

Is Being Green Enough? The Role of Profitability in Enhancing Environmental Value in Global Manufacturing Firms

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Abstract

Environmental concerns like climate change and pollution have prompted companies to shift their focus beyond financial gains toward sustainable practices. In this context, Emission Score and Environmental Innovation Score are widely used as indicators to evaluate corporate environmental responsibility. This study investigates the impact of these two scores on firm value, using profitability as a moderating variable. A quantitative research method is applied, using secondary data sourced from Thomson Reuters. The sample consists of 662 global manufacturing firms selected through purposive sampling. Data analysis is carried out using multivariate regression with STATA 17. The findings reveal that both Emission Score and Environmental Innovation Score have a positive influence on firm value. However, the role of profitability as a moderating variable is found to be statistically insignificant. This suggests that the value generated from sustainable practices may operate independently of a firm's profitability level. Accordingly, firms are encouraged to view environmental strategies not solely as tools for improving financial performance, but as integral components of long-term value creation. The study contributes to the growing literature on sustainability by emphasizing the intrinsic importance of environmental responsibility in enhancing firm value in the global manufacturing sector.

Keywords: Corporate Valuation; Environmental Sustainability; Financial Performance; Manufacturing industry; Panel Data Analysis