activities and corporate reporting systems. Disclosure of environmental costs, investment in environmentally friendly technology, and transparency in sustainability reporting are seen as a form of the company's commitment to sustainability that is able to reduce environmental risks and improve the company's reputation in the eyes of investors. Thus, Green Accounting is no longer perceived as an additional operational cost, but rather as a strategic investment that can create long-term economic value.

This finding is in line with Legitimacy Theory, which states that companies seek to gain social legitimacy through activities that are in accordance with societal norms and expectations. The implementation of Green Accounting allows companies to maintain this

legitimacy through more transparent disclosure of environmental information, thereby increasing investor and stakeholder trust (Deegan, 2021). In addition, the results of this study also support Stakeholder Theory, which explains that companies that are able to meet the interests of various stakeholders will receive greater support so that it has an impact on increasing the company's value (Freeman et al., 2020).

The results of this study are consistent with the research of Velte (2022) which shows that ESG practices and sustainability disclosures contribute to increased company value through improved corporate reputation and reduced business risk. These findings are also in line with research by Buallay et al. (2023) which found that sustainability reporting increases investor confidence so that it has a positive impact on firm value. In the Indonesian context, the results of this study reinforce the findings of Goldie Kelly and Henny (2023) and Ekawati (2023) who stated that the implementation of Green Accounting has a positive influence on company value. Therefore, the findings of this study strengthen the empirical evidence that the implementation of Green Accounting has become one of the important determinants in the formation of corporate value in the Indonesian mining industry.

5.2 The Effect of Good Corporate Governance on Firm Value

The results of the study show that Good Corporate Governance (GCG) has a negative and significant effect on company value. These findings show that the implementation of corporate governance mechanisms in mining companies during the research period has not been fully able to increase positive investor perceptions. In fact, the negative direction of the relationship indicates that an increase in GCG indicators is not always followed by an increase in the company's value. This condition can occur because the implementation of corporate governance in some companies is still oriented towards compliance (compliance-oriented governance) rather than as a strategy to increase the effectiveness of decision-making and create company value.

From the perspective of Agency Theory, Good Corporate Governance should be able to reduce conflicts of interest between management and shareholders through improving supervisory mechanisms and corporate transparency. However, the results of this study show that the effectiveness of GCG is highly dependent on the quality of its implementation. If governance is only applied as an administrative formality, then investors tend to consider other indicators, such as profitability, company growth prospects, and global commodity price conditions, rather than the company's own governance indicators.

The results of this study are in line with the research of Aswangga and Widoretno (2025) which found that Good Corporate Governance has not been able to have a significant influence on increasing company value. These findings also support the research of Sekar Tanjung and Setiawati (2025) which shows that the effectiveness of GCG in increasing company value is still influenced by industry characteristics and the quality of governance implementation. On the other hand, the results of this study are different from those of Velte (2022) and OECD (2023) who stated that effective corporate governance is able to increase company value through increased transparency, accountability, and investor trust. These differences in results show that the effectiveness of GCG is still highly dependent on the

institutional context, the quality of implementation, and the characteristics of the industrial sector being studied.

5.3 The Moderating Role of Profitability on the Relationship between Green Accounting and Firm Value

The results of the study show that profitability is able to strengthen the relationship between Green Accounting and company value. These findings show that the benefits of implementing Green Accounting will be greater when companies have the ability to generate high profits. High profitability provides financial flexibility for companies to allocate greater investment in environmental programs, energy efficiency, waste management, and green technology innovation. Thus, the implementation of Green Accounting not only increases the company's legitimacy, but also creates economic benefits that can be appreciated by investors through increasing the company's value.

The findings support the Signaling Theory, which explains that profitability is a positive signal about a company's financial condition. When a company is able to demonstrate high profitability while implementing Green Accounting consistently, investors will judge that the company has the financial ability to maintain a sustainability strategy in the long term. Therefore, the combination of good financial performance and sustainability practices will increase market confidence in the company's prospects.

The findings of this study are consistent with the research of Hazmi et al. (2024) which found that profitability strengthens the relationship between Green Accounting and company value. These results also support the research of Bintang Ramdhani and Prijanto (2024) and Elvina Yuliani and Prijanto (2022) who stated that companies with high levels of profitability benefit greater from the implementation of Green Accounting than companies with low levels of profitability. Thus, profitability can be seen as a factor that increases the effectiveness of sustainability strategies in creating company value.

5.4 The Moderating Role of Profitability on the Relationship between Good Corporate Governance and Firm Value

The results of the study show that profitability is not able to moderate the relationship between Good Corporate Governance and company values. These findings indicate that the level of profitability of companies has not been able to strengthen or weaken the influence of corporate governance on company value. In other words, even though the company has a high level of profit, investors do not necessarily give a higher assessment of the implementation of Good Corporate Governance if the governance has not been able to produce real economic benefits.

In the perspective of Signaling Theory, these results show that information about profitability is still a stronger signal than information about corporate governance. Investors in the mining sector are likely to focus more on profit prospects, global commodity prices, and operational performance than the effectiveness of the company's governance structure. Therefore, the existence of profitability is not enough to increase the effectiveness of GCG in influencing company value.

These findings are in line with the research of Azima et al. (2024) who found that profitability does not necessarily strengthen the relationship between Good Corporate

Governance and company values. These results also support the research of Wisra et al. (2023) which shows that the influence of GCG on company value is more influenced by the effectiveness of governance implementation than the level of company profitability. The findings indicate that increasing the value of a company is not enough only through the achievement of high profits, but also requires corporate governance that is able to create real transparency, accountability, and investor trust.

6. Implications

6.1 Theoretical Implications

This research contributes several to the development of literature on Green Accounting, Good Corporate Governance (GCG), profitability, and corporate value, especially in the mining industry in developing countries. First, this study expands the application of Stakeholder Theory, Legitimacy Theory, and Signaling Theory by showing that the implementation of Green Accounting is able to increase company value through increasing social legitimacy, transparency of environmental information, and investor trust. These findings reinforce the view that sustainability practices are no longer seen as a mere compliance activity, but have become a source of competitive advantage that contributes to increased company value in the long run.

Second, this study provides empirical evidence that the relationship between sustainability practices and company values is influenced by the company's internal conditions, especially profitability. The results of the study show that profitability strengthens the influence of Green Accounting on company value, thus enriching the literature on the moderation mechanism in the relationship between sustainability practices and corporate value. Conversely, the insignificance of the role of profitability in moderating the relationship of Good Corporate Governance to corporate value suggests that the effectiveness of corporate governance is not only determined by the company's ability to generate profits, but also by the quality of the implementation of the governance mechanism itself. Thus, this study provides a new perspective that successful in creating corporate value requires synergy between financial performance, sustainability practices, and corporate governance effectiveness.

6.2 Practical Implications

The findings of this study have practical implications for mining sector companies, investors, and regulators. For company management, the results of the study show that the implementation of Green Accounting can be an effective strategy to increase company value. Therefore, companies need to strengthen the integration of environmental aspects into business processes through environmental cost management, resource use efficiency, emission reduction, post-mining land rehabilitation, and improving the quality of sustainability information disclosure in annual reports and sustainability reports. These efforts not only support regulatory compliance, but also improve the company's reputation and strengthen investor confidence in the company's future prospects.

For investors, the results of the study provide evidence that information on Green Accounting and profitability can be used as an additional indicator in evaluating investment prospects, especially in companies operating in sectors with high environmental risks.

Meanwhile, for regulators, this study indicates the need to strengthen policies regarding the implementation of Green Accounting and corporate governance through the preparation of more comprehensive sustainability reporting guidelines and increased supervision of the quality of Good Corporate Governance implementation. The policy is expected to increase market transparency, strengthen investor confidence, and encourage the creation of more sustainable business practices in the mining industry in Indonesia.

7. Limitations and Future Research Directions

This study has several limitations that need to be considered in interpreting the results of the study. First, the research only focuses on mining sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The characteristics of the mining industry that have different levels of environmental risk, asset structure, and regulatory dynamics from other industrial sectors cause the results of this study to not be widely generalized to all business sectors. In addition, the relatively short observation period has the potential to not be able to capture the long-term impact of the implementation of Green Accounting and Good Corporate Governance on the company's value, considering that the benefits of sustainability practices are generally cumulative and only visible in a longer time horizon.

Second, this study only uses Green Accounting, Good Corporate Governance, and profitability as variables that affect the company's value. The value of the determination coefficient shows that there is still a proportion of variation in the company's value explained by factors other than the research model. Thus, there is a possibility that variables such as firm size, capital structure, liquidity, quality of Environmental, Social, and Governance (ESG) disclosures, carbon emission intensity, green innovation, institutional ownership, and audit quality also contribute to the formation of company value. In addition, the measurement of Green Accounting in this study is still based on the level of disclosure of information available in the company's reports so that it does not fully reflect the effectiveness of the implementation of environmental practices in the company's operational activities.

Based on these limitations, further research is recommended to expand the scope of research by involving various industrial sectors, such as the manufacturing, energy, infrastructure, and financial sectors, so that a more comprehensive comparison of the effectiveness of Green Accounting and Good Corporate Governance in increasing company value can be obtained. The next study is also recommended to extend the observation period to be able to capture changes in company behavior after the implementation of various new sustainability regulations, including the implementation of *IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)*. In addition, further research can develop a research model by including other mediation and moderation variables, such as Environmental, Social, and Governance (ESG) performance, green innovation, corporate reputation, carbon performance, or enterprise risk management. The use of more comprehensive analysis methods, such as Structural Equation Modeling (SEM), Panel Data Regression, or Dynamic Panel Generalized Method of Moments (GMM), is also recommended to generate a deeper understanding of the causal relationships between sustainability practices, corporate governance, financial performance, and company value.

8. Conclusion

This study aims to analyze the influence of Green Accounting and Good Corporate Governance on the value of companies with profitability as a moderation variable in mining sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The results of the study show that Green Accounting has a positive and significant effect on the company's value, which indicates that the implementation of environmentally sound accounting practices is able to increase investor perception and strengthen the company's market value. These findings confirm that sustainability practices have evolved into a strategic factor that not only reflects corporate social responsibility, but also creates competitive advantage and long-term economic value. On the other hand, Good Corporate Governance was found to have a negative and significant effect on the value of the company, which indicates that the application of corporate governance in the mining sector during the research period has not been fully translated by the market as a factor that increases the value of the company. The findings show that the effectiveness of Good Corporate Governance is highly dependent on the quality of substantive implementation, not just the fulfillment of regulatory compliance aspects.

Furthermore, this study proves that profitability is able to strengthen the influence of Green Accounting on company value, so that companies with higher profit-generating capabilities benefit greater from the implementation of sustainability practices. Nevertheless, profitability has not been shown to moderate the relationship between Good Corporate Governance and corporate value, suggesting that improved financial performance has not automatically improved the effectiveness of corporate governance in creating value for shareholders. The findings enrich the literature on the relationship between sustainability practices, corporate governance, and corporate value by showing that successful creation of corporate value requires synergy between commitment to sustainability, strong financial performance, and effective corporate governance implementation.

Overall, this study makes an empirical contribution to the development of Stakeholder Theory, Legitimacy Theory, and Signaling Theory by showing that Green Accounting practices play an important role as an important mechanism in increasing company legitimacy and reducing information asymmetry in the capital market, especially when supported by an adequate level of profitability. The findings of this study also provide practical implications for companies, investors, and regulators to strengthen the implementation of sustainability practices and improve the quality of corporate governance as part of a long-term value creation strategy. With the increasing demands for transparency, sustainability, and ESG reporting in the global market, this research is expected to be one of the empirical references in supporting the development of more sustainable policies and business practices in the Indonesian mining industry.

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