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Building Corporate Value Through Green Finance and Environmental Performance

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Abstract

This study aims to analyze the Impact of Green Finance and Environmental Performance on Firm Value through Financial Performance. This objective is described as: 1) Analyzing the influence of Green finance, environmental performance and financial performance on firm value in Consumer Non-Cyclicals Sector Companies for the 2020-2023 Period 2) Analyzing the influence of Green finance and environmental performance on financial performance in Consumer Non-Cyclicals Sector Companies for the 2020-2023 Period 3) Analyzing the influence of Green finance and environmental performance on firm value through financial performance as a mediating variable in Consumer Non-Cyclicals Sector Companies for the 2020-2023 Period. This study is a quantitative study using SEM PLS. The results show that environmental performance has a positive and significant effect on financial performance, and financial performance is proven to have a strong and significant effect on firm value, while environmental performance does not directly affect firm value without the mediation of financial performance; On the other hand, Green Finance does not have a significant influence on either financial performance or company value, and is not proven to mediate the relationship, so it can be concluded that financial performance is a key factor that mediates the influence of environmental performance on company value, while green finance has not shown a significant contribution in the context of Consumer Non-Cyclicals sector companies in Indonesia for the period 2020–2023.

Keywords: Green Finance, Environmental Performance, Corporate Value, Financial Performance

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INTRODUCTION

Maximizing corporate value is the primary objective of a company because it directly contributes to shareholder welfare. High corporate value is reflected in its stock market price, influencing investment decisions, asset management, and funding, and ultimately opening up opportunities for positive growth in the future (Tjahjono, 2013). However, the global challenge of climate change is a pressing issue with broad implications. Carbon dioxide (CO_2) emissions are one of the main causes of environmental degradation (Quynh et al., 2022; Sadiq et al., 2023). Indonesia itself ranked sixth in the world in terms of CO_2 emissions from the energy sector in 2022 (Muhamad, 2023), which largely came from the dominance of fossil fuels in the national energy mix (Raihan et al., 2022). The manufacturing sector, including the Consumer Non-Cyclicals industry, is also a significant contributor to greenhouse gas emissions (Sunarti et al., 2020).

Responding to these challenges, the UN Climate Change Conference (COP26) emphasized the importance of global initiatives such as green finance (Rahmanisa, 2023). The implementation of green finance in Indonesia is still in its early stages, ranking 56th in the Asia Pacific region, but the increasing trend indicates significant opportunities to promote sustainable business practices (Humaira, 2022; Yu et al., 2023). The implementation of green finance is believed to encourage companies to be more responsible for the environmental impact of their activities (Suteja, 2018). Furthermore, regulations such as ISO 14001:2015 and PROPER, overseen by the Ministry of Environment, provide an important framework for measuring environmental performance.

Financial performance remains a vital indicator of corporate sustainability. IDX data from 2020–2023 shows increasing profitability in the Consumer Non-Cyclicals sector, reflecting solid performance and attracting investor attention (Mardiana & Wuryani, 2019; Lathifatussulalah & Dalimunthe, 2022). Therefore, research on the relationship between green finance, environmental performance, financial performance, and corporate value is relevant and urgent.

LITERATURE REVIEW

Company Value

Company value reflects investors' perceptions of a company's performance, as indicated by its share price in the capital market. Modern financial theory explains that a company's primary goal is to maximize shareholder wealth by increasing its value (Tjahjono, 2013). Company value can be measured using financial ratios such as Price to Book Value (PBV), Price Earnings Ratio (PER), Tobin's Q, and stock price volatility

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(Lathifatussulalah & Dalimunthe, 2022). Increases in company value are influenced by internal factors, such as financial performance, as well as external factors, such as environmental awareness and the implementation of green finance.

Green Finance

Green finance is a financing mechanism that supports environmentally oriented projects or activities, including emission reduction, energy efficiency, and the use of renewable energy (Rahmanisa, 2023). Green finance is believed to encourage corporate transformation toward sustainable practices while maintaining economic performance. A study by Zhang et al. (as cited in Jayathilake, 2019) found that green credit policies can improve corporate performance through research and development (R&D) investments. However, research by Hasanah and Hariyono (2022) in Indonesia showed that green finance did not have a significant effect on Return on Assets (ROA), which has sparked academic debate. This indicates that the impact of green finance on financial performance and corporate value still varies, depending on regulatory conditions, incentives, and industry readiness.

Environmental Performance

Environmental performance is defined as the degree to which a company is successful in managing its environmental impacts, including controlling emissions, waste, and complying with regulations. In Indonesia, the main indicators of environmental performance are the PROPER rating issued by the Ministry of Environment and ISO 14001:2015 certification. Research by Khairiyani (2019) found that PROPER significantly impacts financial performance, while Handayani (2019) stated that environmental performance does not directly impact company value. This is reinforced by research by Uy and Hendrawati (2020), which states that investors in Indonesia still focus more on profitability than environmental aspects.

Financial Performance as a Mediating Variable

Financial performance reflects a company's ability to manage resources to generate profits. Profitability ratios such as ROA, ROE, ROI, and ROS are often used as proxies for assessing financial performance (Mardiana & Wuryani, 2019). According to Tjahjono (2013), financial performance serves as a link between environmental performance and company value. Companies with good environmental performance are typically more efficient in managing resources, which in turn improves financial performance. Research

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by Lathifatussulalah and Dalimunthe (2022) supports this by asserting that increased profitability can strengthen investors' perceptions of company value.

The Relationship Between Green Finance, Environmental Performance, and Corporate Value

Several studies have shown that green finance can increase company value by enhancing image and legitimacy (Humaira, 2022; Suteja, 2018). However, Hasanah and Hariyono (2022) found different results, stating that green finance has no significant effect on profitability, thus does not affect company value. On the other hand, good environmental performance has been shown to increase investor and stakeholder trust, although it does not always have a direct impact on company value (Tjahjono, 2013; Handayani, 2019). This relationship becomes stronger when financial performance is included as a mediating variable (Khairiyani, 2019; Tjahjono, 2013).

Research Gap

Based on previous studies, there are inconsistencies in research results regarding the influence of green finance and environmental performance on company value. Some studies found a positive relationship (Humaira, 2022; Yu et al., 2023), while others stated the effect was insignificant (Hasanah & Hariyono, 2022; Uy & Hendrawati, 2020; Ferdinand, et al, 2024; Fitriaty, et al 2022; Saputra, et al 2025; Usmayanti, et al 2023). Furthermore, research in Indonesia is still limited to the banking and energy sectors, resulting in limited research into the Consumer Non-Cyclicals sector. This gap forms the basis of this study, which emphasizes the role of financial performance as both a mediating and moderating variable.

RESEARCH METHODS

In this study, a quantitative approach was used, by conducting tests between research variables.

Population

The population in this study consists of all companies listed in the Consumer Non-Cyclicals sector that have participated in the company performance rating assessment program (PROPER) and have published annual reports, Sustainability reports, and financial reports on the official website of the Indonesia Stock Exchange for the period 2020-2023.

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Sample

In this study, sampling was done using a non-probability sampling technique. The type of sampling method used was the purposive sampling method. The criteria used as a basis for determining the sample in this study are as follows:

1) Companies listed in the Consumer Non Cyclicals sector on the Indonesia Stock Exchange (IDX).
2) Companies in the Consumer Non-Cyclicals sector that published financial reports for the 2020-2023 period.
3) Companies in the Consumer Non-Cyclicals sector that published annual reports and sustainability reports for the period 2020-2023.
4) Companies in the Consumer Non-Cyclicals sector that participated in the Corporate Performance Rating Program in Environmental Management (PROPER) during the 2020-2023 period.

Table 1. Sampling Criteria

No.	Criteria	Amount
1.	Companies listed in the Consumer Non Cyclicals sector on the Indonesia Stock Exchange (IDX)	**123**
2.	Companies in the Consumer Non-Cyclicals sector that published financial reports for the 2020-2023 period.	
3.	Companies in the Consumer Non-Cyclicals sector that published annual reports for the 2020-2023 period.	
4.	Companies in the Consumer Non-Cyclicals sector that participated in the Corporate Performance Rating Program in Environmental Management (PROPER) during the 2020-2023 period.	
5.	Companies in the Consumer Non-Cyclicals sector that published sustainability reports during the 2020-2023 period.	
Number of Samples		

Source :www.idx.co.id

Data Types and Sources

Data, based on its source, can be divided into two categories: primary data and secondary data. This study uses secondary data sources derived from financial reports, sustainability reports, and annual reports of companies listed in the Consumer Non-Cyclicals sector for the 2020-2023 period. Additionally, secondary data was obtained from

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the Ministry of Environment's website, which publishes various documents related to the Corporate Performance Rating Program in Environmental Management (PROPER). In this study, the measurement scales used are nominal data scale, ordinal data scale, and ratio data scale.(20).

Operational Definition of Variables

The variables and their operations in this study will be explained in the following table:

Table 2. Operational Research Variables

Variables	Measurement Indicators	Measurement Scale
Green finance (X1) Dependent Variable	The measuring instrument uses GCR (Green Coin Rating) with 6 indicators. • Score 1 If the company discloses the Green Coin Rating indicator item. • Score 0 if the company does not disclose any Green Coin Rating indicator items.	Nominal
Environmental Performance (X2) Independent Variable	In Indonesia, environmental performance is measured by the achievements of companies participating in the Corporate Performance Rating Program for Environmental Management (PROPER). PROPER indicators are divided into five colors: **1. Gold: very very good score = 5** **2. Green: very good score = 4** **3. Blue: good score = 3** **4. Red: bad score = 2** **5. Black: very bad score = 1**	Ordinal
	• Score 1 If the company has ISO 14001:2015 certification • Score 0 If the company does not have ISO 14001:2015 certification	Nominal
Company value (Y) Dependent Variable	$PBV = \frac{MPS}{BPS}$ Information : PBV =*Price Book to Value* MPS =*Market Price Per Share*or Market price per Share BPS =*Book Price Per Share*or Book Value per Share	Ratio

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	$Tobins'Q = \frac{(MVE + D)}{(EBV + D)}$ Information : Tobin's Q = Company Value EMV = Closing Price x Number of Shares outstanding D = Book value of total debt EBV = Book value of total assets	
	$\boldsymbol{PER = \frac{MPS}{EPS}}$ Information : PER =*Price Earnings Ratio* MPS =*Market Price Per Share*or Market Price per Share EPS =*Earnings Per Share*or Earnings per Share	
	$\boldsymbol{VHS = \frac{Hit-Lit}{(Hit+Lit):2}}$ Information : VHS = Stock Price Volatility Hit = Highest Stock Price of Company i in Period t Lit = Lowest Stock Price of Company i in Period t	Ratio
Financial performance (Z) Mediating Variables	$ROA = \frac{Laba\ Sebelum\ bunga\ dan\ Pajak}{Total\ Aktiva}$	Ratio
	$ROE = \frac{Laba\ bersih\ setelah\ pajak}{Modal\ Sendri}$	
	$ROE = \frac{Laba\ Neto\ Setelah\ Pajak}{Modal\ Sendri}$	
	$ROS = \frac{Laba\ Neto}{Total\ Penjualan}$	

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Data Analysis Techniques

This data analysis uses the SmartPLS 3 application.

RESULTS AND DISCUSSION

Calculation results The initial research model using Smart PLS software can be seen in the following image:

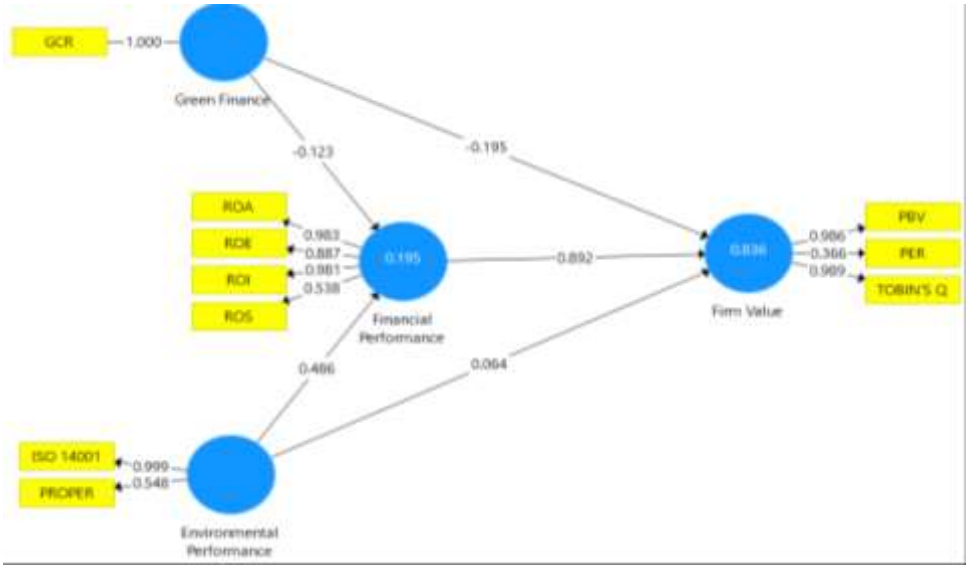


Figure 1. Initial Model Calculation Results

According to Ghozali (2006), convergent validity of a measurement model with reflective indicators can be seen from the correlation between item/indicator scores and their construct scores. This correlation is defined as the loading factor (outer loading). An indicator is considered reliable if it has a correlation value above 0.70. However, in research at the scale development stage, loadings of 0.5 to 0.6 are still acceptable. In this study, the limit for loading factor values set is a loading factor value above 0.5. Based on the figure, there is one indicator with a value below 0.5, namely the Price Earnings Ratio (PER). Therefore, this indicator was removed from the model, and then a second model was constructed as follows:

Calculation results In the second research model using Smart PLS software, it can be seen in the following image:

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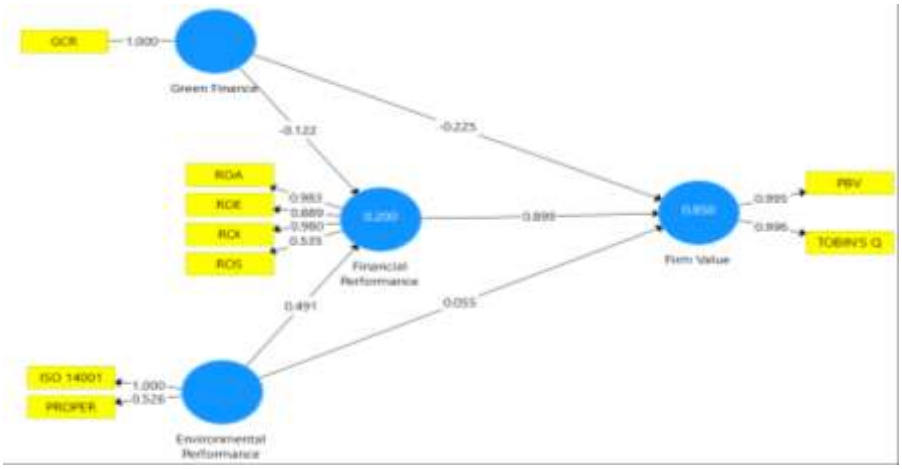


Figure 2. Results of the Calculation of the Second Research Model

Figure 2 shows that all indicators have values above 0.5. This indicates that all indicators are valid and reflect each of the research variables.

Convergent validity From the indicator testing (measurement model), not only can the loading factor values be seen but also the calculation results for the third model, namely the Average Variance Extracted and Composite Reliability results. The following table shows the Average Variance Extracted and Composite Reliability:

Table 2. Composite Reliability and AVE

	Composite Reliability	Average Variance Extracted (AVE)
Environmental Performance	**0.763**	**0.638**
Financial Performance	**0.920**	**0.751**
Firm Value	**0.995**	**0.991**
Green Finance	**1,000**	**1,000**

Source: PLS output

The accepted composite reliability value is one that has a value above 0.7, and the accepted AVE value is one that has a value above 0.5. Based on Table 2, it can be seen that the composite value and AVE value are above 0.7 and 0.5, respectively. Therefore, it can be concluded that all indicators of each variable are reliable and valid in reflecting their respective variables.

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Table 3. R-Square

	R Square	R Square Adjusted
Financial Performance	0.200	0.151
Firm Value	0.850	0.836

Source: PLS output

The R-Square value that has been known for each variable, then calculations and formulations are carried out to determine the predictive-relevance value as follows:

Q2 = 1 – (1 – R12) (1 – R22)
Q2 = 1 – (1 – 0.151) (1 – 0.836)
Q2 = 1- (0.849)(0.164)
Q2 = 1 – 0.139
Q2 = 0.86

The predictive relevance value calculation yielded a value of 0.86, or 86%, indicating that the model can explain 86% of the data diversity. The remaining 14% is explained by other variables not included in the model and error.

Next, we will conduct bootstrapping testing on the second research model and the results are as follows:

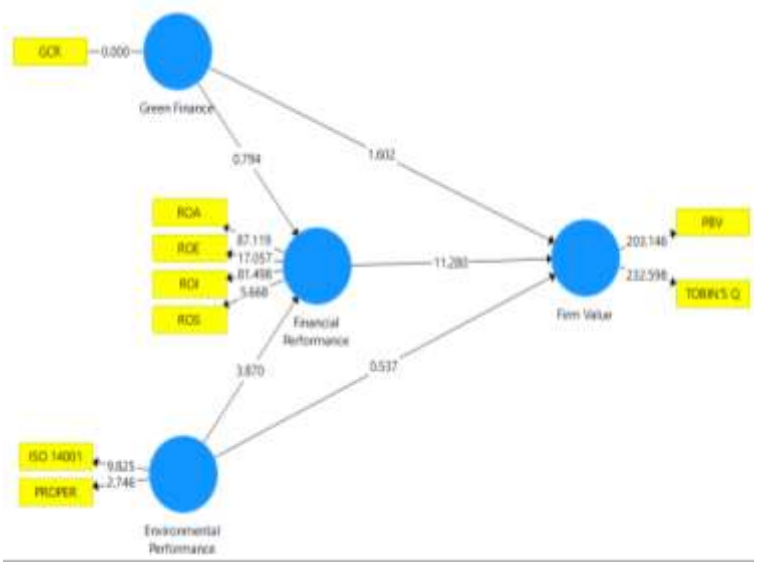


Figure 3. Bootstrapping

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The second research model can be explained by the results of testing between variables or hypotheses in this study, obtained through bootstrapping. The following is the path coefficient result for this research model:

Table 4. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Environmental Performance -> Financial Performance	0.491	0.506	0.127	3,870	**0,000**
Environmental Performance -> Firm Value	0.055	0.066	0.103	0.537	**0.592**
Financial Performance -> Firm Value	0.899	0.898	0.080	11,280	**0,000**
Green Finance -> Financial Performance	-0.122	-0.114	0.153	0.794	**0.427**
Green Finance -> Firm Value	-0.225	-0.243	0.141	1,602	**0.110**

Source: PLS output

The following table shows the Specific Indirect Effect:

Table 5. Specific Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Environmental Performance -> Financial Performance -> Firm Value	0.441	0.456	0.124	3,546	0,000
Green Finance -> Financial Performance -> Firm Value	-0.109	-0.101	0.135	0.809	0.419

Source: PLS output

Based on table 4 and table 5, the following conclusions can be drawn:

1. The hypothesis tested in this study is "Environmental Performance Has a Positive Influence on Financial Performance." This hypothesis test yielded a path coefficient of 0.491 (positive), a t-statistic of 3.870 (greater than 1.96), and a p-value of 0.000 (less than 5%). These results indicate a positive and significant effect. This indicates there is sufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that

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environmental performance has a positive and significant effect on financial performance.

2. The hypothesis tested in this study is "Environmental Performance Has a Positive Influence on Firm Value." This hypothesis test yielded a path coefficient of 0.055 (positive), a t-statistic of 0.537 (less than 1.96), and a p-value of 0.592 (greater than 5%). These results indicate that the effect is not significant. This indicates there is insufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that environmental performance does not significantly influence firm value.
3. The hypothesis tested in this study is "Financial Performance Has a Positive Influence on Firm Value." This hypothesis test yielded a path coefficient of 0.899 (positive), a t-statistic of 11.280 (greater than 1.96), and a p-value of 0.000 (less than 5%). These results indicate a positive and significant influence. This indicates there is sufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that financial performance has a positive and significant influence on firm value.
4. The hypothesis tested in this study is "Green Finance Has a Negative Effect on Financial Performance." This hypothesis test yielded a path coefficient of -0.122 (negative), a t-statistic of 0.794 (less than 1.96), and a p-value of 0.427 (greater than 5%). These results indicate that the effect is insignificant. This indicates there is insufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that green finance does not significantly influence financial performance.
5. The hypothesis tested in this study is "Green Finance Has a Negative Effect on Firm Value." This hypothesis test yielded a path coefficient of -0.225 (negative), a t-statistic of 1.602 (less than 1.96), and a p-value of 0.110 (greater than 5%). These results indicate an insignificant effect. This indicates there is insufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that green finance does not significantly influence firm value.
6. The hypothesis tested in this study is "Environmental Performance Has a Positive Influence on Firm Value through Financial Performance." The hypothesis test yielded a path coefficient of 0.441 (positive), a t-statistic of 3.546 (greater than 1.96), and a p-value of 0.000 (less than 5%). These results indicate a positive and significant influence. This indicates there is sufficient empirical evidence to accept the hypothesis. Thus, it is concluded that environmental performance has a positive and significant influence on firm value through financial performance.
7. The hypothesis tested in this study is "Green Finance Has a Negative Effect on Firm Value through Financial Performance." The hypothesis test yielded a path coefficient of

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-0.109 (negative), a t-statistic of 0.809 (less than 1.96), and a p-value of 0.419 (greater than 5%). These results indicate that the effect is insignificant. This indicates there is insufficient empirical evidence to accept the hypothesis. Therefore, it is concluded that green finance does not significantly influence firm value through financial performance.

Moderation Calculation Results

Calculation results The initial research model using Smart PLS software can be seen in the following image:

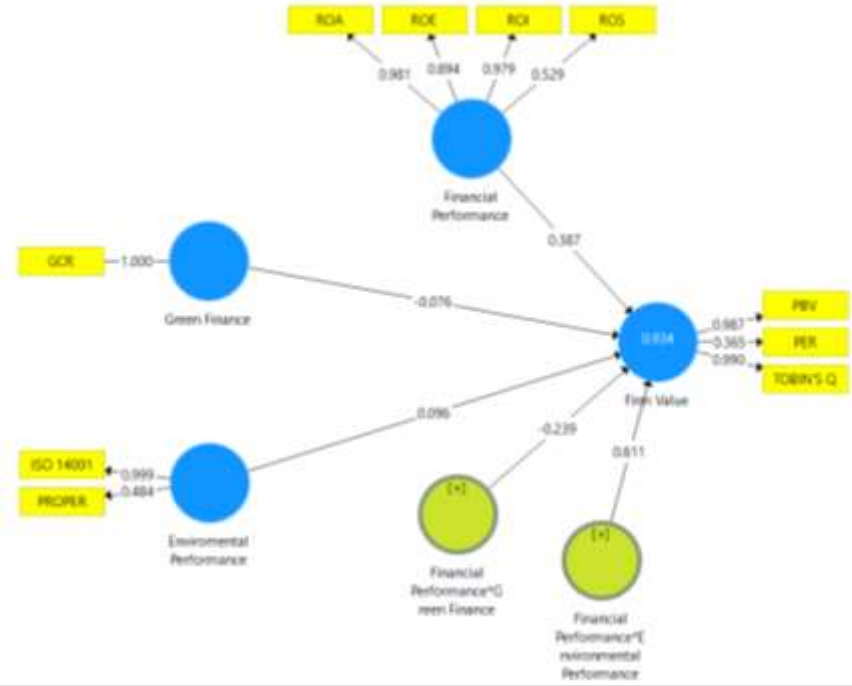


Figure 4. Results of the First Model Calculation

According to Ghozali (2006), convergent validity of a measurement model with reflective indicators can be seen from the correlation between item/indicator scores and their construct scores. This correlation is defined as the loading factor (outer loading). An indicator is considered reliable if it has a correlation value above 0.70. However, in research at the scale development stage, loadings of 0.5 to 0.6 are still acceptable. In this study, the limit for loading factor values set is a loading factor value above 0.5. Based on the figure, there is one indicator with a value below 0.5, namely the Price Earnings Ratio (PER).

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Calculation results In the second research model using Smart PLS software, it can be seen in the following image.

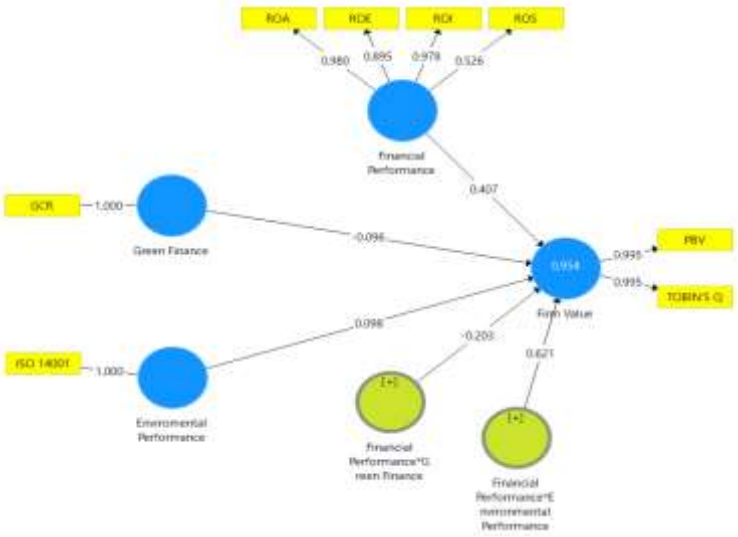


Figure 5. Results of the Second Model Calculation

Figure 5 shows that all indicators have values above 0.5. This indicates that all indicators are valid and reflect each of the research variables.

Convergent validity From the indicator testing (measurement model), not only can the loading factor values be seen but also the calculation results for the third model, namely the Average Variance Extracted and Composite Reliability results. The following table shows the Average Variance Extracted and Composite Reliability:

Table 6. Composite Reliability and AVE

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Environmental Performance	1,000	1,000	1,000	1,000
Financial Performance	0.885	0.971	0.919	0.749
Financial Performance* Environmental Performance	1,000	1,000	1,000	1,000
Financial Performance*Green Finance	1,000	1,000	1,000	1,000
Firm Value	0.991	0.991	0.995	0.991
Green Finance	1,000	1,000	1,000	1,000

Source: PLS output

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The accepted composite reliability value is one that has a value above 0.7, and the accepted AVE value is one that has a value above 0.5. Based on Table 2, it can be seen that the composite value and AVE value are above 0.7 and 0.5, respectively. Therefore, it can be concluded that all indicators of each variable are reliable and valid in reflecting their respective variables.

Table 7. R-Square

	R Square	R Square Adjusted
Firm Value	0.954	0.947

Source: PLS output

The Adjusted R-Square calculation yielded a value of 0.947, or 94.7%. This indicates that the model can explain 94.7% of the variability in firm value data. This means the model is able to explain most of the variability in firm value, with the remaining 5.3% explained by other variables not included in the model and error factors.

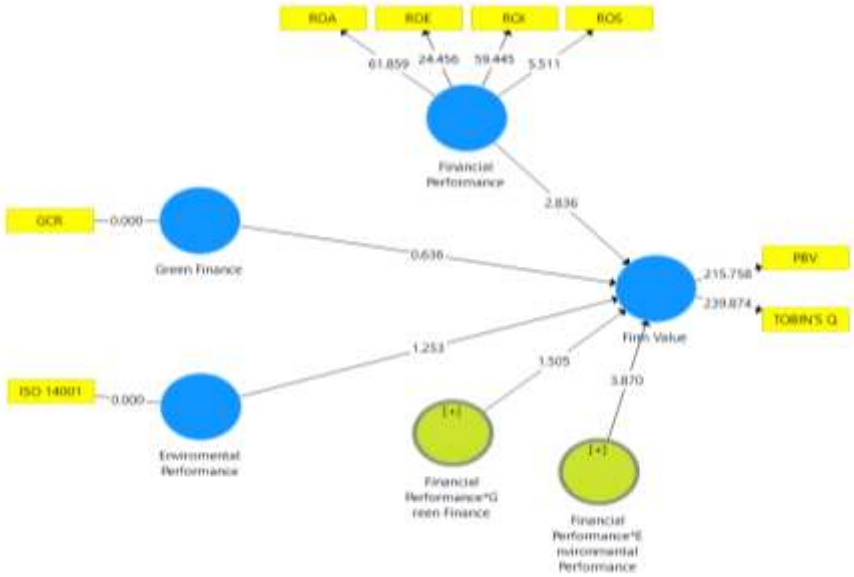


Figure 6. Bootstrapping

The second research model can be explained by the results of testing between variables or hypotheses in this study, obtained through bootstrapping. The following is the path coefficient result for this research model:

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Table 8. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Environmental Performance -> Firm Value	0.098	0.114	0.078	1,253	0.211
Financial Performance -> Firm Value	0.407	0.437	0.144	2,836	0.005
Financial Performance*Environmental Performance -> Firm Value	0.621	0.548	0.161	3,870	0,000
Financial Performance* Green Finance -> Firm Value	-0.203	-0.177	0.135	1,505	0.133
Green Finance -> Firm Value	-0.096	-0.132	0.151	0.636	0.525

Source: PLS output

Based on the results of the analysis in this study, the following conclusions can be drawn:

1. Environmental Performance Has a Positive Effect on Firm Value: This hypothesis test yielded a path coefficient of 0.098 (positive), a t-statistic of 1.253 (less than 1.96), and a p-value of 0.211 (greater than 5%). These results indicate that the effect is insignificant, thus there is insufficient empirical evidence to conclude that environmental performance has a positive effect on firm value.
2. Financial Performance Has a Positive Effect on Firm Value: This test yields a path coefficient of 0.407 (positive), a t-statistic of 2.836 (greater than 1.96), and a p-value of 0.005 (less than 5%). These results indicate a significant effect. Therefore, there is sufficient empirical evidence to conclude that financial performance has a positive effect on firm value.
3. Moderation of Financial Performance on the Effect of Environmental Performance on Firm Value: This interaction test yielded a coefficient value of 0.621 (positive), a t-statistic value of 3.870 (greater than 1.96), and a p-value of 0.000 (less than 5%). These results indicate that financial performance positively and significantly moderates the effect of environmental performance on firm value. Thus, there is sufficient empirical evidence to conclude that financial performance strengthens the positive influence of environmental performance on firm value.

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4. Moderation of Financial Performance on the Effect of Green Finance on Firm Value: This test yielded a coefficient value of -0.203 (negative), a t-statistic of 1.505 (less than 1.96), and a p-value of 0.133 (greater than 5%). These results indicate that financial performance does not significantly moderate the effect of green finance on firm value. Therefore, there is insufficient empirical evidence to conclude that financial performance moderates the effect of green finance on firm value.
5. The Effect of Green Finance on Firm Value: This test yielded a path coefficient of -0.096 (negative), a t-statistic of 0.636 (less than 1.96), and a p-value of 0.525 (greater than 5%). These results indicate that green finance does not have a significant effect on firm value. Therefore, there is insufficient empirical evidence to conclude that green finance has a positive effect on firm value.

MEDIATION RESULTS

The Influence of Environmental Performance on Financial Performance

Based on the results of hypothesis testing, environmental performance as measured by PROPER and ISO 14001 certification have a positive and significant effect on financial performance, as reflected in the Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), and Return on Sales (ROS) indicators. This indicates that good environmental performance can improve a company's financial performance. The most influential indicator of environmental performance variables is ISO 14001, while the most dominant indicator of financial performance variables is ROA. These results are in line with research by Khairiyani (2019), which found that PROPER has a significant effect on a company's financial performance.

Furthermore, the test results show that financial performance has a positive and significant influence on firm value as measured by Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q, with Tobin's Q being the most influential indicator. This finding supports research by Tjahjono (2013), which shows that financial performance contributes significantly to increasing firm value. This result is also in line with Lathifatussulalah & Dalimunthe (2022), which indicates that increased profitability, as reflected in financial performance indicators, increases investor attractiveness.

Thus, it can be concluded that environmental performance not only directly impacts financial performance but also indirectly impacts firm value through the mediation of financial performance. This means that the better the environmental performance achieved by a company, the better its financial performance will be, which will ultimately increase the firm's value. Specifically, the possession of ISO 14001 certification, which reflects

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compliance with environmental standards, has a significant influence on the achievement of financial performance as measured by ROA, which ultimately strengthens the firm's value through Tobin's Q.

The results of this study support the findings of Jayathilake (2019) and Suteja (2018), who found that green finance has a significant impact on increasing firm value. However, this finding contradicts the research of Hasanah & Hariyono (2022), which showed that green finance had no significant effect on the financial ratio ROA. In this context, this study reveals that although green finance does not have a significant direct impact on financial performance, environmental approaches such as ISO 14001 still contribute to firm value indirectly through improved financial performance.

This study contributes to previous research by confirming that financial performance variables can act as a mediator in the relationship between environmental performance and firm value. This clarifies the research gap identified in previous literature, as noted by Rahmawati et al. (2022) and Handayani (2019), which showed inconsistent results regarding the role of environmental and financial performance on firm value. These results underscore the importance of environmental performance as a strategic measure that can impact financial performance and, ultimately, enhance firm value in the Consumer Non-Cyclicals sector.

The Influence of Environmental Performance on Company Value

Based on the results of hypothesis testing, environmental performance measured through PROPER and ISO 14001 certification does not have a significant influence on the company's value projected through Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q. The test results show a path coefficient value of 0.055 with a t-statistic of 0.537 (less than 1.96) and a p-value of 0.592 (greater than 5%), which means the effect is not significant. Thus, there is not enough empirical evidence to conclude that environmental performance directly affects company value.

These results suggest that while companies may have made efforts to improve environmental performance, these measures are not yet strong enough to directly increase company value in the context of the Consumer Non-Cyclicals sector. This finding is consistent with research conducted by Uy & Hendrawati (2020), which also found that environmental performance had no significant impact on company value. This may be due to the fact that investors may pay more attention to direct financial indicators than environmental indicators when assessing company value, especially in sectors that do not emphasize environmental aspects in their daily operations.

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However, these results differ from research conducted by Khairiyani (2019), which stated that environmental performance can influence a company's financial performance and, indirectly, its value. In the context of this study, the results support the understanding that environmental performance may be more effective in influencing company value through financial performance than directly, especially when strong financial aspects are a primary concern for investors.

Thus, these results confirm that corporate environmental efforts, while important, do not always contribute directly to increased firm value. The effect of environmental performance appears to be greater when mediated through financial performance, strengthening the argument that financial performance can act as a significant intermediary in this relationship.

The Influence of Financial Performance on Company Value

Based on the results of hypothesis testing, financial performance has a positive and significant effect on the projected company value through Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q. The test results show a path coefficient value of 0.899, with a t-statistic value of 11.280 (greater than 1.96) and a p-value of 0.000 (smaller than 5%), which indicates a significant effect. Thus, there is sufficient empirical evidence to conclude that increasing financial performance has a positive impact on increasing company value. The indicator of the most influential financial performance variable is Return on Assets (ROA), while the most dominant indicator of the company value variable is Tobin's Q.

These results indicate that strong financial performance significantly contributes to investors' positive perceptions of a company's value, thereby increasing its attractiveness in the market. This finding aligns with research by Tjahjono (2013), which concluded that solid financial performance significantly contributes to increased company value. Furthermore, this research aligns with Lathifatussulalah & Dalimunthe (2022), who found that increased profitability through indicators such as ROA plays a significant role in increasing investor interest and company competitiveness.

Thus, it can be concluded that good financial performance, particularly as reflected in ROA, strengthens a company's value by increasing its attractiveness to investors, ultimately reflecting in an increase in the company's share price or market value. This suggests that financial indicators play a crucial role in assessing a company's value, particularly in the Consumer Non-Cyclicals sector, which enjoys significant market appeal.

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This research reinforces the findings of Tjahjono (2013) and Lathifatussulalah & Dalimunthe (2022), which show that high profitability is a crucial factor in assessing company value. Furthermore, this research also clarifies the relationship between financial performance and company value, indicating that aspects such as ROA significantly influence investor perceptions and increase overall company value.

The Impact of Green Finance on Financial Performance

Based on the results of the hypothesis testing, green finance does not have a significant effect on projected financial performance through the indicators of Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), and Return on Sales (ROS). The statistical test results show a path coefficient value of -0.122 (negative), a t-statistic value of 0.794 (less than 1.96), and a p-value of 0.427 (greater than 5%), which indicates that the effect is not significant. Thus, there is insufficient empirical evidence to conclude that the implementation of green finance has a direct impact on improving or decreasing the company's financial performance.

These results indicate that although green finance is an important strategy for improving corporate sustainability, its implementation has not yet had a significant direct impact on financial indicators such as profitability in the Consumer Non-Cyclicals sector. This finding aligns with research conducted by Hasanah & Hariyono (2022), which also found that green finance had no significant effect on one financial indicator, namely ROA. This could be due to various factors, including the high initial costs of implementing green finance or a lack of direct perception of the financial benefits of sustainability efforts.

However, these results differ from research conducted by Yu et al. (2023), which found that green finance can significantly improve financial performance through capital aggregation and information transmission effects in environmentally friendly companies. In the context of this study, the results support the understanding that green finance may require time or specific conditions to directly impact a company's financial performance.

Thus, these results confirm that green finance, while important for sustainability, does not yet have a significant direct impact on financial performance. This suggests that companies need to consider various other factors, such as cost efficiency and long-term strategies, for green finance to deliver impactful results on their financial performance.

The Influence of Green Finance on Company Value

Based on the results of hypothesis testing, green finance does not have a significant influence on the projected company value through Price Book Value (PBV), Price Earnings

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Ratio (PER), and Tobin's Q. The results of statistical tests show a path coefficient value of -0.225 (negative), a t-statistic value of 1.602 (less than 1.96), and a p-value of 0.110 (greater than 5%), which indicates that the effect is not significant. Thus, there is not enough empirical evidence to conclude that the implementation of green finance directly impacts the increase or decrease in company value.

These results indicate that while green finance has the potential to strengthen corporate sustainability, these initiatives are not yet strong enough to directly impact company value, particularly in the Consumer Non-Cyclicals sector. This finding aligns with research conducted by Hasanah & Hariyono (2022), which found that green finance did not significantly impact certain financial indicators, such as ROA, which could ultimately impact company value. One reason could be that the benefits of green finance are only felt in the long term and require more time to have a tangible impact on company value.

However, this finding contradicts the research by Yu et al. (2023), which found that green finance can increase firm value by improving corporate image and attracting environmentally conscious investors. In the context of this research, these results suggest that although green finance has not yet had a significant direct impact on firm value, strong environmental sustainability can be a significant factor in increasing a company's attractiveness in the future.

Thus, these results confirm that green finance, despite its strategic value for environmental sustainability, has not yet significantly impacted company value in this sector. Therefore, companies need to consider sustainability aspects comprehensively and strategically to achieve a broader impact on increasing their company value in the future.

The Influence of Environmental Performance on Company Value through Financial Performance

Based on the results of hypothesis testing, environmental performance has a positive and significant influence on company value through financial performance projected through the indicators of Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), and Return on Sales (ROS). The test results show a path coefficient value of 0.441 (positive), a t-statistic value of 3.546 (greater than 1.96), and a p-value of 0.000 (smaller than 5%), which indicates that the influence is significant. Thus, there is sufficient empirical evidence to conclude that environmental performance has a positive impact on company value through the mediation of financial performance. The

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indicator of the most influential environmental performance variable is ISO 14001, while the most dominant indicator of the company value variable is Tobin's Q.

These results indicate that companies' efforts to improve environmental performance through the implementation of standards such as PROPER and ISO 14001 certification not only impact their financial performance but also indirectly increase their value. This finding is consistent with research by Khairiyani (2019), which found that improving environmental performance positively impacts a company's financial performance, ultimately increasing its value.

Furthermore, these results support research by Tjahjono (2013), which states that financial performance significantly contributes to increasing company value. This indicates that investors consider financial performance as a reflection of good environmental performance, which is then reflected in company value. Therefore, compliance with environmental standards such as ISO 14001 can be an effective strategy to strengthen a company's attractiveness to investors.

Thus, it can be concluded that environmental performance not only directly contributes to corporate sustainability but also improves financial performance, which in turn increases corporate value. These results suggest that companies that successfully improve their environmental performance through robust standards and certifications can strengthen their competitiveness in the market by improving financial performance and overall corporate value.

The Influence of Green Finance on Company Value through Financial Performance

Based on the results of the hypothesis testing, green finance does not have a significant influence on company value through financial performance projected through the indicators of Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), and Return on Sales (ROS). The results of the statistical test show a path coefficient value of -0.109 (negative), a t-statistic value of 0.809 (less than 1.96), and a p-value of 0.419 (greater than 5%), which indicates that the effect is not significant. Thus, there is insufficient empirical evidence to conclude that green finance influences company value through the mediation of financial performance.

These results indicate that while green finance is a crucial step in corporate sustainability initiatives, its implementation has not yet had a direct impact on company value through financial performance in the Consumer Non-Cyclicals sector. This finding is consistent with research by Hasanah & Hariyono (2022), which found that green finance

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had no significant effect on certain financial performance ratios, such as ROA, which is a financial performance indicator closely monitored by investors.

However, these results differ from those of Yu et al. (2023), who found that green finance can increase firm value by increasing its attractiveness to environmentally conscious investors and improving corporate image. In the context of this study, these results suggest that the benefits of green finance may not be strong enough to significantly impact financial performance and, consequently, may not have a direct impact on firm value.

Thus, these results confirm that green finance, despite its strategic potential, has not yet significantly impacted firm value through financial performance in this sector. Therefore, the implementation of green finance may require additional support, such as incentive policies or long-term strategies, to produce more tangible results on firm performance and value.

MODERATION RESULTS

The Influence of Environmental Performance on Company Value

Based on the results of hypothesis testing, environmental performance does not have a significant influence on the projected company value through Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q. The results of statistical tests show a path coefficient value of 0.098 (positive), a t-statistic value of 1.253 (smaller than 1.96), and a p-value of 0.211 (greater than 5%), which indicates that the influence is not significant. Thus, there is not enough empirical evidence to conclude that environmental performance directly affects company value.

These results indicate that while companies with good environmental performance are expected to increase their value through sustainability efforts, the direct impact on firm value is not yet strong enough. This finding aligns with research conducted by Uy & Hendrawati (2020), which also found that environmental performance does not have a significant direct impact on firm value. This may be because investors have not yet fully considered environmental performance in assessing company value, particularly in the Consumer Non-Cyclicals sector.

However, these results contradict research conducted by Tjahjono (2013), which showed that environmental performance can contribute positively to company value, especially for companies that emphasize sustainability aspects in their operations. In the context of this research, these results indicate that while environmental performance is

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important, this aspect may require support from other factors such as financial performance to be felt in increasing company value.

Thus, these results confirm that environmental performance, while important for sustainability, is not strong enough to directly increase firm value in this sector. This suggests that firms may need to integrate their environmental strategies with strong financial performance to achieve a more significant impact on firm value.

The Influence of Financial Performance on Company Value

Based on the results of hypothesis testing, financial performance has a positive and significant influence on the projected company value through the Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q indicators. The results of statistical tests show a path coefficient value of 0.407 (positive), a t-statistic value of 2.836 (greater than 1.96), and a p-value of 0.005 (smaller than 5%), which indicates that the influence is significant. Thus, there is sufficient empirical evidence to conclude that financial performance has a positive influence on increasing company value.

These results indicate that good financial performance can increase company value, as investors tend to consider a company's profitability and efficiency when making investment decisions. The most influential indicator of financial performance in increasing company value is Return on Assets (ROA), which indicates that increased efficiency in asset utilization directly impacts positive perceptions of company value. This finding aligns with research by Tjahjono (2013), which found that strong financial performance can attract investor interest and increase company value.

Furthermore, these results support research conducted by Lathifatussulalah & Dalimunthe (2022), which found that profitability growth in the Non-Cyclical Consumer Sector can increase a company's attractiveness to investors, thereby contributing to increased company value. Therefore, strong financial performance can be a key factor in achieving high company value, especially when supported by efficient asset management.

These results confirm that improving financial performance is a strategic step for companies to increase their value in the market, because strong profitability not only reflects financial stability but also strengthens the company's competitiveness.

Moderation of Financial Performance on the Influence of Environmental Performance on Company Value

Based on the results of hypothesis testing, financial performance moderates the effect of environmental performance on company value positively and significantly, which

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is projected through the Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q indicators. The results of statistical tests show a coefficient value of 0.621 (positive), a t-statistic value of 3.870 (greater than 1.96), and a p-value of 0.000 (smaller than 5%), which indicates that this moderation is significant. Thus, there is sufficient empirical evidence to conclude that financial performance strengthens the positive influence of environmental performance on company value.

These results indicate that companies with strong financial performance can maximize the benefits of environmental initiatives, ultimately increasing corporate value. The most dominant environmental performance indicator is ISO 14001 certification, while financial performance, represented by Return on Assets (ROA), is the most influential indicator. These findings align with research by Khairiyani (2019), which states that environmental performance supported by strong financial performance is more effective in increasing corporate value.

Furthermore, these results support the findings of Lathifatussulalah & Dalimunthe (2022), who stated that increased profitability and financial efficiency strengthen investor appeal to companies with strong environmental performance. Thus, companies with both good environmental performance and strong financial performance are more capable of significantly increasing their firm value.

These results confirm that sound environmental management, when supported by strong financial performance, will be more effective in increasing company value, particularly in the Consumer Non-Cyclicals sector. This demonstrates the importance of synergy between environmental initiatives and financial management in creating sustainable value for companies.

Moderation of Financial Performance on the Influence of Green Finance on Company Value

Based on the results of hypothesis testing, financial performance does not significantly moderate the effect of green finance on company value, which is projected through the Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q indicators. The results of statistical tests show a coefficient value of -0.203 (negative), a t-statistic value of 1.505 (less than 1.96), and a p-value of 0.133 (greater than 5%), which indicates that this moderation is not significant. Thus, there is insufficient empirical evidence to conclude that financial performance moderates the effect of green finance on company value.

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These results indicate that while strong financial performance is important for companies, this factor has not been able to strengthen the influence of green finance on increasing company value in the Consumer Non-Cyclicals sector. These results align with research by Hasanah & Hariyono (2022), which found that green finance has not significantly impacted financial performance and, consequently, has not shown a significant influence on company value.

However, these results differ from those of Yu et al. (2023), who found that green finance can increase attractiveness to environmentally conscious investors and contribute to firm value. In the context of this study, these results suggest that green finance initiatives may require further strengthening, either through policies or other financial support, to have a more tangible impact on firm value.

Thus, these results confirm that although green finance has potential, the role of financial performance as a moderator in this relationship is not yet strong enough to have a significant impact on increasing company value.

The Influence of Green Finance on Company Value

Based on the results of hypothesis testing, green finance does not have a significant influence on the projected company value through the Price Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q indicators. The results of statistical tests show a path coefficient value of -0.096 (negative), a t-statistic value of 0.636 (less than 1.96), and a p-value of 0.525 (greater than 5%), which indicates that the effect is not significant. Thus, there is not enough empirical evidence to conclude that green finance has a positive effect on company value.

These results indicate that while green finance is important as a sustainability initiative, its direct impact on company value is not yet significant, especially in the Consumer Non-Cyclicals sector. These results support the findings of Hasanah & Hariyono (2022), who found that green finance does not significantly contribute to a company's financial ratios, particularly ROA, resulting in a minimal impact of green finance on company value.

However, these results differ from research conducted by Yu et al. (2023), which stated that green finance can increase a company's attractiveness to environmentally conscious investors. These results indicate that while green finance initiatives have the potential to support sustainability, they have not yet had a significant direct impact on firm value. Other factors, such as policy support or increased environmental initiatives, may be needed to maximize the impact of green finance on increasing firm value.

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Thus, these results emphasize that green finance, while a crucial component of sustainability, is not yet a strong enough factor to directly impact company value. A more integrated strategy supported by policies that encourage green finance practices could increase its effectiveness in strengthening company value.

CONCLUSION AND SUGGESTIONS

Conclusion

The findings of this study reveal several key insights. First, green finance, as measured by the Green Coin Rating (GCR), does not significantly affect financial performance indicators such as Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), or Return on Sales (ROS). Similarly, green finance does not exert a significant influence on firm value as reflected by Price to Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q.

Conversely, environmental performance, represented by the PROPER rating and ISO 14001 certification, demonstrates a positive and significant impact on financial performance. This finding implies that firms with strong environmental management systems tend to achieve superior financial outcomes. Furthermore, financial performance exerts a positive and significant effect on firm value, confirming that firms with stronger profitability metrics tend to have higher market valuation.

While environmental performance does not directly affect firm value, it exerts an indirect and significant effect through financial performance. This result highlights the mediating role of financial performance in translating environmental improvements into firm value enhancement. However, green finance does not significantly influence firm value through financial performance, indicating that its contribution to firm value creation remains limited in the short term.

The moderation analysis further confirms that environmental performance, projected through PROPER and ISO 14001 certification, does not have a direct significant impact on firm value. Financial performance, however, remains a significant determinant of firm value, demonstrating that companies with higher financial efficiency tend to be more valuable. Financial performance also strengthens the positive relationship between environmental performance and firm value, suggesting that environmental initiatives yield higher market appreciation when supported by sound financial management. Nonetheless, financial performance fails to moderate the relationship between green finance and firm value, implying that the role of green finance in enhancing firm value through financial performance remains insignificant at this stage.

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This study compares the relative effectiveness of mediation and moderation mechanisms in explaining firm value dynamics. From a mediation perspective, financial performance effectively bridges the relationship between environmental performance and firm value. Firms that achieve strong environmental performance tend to enhance their financial outcomes first, which subsequently leads to higher firm value. In contrast, green finance does not show a significant mediating effect, suggesting that its benefits may be more long-term and less immediately reflected in financial or market indicators. From a moderation perspective, financial performance strengthens the influence of environmental performance on firm value but does not enhance the impact of green finance. This pattern implies that environmental practices are more readily converted into market value when the firm's financial condition is robust, whereas green finance initiatives may still face structural or implementation barriers.

Overall, the mediation approach through financial performance proves more effective than the moderation approach in explaining the relationship between environmental performance and firm value. The findings confirm that environmental initiatives can increase firm value primarily through improved financial outcomes. Meanwhile, although moderation by financial performance also enhances the link between environmental performance and firm value, it does not significantly affect the role of green finance.

In conclusion, financial performance plays a dual yet asymmetrical role: it mediates the relationship between environmental performance and firm value more strongly than it moderates it. Green finance, despite its sustainability potential, requires further institutional support and longer time horizons to yield tangible impacts on firm value.

Suggestions

Managerial Implications

For companies in the **Consumer Non-Cyclicals** sector, it is essential to strengthen environmental performance by maintaining compliance with ISO 14001 standards and achieving higher PROPER ratings. These practices not only improve environmental responsibility but also enhance financial performance and, consequently, firm value. Although the current impact of green finance on firm value remains insignificant, firms should continue developing green financing initiatives to attract environmentally conscious investors, improve corporate reputation, and align with global sustainability goals.

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Implications for Academia and Future Research

For academics and future researchers, this study highlights the need for further exploration of the role of green finance across diverse industrial sectors beyond banking and manufacturing. Future studies could integrate the moderating or mediating role of government policies, regulatory frameworks, and investor perception to better understand how green finance affects financial and market outcomes. Additionally, longitudinal or cross-country analyses are recommended to capture the long-term impacts of green finance and environmental performance on firm value under evolving global sustainability standards.

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