

The Effect Of Green Banking On Company Value With Corporate Social Responsibility As A Moderating Variable

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Abstract

Rapid and uncontrolled economic changes in various industries have damaged the natural environment. The financial industry remains committed to ensuring environmental sustainability. This study aims to determine the effect of *Green Banking* on the Value of Banking Companies listed on the Indonesia Stock Exchange for the 2019-2023 period. And also to see the role of *Corporate Social Responsibility* (CSR) as a moderator in influencing *Green Banking* on Company Value. The author uses a quantitative method with documentation data collection techniques and literature studies. The results obtained are that *Green Banking* has a negative and significant effect on company value and *Corporate Social Responsibility* has a positive and significant effect on company value and *Corporate Social Responsibility* is able to moderate the effect of *Green Banking* on company value with a weakening relationship.

Keywords: *Corporate Values; Green Banking; Corporate Social Responsibility.*

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INTRODUCTION

Rapid and uncontrolled economic changes across various industries have damaged the natural environment (Anwar, 2022). The financial industry remains committed to ensuring environmental sustainability. Although financial institutions typically have a minimal impact on the environment through their operations, the sector is not immune to environmental issues if, in disbursing financing and loans, banking institutions are insensitive to their customers' operational activities, which can lead to environmental damage (Romli & Reza Zaputra, 2022).

In recent years, green banking has become a focus for banking institutions, presented in sustainability reports. In practice, green banking has been recognized as playing a crucial role in protecting the world from environmental damage, aiming to ensure long-term prosperity (Noakhali et al., 2020). To protect against environmental damage, institutions must develop innovations and initiatives focused on environmentally friendly business practices (Noakhali et al., 2020).

Corporate value plays a crucial role in a company, as increasing corporate value will be followed by improvements in all divisions within the company. This reflects the level of shareholder prosperity. Corporate value is the equity value of shareholder rights, which aims to maximize the value generated by the company. Corporate value also reflects investors' perceptions of the company, often linked to stock prices (Nuswandari et al., 2019). Increasing corporate value can indicate improved company performance and can therefore be assumed to be a measure of the company's ability to advance its objectives. Currently, the value of a banking company can be measured through Corporate Social Responsibility

(CSR), which is reflected in the company's operational activities. Companies can demonstrate their concern for and preservation of the environment and society by embracing social responsibility. Within the scope of Corporate Social Responsibility (CSR), many banking companies have begun to be environmentally conscious. This is done so that banks can maximize their efforts in environmentally friendly operations.

The role of Corporate Social Responsibility (CSR) as a moderating variable in this study is due to its implementation of the Green Banking principle, which emphasizes environmental protection in all corporate operations. This response, expressed through Corporate Social Responsibility (CSR), aims to signal to investors that the company is responsible for its operational activities, both socially and environmentally. Furthermore, from a transparency perspective, Corporate Social Responsibility (CSR) disclosures aim to send a positive signal to stakeholders, especially investors, that the company does not conceal any incidents related to its operational activities (Zuleika & Koesnugroho, 2022).

The focus of this study was 46 banking companies listed on the Indonesia Stock Exchange. Based on the gap phenomenon and research gap from previous studies, there are still inconsistencies in research results regarding the influence of Green Banking on company value with Corporate Social Responsibility (CSR) as a moderating variable, so the author is interested in conducting a study entitled "*The Influence of Green Banking on Company Value with Corporate Social Responsibility as a Moderating Variable (Study on Banking Companies listed on the Indonesia Stock Exchange in 2019-2023)*". If previous studies focused on Islamic banking, then in this study the author uses a sample of all banks listed on the Indonesia Stock Exchange.

METHODOLOGY

This research is associative, aiming to determine the relationship between variables (Sugiyono, 2020). This study uses associative research to explain the influence of Green Banking on the value of banking companies listed on the Indonesia Stock Exchange, and how Corporate Social Responsibility moderates the influence of Green Banking on company value.

The research method used in this study is quantitative. The sampling technique used is purposive sampling. Purposive sampling is a method of sampling based on specific criteria determined by the researcher according to the research needs (Sugiyono, 2020). The data analysis technique used is Moderate Regression Analysis (MRA), a statistical analysis technique used to test the influence of moderator variables on the relationship between independent and dependent variables. The moderation model used in this study is Quasi-moderation, or pseudo-moderation. Quasi-moderation is a type of moderating variable that not only moderates the relationship between the independent and dependent variables but also acts as an independent variable itself. In other words, a quasi-moderating variable influences the relationship between two other variables and also has a direct influence on the dependent variable.

RESULTS AND DISCUSSION

Overview of Research Object

Banking companies are a group of companies that play a significant role in the capital market. This is because the financial sector plays a crucial role in supporting the Indonesian economy. A banking company is an institution engaged in the financial sector, playing a role in providing and channeling funds for the public economy. Law No. 10 of 1998 concerning banking states that a bank is a business entity that collects funds in deposits and distributes them to the public in the form of loans and other forms with the aim of improving living standards.

There are 46 banking companies listed on the Indonesia Stock Exchange. The sample included 38 companies that met the research criteria. This study aims to determine the effect

of Green Banking on Company Value with Corporate Social Responsibility as a Moderating Variable (Study of Banking Companies listed on the Indonesia Stock Exchange 2019-2023).

Panel Data Regression Estimation

Panel data regression analysis combines time series and cross-sectional data, namely data collected at a single point in time from several observation units, as well as data collected over time (Gujarati, 2008). The following is the panel data regression equation used in the study:

Tabel 1. Panel Data Regression Estimation

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	0.986	0.058
Green Banking	-0.271	0.093
Moderation 1	0.224	0.065
CSR	0.387	0.120
Size	-0.008	0.012
DPR	0.027	0.043

Source: Data Processed by Researchers, 2025

Keterangan:

Tobin's Q : Corporate Value

GB : Green Banking

CSR : Corporate Social Responsibility

Size : Company Size

DPR : Dividend Policy

Based on Table 1 above, the following equation can be made:

$$\text{Tobin's } q = 0.986 - 0.271X_1 + 0.224Z + 0.387X_2 - 0.008X_3 + 0.027X_4$$

Based on the equation above, the constant value in this study is 0.986. This indicates that Green Banking, Corporate Social Responsibility, Company Size, and Dividend Policy have a value of 0.986. This means that the company's value will remain constant at 0.986. The results for each variable are as follows:

- The Green Banking coefficient is negative at -0.271, meaning that when Green Banking decreases, the company's value will increase.
- The moderation coefficient, which is the interaction between Green Banking and the company's value, namely Corporate Social Responsibility, has a positive value of 0.224. This means that if Corporate Social Responsibility, as a moderating variable, increases, the company's value will also increase.
- The Corporate Social Responsibility coefficient is positive at 0.387, meaning that when Corporate Social Responsibility increases, the company's value will also increase, and vice versa.
- The company size coefficient is negative at -0.008, meaning that when company size increases, the company's value will decrease.
- The Dividend Payout Ratio coefficient is positive at 0.027, meaning that when the Dividend Payout Ratio increases, the company's value will also increase, and vice versa.

Hypothesis Testing

The t-test is used to test the level of distance between the independent variables used in the study by estimating in explaining the dependent variable partially. According to Gujarati, (2008) the standard in making a t-test decision is if the significance value is <0.05

and the calculated t-value > the t-table value, then it can be concluded that the independent variables in the form of Green Banking and Corporate Social Responsibility partially have a significant effect on the dependent variable, namely company value.

Tabel 2. Partial Test (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
<i>Green Banking</i>	-0.271	0.093	-0.653	-2.920	0.004
Moderation 1	0.224	0.065	0.776	3.472	0.001
CSR	0.387	0.120	0.251	3.218	0.002
Size	-0.008	0.012	-0.062	-0.654	0.514
DPR	0.027	0.043	0.054	0.625	0.533

Source: Data Processed by Researchers, 2025

From Table 2 above, the research results for Green Banking (X1) obtained a t-value of -2.920 with a significance level of 0.004, less than the 0.05 value (5%). The statistical calculations indicate that the Green Banking variable (X1) partially has a significant effect on firm value, as proxied by Tobin's Q.

The moderating variable, namely the interaction between Green Banking and firm value, namely Corporate Social Responsibility (Z), obtained a t-value of 3.472 with a significance level of 0.001, less than the 0.05 value (5%). The statistical calculations indicate that the Corporate Social Responsibility variable can partially moderate firm value, as proxied by Tobin's Q.

The Corporate Social Responsibility variable (X2) obtained a t-value of -3.218 with a significance level of 0.002, less than the 0.05 value (5%). The statistical calculations indicate that the Corporate Social Responsibility variable partially has a significant effect on firm value, as proxied by Tobin's Q.

The control variables, namely company size and dividend payout ratio, have no effect on company value, with t-values of -0.654 and 0.625, respectively, with significance values of 0.514 and 0.533. These values are greater than the 0.05 (5%) level. Therefore, it can be concluded that the control variables, namely company size and dividend payout ratio, have no effect on company value, as proxied by Tobin's Q.

Discussion

1. The Influence of Green Banking on Firm Value Proxied by Tobin's Q

Green Banking (X1) obtained a t count of -2.920 with a significance level of 0.004 smaller than the significance value of 0.05 (5%). So it can be concluded that Green Banking has a negative and significant effect (on company value proxied by Tobin's Q in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period. This indicates that H1 in this study is rejected. The results of this study are in line with research conducted by Bätæ et al., (2021) which states that there is a negative relationship between Green Banking and company value. This research is also supported by Romli and Reza Zaputra, (2022) which states that there is a negative implementation between Green Banking and company value. This is because investors have not responded well to the existence of Green Banking in the company, so it has not been able to increase company value. Another reason is also due to the costs for implementing Green Banking which are quite large, so companies have not been able to optimize it.

2. The Influence of Corporate Social Responsibility on Company Value Proxied by Tobin's Q

Corporate Social Responsibility Corporate Social Responsibility (X2) obtained t count of 3.218 with a significance level of 0.002 smaller than the significance value of 0.05 (5%). So it can be concluded that Corporate Social Responsibility has a positive and significant effect on company value proxied by Tobins`Q in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period. This indicates that H2 in this study is accepted. The same thing was stated by Jermisittiparsert et al, (2019) in their journal Sustainable procurement and sustainable distribution influence the organizational performance (economic, social and environmental): Moderating role of governance and collaboration at thai food industry that Corporate Social Responsibility (CSR) plays an important role in increasing company value. The better the implementation of CSR carried out by the company, the company's value will increase. This is expected to increase a company's awareness of carrying out Corporate Social Responsibility activities and their disclosure in a company. So that in the future the company can enjoy the results of good market performance which will later be enjoyed by the public in general.

3. Interaction of Corporate Social Responsibility (CSR) in moderating the influence of Green Banking on company value proxied by Tobins`Q.

The interaction between Green Banking and company value, namely Corporate Social Responsibility (Z), obtained t count of 3.472 with a significance level of 0.001, smaller than the significance value of 0.05 (5%). So it can be concluded that Corporate Social Responsibility as a moderating variable has a significant effect on company value proxied by Tobins`Q in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period. This means that Corporate Social Responsibility can moderate the effect of Green Banking on company value by weakening the effect of Green Banking on company value. This indicates that H3 in this study is accepted. Company management with high Corporate Social Responsibility values can reduce Green Banking, thereby affecting company value. If the company's CSR and Green Banking disclosures are high, it will reduce company value. There are several reasons why Corporate Social Responsibility weakens the effect of Green Banking on company value, including ineffective CSR and diverse stakeholder thinking so that it has not been able to increase company value. Furthermore, the cost of implementing Corporate Social Responsibility within a company is substantial, making its implementation less effective, and several items remain unfulfilled. This aligns with research by Zuleika and Koesnugroho (2022), which found that Corporate Social Responsibility (CSR) as a moderating variable has not yet significantly impacted company value.

CONCLUSION

Based on the research results obtained through testing and data analysis in the previous chapter, it can be concluded that:

1. Green Banking has a negative and significant effect (on firm value, as proxied by Tobin's Q), in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period.
2. Corporate Social Responsibility has a positive and significant effect on firm value, as proxied by Tobin's Q, in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period.
3. Corporate Social Responsibility moderates the effect of green banking on firm value, as proxied by Tobin's Q, in banking companies listed on the Indonesia Stock Exchange for the 2019-2023 period, with a weakening effect.

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