

The Influence of Sustainability Report and Green Innovation on Firm Value

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Abstrak

Penelitian ini bertujuan menguji pengaruh *sustainability report* dan *green innovation* terhadap *firm value*. Penelitian ini dilakukan di perusahaan sektor *consumer non cyclical* yang terdaftar di Bursa Efek Indonesia (BEI) periode 2021-2024. Populasi penelitian ini adalah perusahaan *consumer non cyclical* yang berjumlah 129 perusahaan dan menggunakan purposive sampling untuk menentukan sampel. Metode penelitian yang digunakan yaitu kuantitatif dengan analisis linier berganda dan *Moderated Regression Analysis (MRA)* menggunakan bantuan SPSS 26. Hasil penelitian ini menunjukkan bahwa *sustainability report* berpengaruh positif signifikan terhadap *firm value*, *green innovation* tidak berpengaruh terhadap *firm value*

Kata Kunci : *Sustainability Report, Green Innovation, Firm Value*

Abstract

This study aims to examine the effect of sustainability report and green innovation on firm value. The research was conducted on companies in the consumer non-cyclical sector listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. The research population consists of 129 consumer non-cyclical companies, and purposive sampling was used to determine the sample. The research method employed is quantitative, using multiple linear regression analysis and Moderated Regression Analysis (MRA) with the assistance of SPSS 26. The results of this study indicate that the sustainability report has a significant positive effect on firm value, green innovation has no effect on firm value.

Keywords : Sustainability Report, Green Innovation, Firm Value,

A. INTRODUCTION

Corporate awareness in responding to the current era of globalization is an important factor in increasing firm value. Companies are required to carry out social and environmental responsibilities because they can influence the economy, environment, and society, both positively and negatively (Arfito et al., 2023). Therefore, a sustainability report is needed to disclose any impacts that occur in various areas. The sustainability report has become a new standard for companies in reporting their social and environmental accountability. The Financial Services Authority (OJK) has issued Regulation Number 51/POJK.03/2017, which encourages Financial Service Institutions, Issuers, and Public Companies to develop and publish sustainability reports, to be reported gradually starting in 2020 (Rahmat, 2022).

One of the proofs of a company's commitment to sustainability is the preparation of a sustainability report that explains how the company addresses environmental, social, and governance issues (Mutiha, 2022). However, in Indonesia, the quality of these reports is still uneven. In addition to sustainability reports, green innovation is also an important way for companies to address environmental problems. This innovation may include environmentally friendly products, energy-saving technologies, and efficient use of resources. For instance, in the food and beverage sector, companies attempt to create biodegradable packaging or reduce emissions; however, the initial cost of implementing such innovations is often high and poses a challenge (Difalla, 2025). The consumer non-cyclical sector includes products needed daily, such as food, beverages, and household goods, with demand for these products typically remaining stable despite changes in economic conditions.

Nevertheless, the relationship between sustainability reports, green innovation, and firm value is not always linear. Previous research has shown varying results. For example, a study by Putri & Herawaty, (2024) stated that sustainability reports have a positive impact

on firm value, especially when supported by strong environmental performance. Based on the results of panel data regression, there is a positive relationship between sustainability reporting disclosure and firm value, meaning that the greater the disclosure of sustainability reports, the higher the firm value (Hewathudallage & Weerasinghe, 2023). On the other hand, Sari & Wahidahwati, (2021) found that sustainability report disclosure does not always significantly affect firm value, particularly if it is not accompanied by adequate financial performance. The results of sustainability report disclosure during the observation period were not yet optimal, which indicates that one of the contributing factors is that companies have not sufficiently complied with the standards issued by GRI.

In green innovation research, Dai & Xue, (2022) showed that green innovation has a positive effect on firm value. This finding is supported by Fabiola & Khusnah, (2022), who stated that green innovation is one of the strategies to achieve corporate objectives. Companies need strategies to maximize profitability. However, this is contradicted by Mulyadi & Maulana, (2022), who argued that green innovation does not significantly affect firm value. This is because companies often implement green innovation merely as compliance with regulations rather than as a primary driver of investor valuation (Meilani & Sukmawati, 2023).

Based on the above background, the purpose of this study is to examine and analyze the effect of sustainability reports and green innovation on firm value.

LITERATURE REVIEWS

1. *Resource-Based View Theory*

According to Mailani et al., (2024), the definition of the Resource-Based View (RBV) is a theory that explains the importance of a company's internal resources (both tangible and intangible) in creating a sustainable competitive advantage. The Resource-Based View emphasizes the importance of managing an organization's internal

resources to achieve competitive advantage and improve performance, even in the context of public services such as higher education institutions (Vasudevan, 2021). RBV takes the internal perspective of the company to explain how a firm can obtain a sustainable competitive advantage over its competitors (Kayfiyati & Hadiprajitno, 2022).

The Resource-Based View (RBV) explains that firm value is greatly influenced by a company's ability to manage and utilize its unique and valuable internal resources. Vasudevan (2021) explained that RBV emphasizes resources that meet the VRIN criteria (Valuable, Rare, Inimitable, Non-substitutable), which can be interpreted as follows:

Valuable: Resources must provide value in exploiting opportunities or neutralizing threats in the external environment.

Rare: Resources are not widely owned or controlled by competitors.

Imperfectly Imitable: Resources cannot be easily imitated by other companies.

Non-substitutable: There are no other resources that can effectively replace the function of those resources.

2. Sustainability Report

A sustainability report is a document that discloses a company's performance in environmental, social, and governance (ESG) aspects. While a sustainability report is often included in the annual report, by definition it is a separate document that contains information regarding a company's economic, social, and environmental activities (Oware & Worae, 2023). According to Rahmat (2022), the existence of a sustainability report is strongly influenced by internal company factors such as profitability and liquidity. Companies with sound financial performance are more capable and motivated to prepare sustainability reports as a form of social responsibility and as a long-term business strategy (Dewi et al., 2025).

In this study, the indicators used are based on the GRI Standards 2021, which state that companies must disclose the impacts of their activities on the economy, environment, and society in the disclosure standards section. The Sustainability Report, which adopts the GRI standards, consists of three main components:

- Economic Performance Indicators
- Environmental Performance Indicators
- Social Performance Indicators, which are divided into four sub-categories:
 - a) Employment and Working Conditions Indicators
 - b) Human Rights Performance Indicators
 - c) Society Performance Indicators
 - d) Product Responsibility Performance Indicators

H1 = The Sustainability Report has a positive effect on firm value.

3. Green Innovation

Green Innovation is an environmentally friendly approach implemented by companies by optimizing energy efficiency, starting from the production process to the final product (Yuniarti et al., 2022). This concept includes reducing the use of raw materials and utilizing energy more efficiently, which in turn can significantly reduce the company's production costs (Xie et al., 2022). Green Innovation aims to improve operational efficiency, reduce costs, and create new market opportunities. In addition, this innovation also seeks to minimize negative environmental impacts and transform waste into marketable products, thereby providing economic benefits for companies (Mulyadi & Maulana, 2022).

H2 : Green innovation has a positive effect on firm value.

4. Firm Value

The assessment of firm value is one of the important factors that attracts investors' attention in evaluating a company's success. When a company's stock price increases, it reflects a positive outlook from investors, indicating confidence in the company's efforts, performance, and future prospects. According to Damas et al., (2021), firm value reflects investors' perceptions of a company's performance and future prospects, and serves as an important indicator in investment decision-making. Firm value can be measured using various indicators such as market capitalization, enterprise value, as well as financial ratios like Price to Book Value (PBV) and Tobin's Q. A high firm value demonstrates investors' confidence in the company's ability to generate long-term profits and maintain competitiveness in the market (Prieto et al., 2024).

Firm value represents the real value of a company's performance, reflecting investors' perceptions of the company's future prospects. In the context of sustainability, firm value is measured not only based on financial aspects but also on how the company responds to environmental, social, and governance (ESG) issues.

B. METHOD

This research employs a quantitative approach to analyze numerical data. The population of this study consists of companies in the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the period 2021–2024. The total population amounts to 129 companies. The sample is obtained from annual reports and financial statements, totaling 510. Using purposive sampling over four years of observation, 410 sample data were obtained.

Table 1. Variable Measurement

No	Variable	Indicator
1.	Sustainability Report	$SRDI = \frac{\text{Jumlah Indikator yang Diungkapkan}}{\text{Jumlah item}}$
2.	Green Innovatiom	$GI = \frac{\text{Total nilai pengungkapan Green Innovation}}{\text{Total nilai seluruh indikator}}$
3.	Firm Value	Tobin's Q

C. RESULTS AND DISCUSSIONS

1. Descriptive statistic

Descriptive statistic are a statistical analysis that provides a general overview of the characteristics of each research variable, as seen from the mean, maximum, and minimum values.

Table 2. Descriptive Statistics

Descriptive Statistics

Model	N	Min	Max	Mean	Std. Deviation
Sustainability Report	410	0,71	1,00	0,8642	0,06330
Green Innovation	410	0,00	1,00	0,5445	0,33628
Firm Value	410	0,01	185,61	3,4422	12,97329
Valid N (listwise)	410				

Sumber : diolah di SPSS 26

The sustainability report variable has a minimum value of 0.71, a maximum value of 1.00, and an average value of 0.8642 with a standard deviation of 0.06330.

This means that since the average value is greater than the standard deviation, the data distribution is homogeneous or tends to be less varied.

The green innovation variable has a minimum value of 0.00, a maximum value of 1.00, and an average value of 0.5445 with a standard deviation of 0.33628. This indicates that since the average value is greater than the standard deviation, the data distribution is homogeneous or tends to be less varied.

The firm value variable has a minimum value of 0.01, a maximum value of 185.61, and an average value of 3.4422 with a standard deviation of 12.97329. This shows that since the average value is smaller than the standard deviation, the data distribution is heterogeneous or tends to be more varied.

2. Classical Assumption Test

a. Normality Test

Table 3. Normality Test
One-Sampel Kolmogorov Smirnov Test

		Unstandardized Residual
N		278
Normal Parameter	Mean	0.000000
	Std. Deviation	.09258815
Most Extreme Differences	Absolute	0.054
	Positive	0.054
	Negative	-0.040
Test Statistic		0.054
Asymp. Sig. (2-tailed)		0.052 ^{c,d}

Sumber : Dioleh di SPSS 26

Based on the table above, sustainability report, green innovation, and firm value have an Asymp. Sig value of $0.052 > 0.05$. This indicates that the data for these three variables are normally distributed.

b. Multicollinearity Test

Table 4. Multicollinearity Test

Coefficients ^a		
Model	Tolerance	VIF
(Constant)		
<i>Sustainability Report</i>	0,961	1,041
Green Innovation	0,965	1,036

Sumber : Diolah di SPSS 26

Based on the table above, the three variables in this study show a Tolerance Value (TV) > 0.10 and a Variance Inflation Factor (VIF) < 10 , indicating that there is no multicollinearity among these variables.

c. Heteroscedasticity Test

Tabel 5. Heteroscedasticity Test

Coefficients ^a		
Model	t	Sig.
(Constant)	0,187	0,852
Sustainability Report	-0,067	0,946
Green Innovation	-0,233	0,816

Sumber : Diolah di SPSS 26

Based on the results of the Glejser test above, the sustainability report variable has a significance value of $0.946 > 0.05$, and the green innovation variable has a significance value of $0.816 > 0.05$. This indicates that heteroscedasticity is not present.

d. Autocorrelation Test

Tabel 6. Autocorrelation Test

Model	Durbin-Watson
1	1,973

Sumber : Diolah di SPSS 26

Based on the results of the autocorrelation test in the table above, it is known that the Durbin-Watson (DW) value is 1.973. This value is then compared with the significance level of 5%, with a sample size of 278 and 2 independent variables, resulting in a DU value of 1.762. With a sample size of 278 and K=2, d=1.074, the values of dL and dU are 1.762 and 1.838, respectively. The values of (4-dL) and (4-dU) are 2.238 and 2.162. Therefore, since $dU < d < (4-dU)$ or $1.838 < 1.973 < 2.162$, it can be concluded that there is no autocorrelation.

e. Multiple Linear Regression Test

Tabel 7. Multiple Linear Regression Test

Model	Collinearity Statistics	
	B	Std. Error
(Constant)	2,338	0,094
Sustainability Report	1,153	0,020
Green Innovation	0,010	0,028

Sumber : Diolah di SPSS 26

Based on the table, the multiple regression equation obtained in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$\text{Firm Value} = 2,338 + 1,153 \text{Sustainability Report} + 0,010 \text{Green Innovation} + e$$

- a. The constant value = 2.338. The constant indicates a positive value of 2.338, meaning that if the independent variables remain constant, the Firm Value will be 2.338.
- b. The coefficient value $\beta_1 = 1.153$ means that if the sustainability report increases by one point, while the other independent variables remain constant, the Firm Value of the company will increase by 1.153 points.
- c. The coefficient value $\beta_2 = 0.010$ means that if green innovation increases by one point, while the other independent variables remain constant, the Firm Value of the company will increase by 0.010 points.

f. F-Test

Tabel 8. F-Test

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	122,343	5	24,469	2800,634	0,000 ^b
Residual	2,376	272	0,009		
Total	124,720	277			

Sumber : Diolah di SPSS 26

Based on the table above, the F-test value is 2800.634 with a significance level of $0.000 < 0.05$. This indicates that the significance value is smaller than 0.05, thus it can be concluded that all independent variables simultaneously and significantly influence the dependent variable. Therefore, it can be inferred that this regression model is feasible to be used.

3. Coefficient of Determination (R^2) Test

Tabel 9. Coefficient of Determination (R²)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,841 ^a	0,707	0,698	0,1973

Based on the test results in the table above, the Adjusted R-Square coefficient value is 0.698. This means that the independent variables simultaneously influence the dependent variable by 69.8%, while the remaining 30.2% is influenced by other variables.

4. t-Test

Tabel 10. t-Test

Coefficients^a

Model	B	t	Sig
(Constant)	2,697	3,769	0,000
Sustainability Report	0,668	1,128	0,000
Green Innovation	0,228	-1,942	0,532

Sumber : Dioaleh di SPSS 26

Based on the results of the data analysis in Equation 1 from the table above, using the t-test analysis with SPSS version 26.00, the following conclusions can be drawn:

- a. The Sustainability Report variable (X1) has a β value of 0.668 and a significance level of <0.05 , namely 0.000. This indicates that the Sustainability Report variable (X1) has a positive and significant effect on the dependent variable (Y) Firm Value. Therefore, H1 is accepted.
- b. The Green Innovation variable (X2) has a β value of 0.228 and a significance level of 0.532, which is not less than 0.05. This indicates that the Green

Innovation variable (X2) does not have a positive and significant effect on the dependent variable (Y) Firm Value. Therefore, H2 is rejected.

D. CONCLUSIONS

Based on the results of the analysis and discussion regarding the effect of sustainability reports and green innovation on firm value with board size as a moderating variable, several conclusions can be drawn as follows:

1. There is a positive and significant effect of sustainability reports on firm value. This indicates that the higher the sustainability report disclosure, the higher the firm value, thus the first hypothesis is accepted.
2. There is a negative and insignificant effect of green innovation on firm value. This indicates that green innovation has not yet become the best solution to increase firm value, as companies need to create their own market share for environmentally friendly products.

E. SUGGESTIONS

For future research, it is recommended that the data should not only be obtained from annual reports but also be complemented with primary data such as interviews, surveys, or internal company documents in order to provide more comprehensive information regarding the sustainability report, green innovation, and competitive advantage

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