The Influence of Green Investment and CSR on the Firm Value of Energy Sector Companies: The Mediating Role of Financial Performance

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ABSTRACT

Amidst the challenges of global climate change and increasing demands for sustainability, companies are expected to focus not only on financial aspects but also on non-financial aspects such as implementing environmentally and socially responsible business practices to support the assessment of corporate value in the eyes of investors. This study aims to analyze the impact of green investments and corporate social responsibility (CSR) on corporate value, as well as to test the role of financial performance as a mediating variable in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2023. The research sample included 45 energy sector companies, but only nine companies met the criteria. The results revealed that green investments and CSR did not have a significant impact on corporate value, and green investments also did not affect financial performance. However, CSR was found to have a significant influence on financial performance. On the other hand, financial performance had no significant impact on corporate value. It did not act as a mediator in the relationship between green investment, CSR, and corporate value. These findings suggest that while CSR can improve financial performance, it is insufficient to increase corporate value without additional supporting factors directly. This study suggests that companies, particularly those in the energy sector, should prioritize environmental and social considerations in their operations. For green investments to support the company's value, companies must demonstrate measurable long-term benefits and align their sustainability efforts with stakeholder expectations. Furthermore, investors consider non-financial factors such as the implementation of tangible environmental performance and transparent CSR practices, thereby encouraging companies to adopt sustainability not only as a regulatory obligation but also as a strategic asset.

INTRODUCTION

Climate change is a serious global issue that has a profound impact on both the environment and the economy. One of the leading causes of climate change is the increase in greenhouse gas emissions, particularly carbon dioxide (CO_2). Indonesia is among the top ten countries with the highest CO_2 emissions globally, and the energy sector is the most significant contributor to the country's total emissions. This situation has prompted companies, especially in the energy sector, to adopt more responsible and sustainable business practices while maintaining investor perception of the company's value. To address this challenge, two main strategies are commonly used: green investment and corporate social responsibility (CSR). According Indriastuti dan Chariri (2021) Green investment demonstrates a company's commitment to investing in environmentally friendly activities, such as energy efficiency, waste management, and the use of renewable energy. On the other hand, CSR refers to a company's responsibility to its stakeholders, covering social, economic, and environmental aspects. Both strategies are believed to strengthen a company's image and improve investor perception of its value.

According to Novia dan Candy (2023) If a company implements green investments effectively, its activities will be supported by the community, which can then have a positive influence on the company's profitability. According to Zhang dan Berhe (2022)The implementation of CSR can increase public trust in a company's products, leading the public to choose those products, which in turn influences the company's profitability. Financial performance is also important in implementing green investments and CSR. Financial performance is considered a crucial factor for companies. According to Ika (2023)If a company's ability to generate profits improves, it can support the company in practicing environmental and social responsibility. Based on this background, this study aims to examine the impact of green investment and CSR on Firm Value, with financial performance as a mediating variable, in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023. This research is expected to contribute both theoretically and practically, particularly in encouraging the implementation of sustainability strategies in the business world. Companies must consider their sustainability not only from a financial perspective but also from a non-financial perspective. Therefore, this research examines the impact of green investment and corporate social responsibility (CSR) on corporate value, given the trend toward sustainable development for the future. Previous studies have mainly focused on the relationship between corporate social responsibility (CSR) or green investment and corporate value. However, few studies have investigated the interconnection between green investment, corporate social responsibility (CSR), and corporate value.

Stakeholder Theory

Stakeholder theory is an organizational management theory that considers all the needs of stakeholders related to the company. Stakeholder theory is a framework that considers a company's stakeholders and its role in society, involving the preparation of the legal infrastructure and markets necessary for corporate activities. This theory describes stakeholders who can be influenced by or influence corporate activities and have an impact on the company's business objectives. According to Kaplale et al., (2023)Stakeholder theory describes a company not as an entity that operates solely for its interests, but also as one that provides benefits to its stakeholders. Stakeholders include owners or shareholders, company employees, customers, suppliers, and the broader community, all of whom work together to create sustainable value.

Legitimacy Theory

Legitimacy theory provides an understanding that the social agreement between a company and its surrounding community significantly influences the company's sustainability. According to Lestari dan Zulaikha (2021)An organization can maintain its existence if the community perceives that the company's activities are carried out by values that align with prevailing social norms. Legitimacy theory posits that every company must demonstrate that its activities and performance align with the expectations and goals of the community. Thus, this theory shapes the mindset and belief that a company's existence brings tangible benefits to the surrounding community. (Titani & Susilowati, 2022).

Green Investment

Green investment is a business transformation that is more environmentally responsible, driven by the company's operational activities aimed at reducing carbon emissions. According to Liu et al. (2021) green investment is a preventive measure taken by business entities to preserve the environment and mitigate the impact of their activities by providing pro-environmental financing. According to Indriastuti dan Chariri (2021) green investment assessment uses the PROPER rating system. The measurement is conducted by assigning scores from 1 to 5, with one representing black, 2 representing red, three representing blue, 4 representing green, and 5 representing gold.

Corporate Social Responsibility (CSR)

CSR is a company's commitment to considering the social impact of its activities. According to Ramadhani et al., (2019)CSR is a form of social concern carried out by companies, which is currently an aspect of improving company performance. CSR measurement utilizes the GRI standards, which encompass disclosures for 89 items. CSR measurement uses dummy variables. The calculation of CSR is done by summing the total disclosure items and dividing them by the total GRI standard items (89 items) or using the following formula:

$$\text{CSRj} = \frac{\sum Xij}{Nij}$$

Firm Value

Firm Value is the selling point for a company that is currently operating. According to Ningrum (2022)The purpose of firm value is to provide investors and customers with a standard for measuring a company's success. According to the theory of the firm, companies have the primary objective of maximizing the wealth or value of the company. (Hermawan & Toni, 2021). According to Silvia Indrarini (2019)Corporate value is investors' perception of the success of company managers in managing the resources entrusted to them, and it is linked to stock prices. An increase in corporate value will be reflected in higher stock prices, which will have a positive impact on the prosperity of shareholders. In this study, the firm value indicator used is Price-to-Book Value (P/BV). PBV is a ratio that can illustrate how investors view a company. According to Brigham dan Houston (2019)Firm value can be formulated as follows:

$$\text{PBV} = \frac{Market\ Price\ per\ Share}{Book\ Price\ per\ Share}$$

Financial Performance

Financial performance can be defined as a company's achievements over a specific period, indicating its financial health and well-being. Financial performance refers to the achievement of company management in effectively and efficiently managing the company's finances through various funding activities during a specific period, using clear standards and criteria, and employing universally accepted methods and analysis tools. (Irfani, 2020). Financial performance is a key factor for investors when considering the purchase of company shares. According to Hasanah dan Hariyono (2022)Good financial performance can attract investors to join the company, thereby increasing its cash flow and improving overall performance, which in turn will enhance profitability. This study uses ROA as an indicator of financial performance. ROA can be calculated as follows:

$$\text{ROA} = \frac{EBIT}{Total\ Aktiva} \text{X } 100\%$$

Hypothesis Development

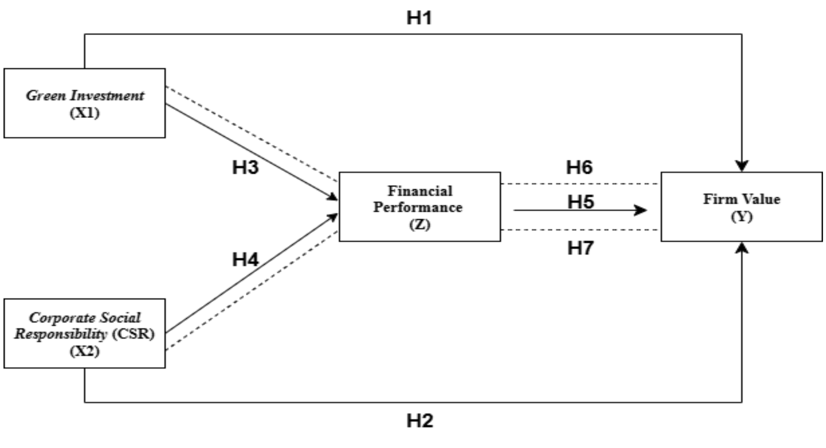

Figure 1. Conceptual Framework
Source: *Data Processed, 2025*

The Impact of Green Investment on Firm Value

Companies will disclose information that is considered beneficial to the company. One such disclosure is green investment. Green investment is a company strategy aimed at obtaining and maintaining the legitimacy and support of stakeholders. Indriastuti dan Chariri (2021). By disclosing green investments, companies can send a positive signal to stakeholders, as they will be perceived as more responsible than other companies because they care about the environmental impact of their operational activities. Additionally, disclosing green investments can demonstrate that the company has already implemented and maintained its legitimacy. Research conducted by Ayu Wijayanti dan Yoseph Agus Bagus Budi N., (2024), Mentari dan Dewi (2023), and Tanasya & Handayani (2020) Shows that green investment has a positive and significant effect on Firm Value. Based on the description above, the following hypothesis can be formed: Green Investment has a Positive and Significant Effect on Firm Value.

The influence of corporate social responsibility (CSR) on Firm Value

Corporate social responsibility (CSR) is a form of social concern carried out by companies, which is currently an aspect of improving company performance Ramadhani et al ., (2019). Disclosure of corporate social responsibility can be a positive signal to stakeholders and also serve as a strategy for gaining a competitive advantage for companies. Research conducted by (Maharani, 2024) Shows that CSR does not affect corporate value, consistent with the research by Mentari dan Dewi (2023), which suggests that CSR does not have a significant impact on corporate value. In the research by Yolanda (2022)It has been demonstrated that CSR has a significant impact on Firm Value. Based on the description above, the following hypothesis can be formed: Corporate Social Responsibility (CSR) has a Positive Impact on Firm Value.

The impact of green investment on financial performance

Disclosure of green investment can improve a company's image in the eyes of investors because investors believe that green investment can improve financial performance, even though the costs incurred for such activities are high.Tanasya & Handayani, 2020). If a company implements green investments effectively, it can send a signal to stakeholders because every company activity will receive support from the community, thereby influencing the company's profitability. (Novia & Candy, 2023). Research conducted by Novia dan Candy (2023) Shows that green investment does not affect financial performance. Research conducted by Indriastuti dan Chariri (2021) Shows that green investment has a positive effect on financial performance. Based on the description above, the following hypothesis can be formed: Green Investment has a Positive Impact on Financial Performance.

The effect of corporate social responsibility (CSR) on financial performance

Disclosure of corporate social responsibility (CSR) can enhance a company's image in the eyes of investors, as investors believe that CSR can positively impact financial performance, despite the high costs incurred for such activities (Tanasya & Handayani, 2020). Implementing CSR can increase public trust in a company's products, leading the public to prefer purchasing those products, thereby influencing the company's profitability (Zhang & Berhe, 2022). Research conducted by Maya Indriastuti and Anis Chariri (2021) shows that corporate social responsibility (CSR) has a positive effect on financial performance. Based on the description above, the following hypothesis can be formed: Corporate Social Responsibility (CSR) has a Positive Effect on Financial Performance.

The effect of financial performance on Firm Value

A company's financial performance, whether good or bad, will impact its value, which investors consider when evaluating a company's investment potential. (Nursasi, 2020). Research conducted by

Enggar Nursasi (2020) shows that financial performance has a significant positive effect on Firm Value. Based on the description above, the following hypothesis can be formed: Financial Performance Has a Positive Effect on Firm Value.

The effect of green investment on Firm Value with financial performance as a mediating variable

Disclosure of green investment can provide public legitimacy to companies. With this, companies will gain public support because they are perceived as caring about the environment and the impact of their operational activities. This support will increase the company's productivity and profitability. Increased profitability is reflected in financial reports, which in turn affect stock demand and prices (Tanasya & Handayani, 2020). Research conducted by Adellia Tanasya and Susi Handayani (2020) indicates that green investment affects Firm Value, with profitability serving as a mediator. Based on the description above, the following hypothesis can be formulated: Green Investment has a Positive Effect on Firm Value, with Financial Performance as a Mediating Variable.

*The effect of corporate social responsibility (CSR) on Firm Value with financial performance as a mediating variabl*e

Increased company profits can encourage companies to engage in activities outside of their business activities, one of which is the implementation of CSR. Disclosure of corporate social responsibility (CSR) can influence stakeholder trust, thereby increasing Firm Value (Maharani, 2024). Research conducted by Dila Maharani (2024) indicates that financial performance has a mediating effect, significantly weakening the relationship between CSR and Firm Value. Based on the description above, the following hypothesis can be formed: Corporate Social Responsibility (CSR) has a Positive Effect on Firm Value, with Financial Performance as a Mediating Variable.

RESEARCH METHOD

This research is a quantitative study that uses the purposive sampling method to determine the sample. The population in this study includes all energy sector companies listed on the Indonesia Stock Exchange (IDX), totaling 90 companies. However, only nine companies met the criteria and were selected as the research sample. This selection was based on strong considerations to ensure the availability and completeness of data relevant to the research variables, as well as the consistency of reporting required to obtain valid and accountable results. The criteria for purposive sample selection include energy sector companies that are still listed on the IDX until the end of 2023; companies that have been consistently listed on the IDX from 2019 to 2023; companies that have published complete annual reports and sustainability reports during the 2019–2023 period; companies that received the PROPER award consecutively from 2019 to 2023 as an indicator of commitment to green investment; companies that provided complete data for all variables used in the study. The reason for selecting companies based on these criteria is to ensure that the sample used truly represents companies that are consistent in fulfilling their environmental and social responsibilities, making it relevant to study the impact of green investment and CSR on firm value with financial performance as a mediating variable.

In this study, green investment is measured using the PROPER score, where companies with a gold rating are given a score of 5, a green rating a score of 4, a blue rating a score of 3, a red rating a score of 2, and a black rating a score of 1. Corporate social responsibility (CSR) is evaluated based on the Global Reporting Initiative (GRI) index with a total of 89 items, variable assessment using dummy variables, which are scored 1 if disclosed and zero if not disclosed, firm value is proxied by the Price to Book Value (PBV) ratio, and financial performance is measured using Return on Assets (ROA). Data collection techniques involved documenting annual reports, sustainability reports, and PROPER award documents of the sampled companies. Subsequently, data analysis was performed using the path analysis method, assisted by SPSS software version 25. The model equations used in this study are the equation to test the influence of green investment and CSR on financial performance (ROA): Z = PZX1 + PZX2 + €1 and the equation to test the influence of green investment, CSR, and financial performance on firm value (PBV): Y = PYX1 + PYX2 + PYZ + €2. Subsequently, a mediation test of financial performance was conducted using the Sobel test to determine whether financial performance (ROA) mediates the influence of green investment (GI) and CSR on firm value (PBV**).**

RESULTS AND DISCUSSION

Descriptive Statistics Analysis

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
GI	45	3	5	4,11	0,745
CSR	45	0,200	0,960	0,60689	0,214156
ROA	45	-0,094	0,585	0,12976	0,134935
Firm Value	45	-1,400	2,629	1,03009	0,730214
Valid N (listwise)	45				

***Source:** Data Processed, 2025*

Based on Table 1, the study included 45 samples. The lowest green investment value was 3, the highest value was 5, the mean was 4.11, and the standard deviation was 0.75. The lowest corporate social responsibility value was 0.2, the highest value was 0.96, the mean was 0.61, and the standard deviation was 0.21. The lowest ROA value is -0.94, the highest value is 0.585, the mean is 0.13, and the standard deviation is 0.135. The Firm Value has the lowest value of -1.4, the highest value of 2.63, the mean is 1.03, and the standard deviation is 0.73.

Classical Assumption Test

Normality Test

The normality test is used to determine whether the research data is normally distributed or not. The normality test is satisfied if the significance value in the SPSS output results from the Kolmogorov-Smirnov test is greater than 0.05 or 5%.

Table 2. Normality Test

		Unstandardized Residual
N		45
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0,67391850
Most Extreme Differences	Absolute	0,118
	Positive	0,108
	Negative	-0,118
Test Statistic		0,118
Asymp. Sig. (2-tailed)		0,128[c]

***Source:** Data Processed, 2025*

Based on Table 2, the Asymp. Sig. (2-tailed) The value indicates the results of the normality test, which is 0.128 > 0.05, indicating that the normality test is satisfied, or that the data in this study are normally distributed.

Multicollinearity Test

The multicollinearity test is used to determine whether there is a correlation between the independent variables in the study's regression model.

Table 3. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig	Colinearity Statistics	
	B	Std.Error				Tolerance	VIF
(Constant)	0,375	0,666		0,563	0,576		
Green Investment	0,010	0,145	0,010	0,067	0,947	0,954	1,048
Corporate Social Responsibility	0,738	0,543	0,216	1,359	0,182	0,819	1,221
ROA	1,287	0,880	0,238	1,462	0,151	0,785	1,274

Source: *Data Processed, 2025*

Based on Table 3, the SPSS output results for the multicollinearity test show Variance Inflation Factor (VIF) values < 10, namely green investment at 1.048, CSR at 1.221, and ROA at 1.274. The Tolerance values for each variable are > 0.10, specifically green investment at 0.954, CSR at 0.819, and ROA at 0.785. These results indicate that the regression model does not exhibit multicollinearity among the independent variables.

Heteroscedasticity Test

The heteroscedasticity test is used to determine whether there are differences in residual variance between observations in a regression model.

Table 4. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig
	B	Std.Error			
(Constant)	1,109	0,455		2,436	0,19
Green Investment	-0,146	0,099	-0,223	-1,479	0,147
Corporate Social Responsibility	0,091	0,371	0,040	0,245	0,808
ROA	-0,804	0,602	-0,222	-1,336	0,189

Source: *Data Processed, 2025*

Based on Table 4, the results of the heteroscedasticity test are greater than 0.05, as indicated by the probability values of 0.147 for green investment, 0.808 for CSR, and 0.189 for ROA. Therefore, this research model does not contain heteroscedasticity.

Path Analysis

Path analysis is used to determine the direct and indirect effects of independent variables on dependent variables. This study employs mediating variables, resulting in two equations: Equation 1, which focuses on the mediating variables, and Equation 2, which treats the mediating variables as independent variables.

Table 5. Equation 1: Green Investment, CSR, ROA

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig
	B	Std.Error			
(Constant)	-0,170	0,114		-1,496	0,142
Green Investment	0,034	0,025	0,190	1,390	0,172
Corporate Social Responsibility	0,261	0,086	0,414	3,025	0,004

Source: *Data Processed, 2025*

Based on Table 5, the sig value of the green investment variable is 0.172 > sig value 0.05, t count 1.390 < t table 2.0195 with standardized coefficients of 0.190 or 19%, which means that the green investment variable does not affect financial performance (ROA). The CSR variable shows a value of 0.04 < 0.05, with a calculated t-value of 3.025 > the table t-value of 2.0195 and a standardized coefficient of 0.414 or 41.4%. This indicates that the CSR variable affects financial performance (ROA).

Table 6. Equation 2: Green Investment, CSR, Financial Performance, and Firm Value

Model	Unstandardized Coefficients B	Std.Error	Standardized Coefficients Beta	t	Sig
(Constant)	0,375	0,666		0,563	0,576
Green Investment	0,010	0,145	0,010	0,067	0,947
Corporate Social Responsibility	0,738	0,543	0,216	1,359	0,182
ROA	1,287	0,880	0,238	1,462	0,151

Source: *Data Processed, 2025*

Based on Table 6, the significance value of the green investment variable is 0.947 > 0.05, with a t-count of 0.67 < t-table of 2.0195, and standardized coefficients of 0.010 or 1%. This suggests that the green investment variable does not have a significant impact on Firm Value (PBV). The CSR variable shows a value of 0.182 > 0.05, with a calculated t-value of 1.359 < t-table value of 2.0195 and a standardized coefficient of 0.216 or 21.6%. This indicates that the CSR variable does not influence the company's value (PBV). The financial performance variable (ROA) shows a value of 0.151 > 0.05, t-value 1.462 < t-table 2.0195 with a standardized coefficient of 0.238 or 23.8%, which means that the financial performance variable (ROA) does not affect the company's value (PBV).

Hypothesis Testing

Hypothesis testing was conducted by analyzing the path coefficient results for direct relationships, as well as specific indirect effects for mediating relationships. The following table presents the results of path coefficient hypothesis testing:

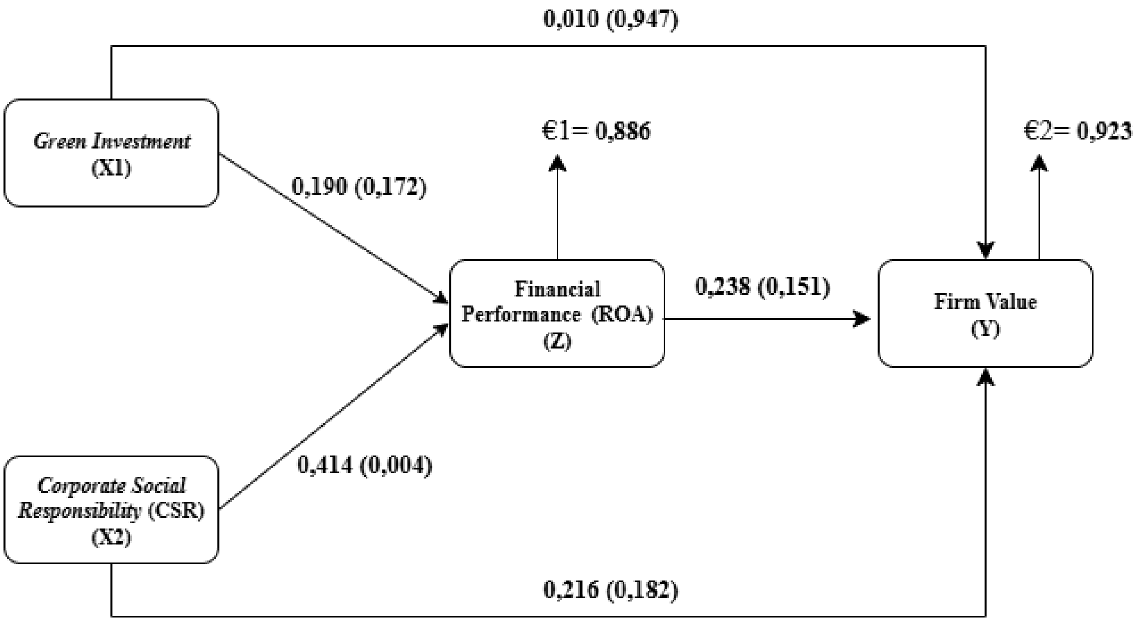

Figure 2. Path Analysis

Source: *Data Processed, 2025*

Based on Figure 2, the results of the path coefficient hypothesis test can be concluded as follows:

Green investment does not affect Firm Value

The test results of the green investment variable (X1) on Firm Value (Y) directly produced a significance value of 0.947. The significance value of 0.947 > 0.05 and the calculated t-value of 0.67 < the table t-value of 2.0195, meaning there is no effect of green investment on firm value. This finding can be explained by observing that most sample companies only achieve green or blue ratings in the PROPER program. These ratings suggest that companies often engage in environmental management solely to meet minimum regulatory requirements, rather than as a strategic commitment that adds value. In other words, environmental investments are made not out of a desire to enhance company value, but more to maintain reputation or fulfill government requirements. This aligns with the Shareholder Value Creation Theory, which emphasizes that a company's activities are considered valuable if they can create added value for shareholders and other stakeholders. The results of this study align with research conducted by Larasati et al. (2023), which suggests that green investment does not impact Firm Value, and Tanasya & Handayani (2020), who also found that green investment does not affect Firm Value.

Corporate social responsibility (CSR) does not impact firm value.

The results of testing the corporate social responsibility variable (X2) on Firm Value (Y) directly yielded a significance value of 0.182. The significance value of 0.182 > 0.05 and the calculated t-value of 1.359 < the table t-value of 2.0195, meaning that corporate social responsibility does not have an impact on Firm Value. This can be attributed to investors still focusing on the company's financial results rather than its implementation of CSR. In this study, it is also evident that there are still companies whose CSR disclosures fall short of the total items required for sustainability reporting based on GRI standards. The results of this study align with Agency Theory, which describes the conflict of interest between owners (principals) and managers (agents). Owners and managers have different objectives in running a company, particularly regarding the interests generated by the company's activities. The results of this study are consistent with those of Maharani (2024), who found that CSR does not affect Firm Value, and Mentari and Dewi (2023), who concluded that CSR has no impact on Firm Value.

Green investment does not affect financial performance.

The direct test of the green investment variable (X1) on financial performance (Z) yielded a significance value of 0.172. The significance value of 0.172 > 0.05 and the calculated t-value of 1.390 < the table t-value of 2.0195, indicating that green investment does not influence financial performance. This can be attributed to the fact that companies seek to gain social legitimacy and enhance their positive image by implementing green investment practices, rather than prioritizing financial performance improvements. This is because the financial benefits of green investment in business will only emerge in the long term. The results of this study align with the research conducted by Novia and Candy (2023), which suggests that green investment does not impact financial performance, as measured by ROA.

Corporate social responsibility (CSR) has a significant impact on financial performance.

The results of testing the corporate social responsibility variable (X2) on financial performance (Z) directly yielded a significance value of 0.004. The significance value of 0.04 < 0.05 and the calculated t-value of 3.025 > the table t-value of 2.0195, indicating that corporate social responsibility influences financial performance. This aligns with Stakeholder Theory, which states that companies are not only responsible to shareholders but also to various stakeholders. CSR practices can enhance a company's social legitimacy by demonstrating its commitment to social and environmental responsibility. The results of this study, in line with research conducted by Leonardo dan Ratmono (2023)Research indicates that CSR has a significant positive impact on financial performance, and a study by Indriastuti and Chariri (2021) confirms this positive effect.

Financial performance does not directly impact a firm's value.

The results of testing the financial performance variable (ROA) (Z) on Firm Value (Y) directly yielded a significance value of 0.151. The significance value of 0.151 > 0.05 and the calculated t-value of 1.462 < the table t-value of 2.0195, meaning that financial performance (ROA) does not affect Firm

Value. This is based on the fact that investors focus more on stock prices when making investment decisions, and only then consider other factors, such as growth potential, risk, and others. This research result is supported by the Efficient Market Theory, which states that stock prices at a given time already reflect all available information, including the company's financial statements. The results of this study align with the research conducted by Parahdila et al. (2023), which states that financial performance does not affect Firm Value.

Green investment does not impact firm value through financial performance.

The results of the Sobel test indicate that the indirect influence of green investment on Firm Value through financial performance is 0.15 > 0.05, and the calculated t-value is 0.069 < the table t-value of 2.0195. This means that financial performance cannot mediate the relationship between green investment and Firm Value. This means that, either directly or indirectly, green investment does not affect the value of energy companies listed on the Indonesia Stock Exchange from 2019 to 2023. This is because green investment requires significant costs for implementation, has a long-term payback period, and only shows financial benefits after several years. The results of this study are inconsistent with those of Tanasya and Handayani (2020), who found that green investment affects firm value, with profitability serving as a mediator.

Corporate social responsibility does not significantly impact firm value through financial performance.

The results of the Sobel test, which measures the indirect influence of corporate social responsibility on Firm Value through financial performance, yielded a value of 0.32 > 0.05 and a calculated t-value of 0.996 < the table t-value of 2.0195. This indicates that financial performance cannot mediate the relationship between corporate social responsibility (CSR) and Firm Value. This implies that, either directly or indirectly, CSR does not influence the value of energy companies listed on the Indonesia Stock Exchange from 2019 to 2023. CSR should serve as a positive signal to investors regarding a company's commitment to sustainability, ethics, and social responsibility. However, the effectiveness of this signal depends on investor perception. Most investors remain focused on the financial aspects of the company. The results of this study, in line with research by Kalsum (2020)Show that financial performance cannot mediate CSR on Firm Value. This suggests that financial performance, as a mediating variable, cannot increase Firm Value when companies implement CSR practices.

CONCLUSION

This study aims to determine the effect of green investment and corporate social responsibility (CSR) on Firm Value, and to assess financial performance as a mediating variable, focusing on energy sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023. The results of the analysis show that green investment and CSR do not have a significant direct effect on Firm Value. Additionally, green investment has a positive impact on financial performance. On the other hand, CSR is known to have a positive and significant impact on financial performance. However, financial performance is not proven to increase Firm Value significantly and does not mediate the relationship between green investment or CSR and Firm Value.

The results of this study indicate that although social responsibility activities can improve financial performance, they are not sufficient to directly increase Firm Value in the context of the energy sector. Therefore, companies are advised not only to focus on implementing green investments and CSR as a formality, but also to strengthen the effectiveness of programs so that they have a tangible impact on performance and investor perception.

Recommendations for future research include expanding the scope of the study, using other variables such as green finance as independent variables, and employing indicators like ROI and ROE for financial performance assessment, while incorporating moderator variables.

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