Does Green Accounting Mediate the Green Innovation-Firm Value Nexus? evidence from Indonesia's Energy Sector (Indonesia Case)

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Abstract

Energy sector companies are major contributors to Indonesia's GDP, but they also significantly contribute to greenhouse gas emissions, creating stakeholder pressure for environmental transparency. This study examines the mediating role of green accounting (GA), measured through the Global Reporting Initiative (GRI) 300 series, in the relationship between green innovation (GI) and firm value. Based on stakeholder and signaling theories, this research employs panel data regression with Sobel tests on 26 energy sector companies listed on the Indonesia Stock Exchange from 2021 to 2024 (104 firm-year observations) in EViews 12, with return on assets (ROA) and firm size as control variables. The results show that green innovation does not have a significant direct effect on firm value (H1 rejected), but it has a positive effect on green accounting (H2 supported). Green accounting is found to have a negative effect on firm value (H3), and it does not mediate the relationship between green innovation and firm value (H4 rejected). These findings indicate imperfect mediation, suggesting that green accounting disclosures are not yet fully valued by the market. This study contributes to the sustainability accounting literature by highlighting the limited relevance of green disclosure practices in developing markets and offering implications for regulators and management to improve the quality and relevance of sustainability reporting.

Keywords: Green Innovation, Green Accounting, Company Value, GRI, Energy Sector