

THE EFFECT OF GREEN BANKING DISCLOSURE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON FIRM VALUE (STUDY ON ISLAMIC COMMERCIAL BANKS LISTED ON THE INDONESIA STOCK EXCHANGE)

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Abstract : This study aims to examine the effect of Green Banking Disclosure (GBDI) and Corporate Social Responsibility (CSR) Disclosure on firm value at Islamic Commercial Banks listed on the Indonesia Stock Exchange for the period 2018-2022. The data used is secondary data from annual reports and bank sustainability reports, with a sample of three banks selected using purposive sampling method. The number of samples used was 3 samples of Sharia Commercial Bank companies, namely PT Panin Dubai Syariah Bank, PT Bank Syariah Indonesia and PT Bank Tabungan Pensiunan Nasional Syariah. The research method used is multiple linear regression to test the relationship between variables. The results showed that GBDI has a significant negative effect on firm value, while CSR Disclosure, as measured by Islamic Social Reporting (ISR), has a significant positive effect on firm value. Simultaneously, GBDI and CSR Disclosure have a positive influence on firm value. This study concludes that the implementation of green banking needs to be accompanied by strengthening CSR strategies to support sustainability and increase firm value.

Keywords : **Green Banking Disclosure (GBDI), Corporate Social Responsibility (CSR), Islamic Social Reporting (ISR), Firm Value.**

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1. Introduction

National development in Indonesia has progressed rapidly, driven in part by growing economic activity. The financial industry—particularly banking—plays a critical role in this growth. Banks, as intermediary institutions that collect public funds and distribute them in the form of loans, are essential to supporting national development. This, in turn, contributes to equitable development, economic progress, national stability, and improved public welfare (OJK). According to (Putra & Suardhika, 2018), bank financing—whether for investment or working capital—can influence firm value. An increase in financing can boost a bank's profitability, which positively affects firm value. Fundamentally, a bank's primary objective, beyond generating profit, is to increase its firm value.

Firm value reflects a company's success in its operations and is often associated with its stock price (Sembiring & Trisnawati, 2019). A high firm value indicates a high stock price, which increases the welfare of shareholders; on the other hand, a low stock price is also directly proportional to a low company value, resulting in a less favorable view of the company by shareholders. The value of a company is not only seen from the

company's performance in generating profit or earnings. But it is also seen from how the company pays attention to the environment (planet) of all people involved in the company (Utomo, 2016).

Since 2015, a notable phenomenon has emerged: banks in Indonesia provided IDR 262 trillion in loans to corporations linked to the 2019 forest fires (Rosmayanti, 2020). Islamic banking also participated in the financing of the mining sector, even in 2022, the financing reached IDR 9.1 billion from the previous year's IDR 5.2 billion (OJK). This shows that there are still limitations for banks to identify and reduce social and environmental risks in banking sustainability. In order to continue to create environmentally friendly activities, Islamic banks are developing the concept of green economy that focuses on banks into the concept of green banking.

Green banking refers to banks' efforts to operate in an environmentally responsible manner, (2019) by providing inclusive strategies geared towards sustainable economic development. Hossain, et al. (2016) revealed that the concept of green banking emerged as a form of solving environmental problems that have occurred recently including sustainability, climate change, global warming, global emotions and others. The implementation of green banking is in line with legitimacy theory that banks that implement green banking practices have contributed to maintaining a good relationship between the institution and the environment and the community around the institution (Kurniawan, 2021).

Legitimacy theory focuses on the relationship between the company and society, According to Romli & Reza Zaputra (2021), legitimacy theory emphasizes the relationship between businesses and society, suggesting that corporate actions should conform to prevailing environmental and social norms. In Indonesia, green banking is supported by regulatory frameworks. Bank Indonesia Regulation No. 14/15/PBI/2012 requires environmental assessments for prospective borrowers as a condition for loan approval. Similarly, the Financial Services Authority (OJK) issued Regulation No. 51/POJK.03/2017 on Sustainable Finance, which encourages financial institutions to provide adequate funding for sustainable development and climate change initiatives.

Previous research highlights several benefits of green banking. Meena (2013) identified advantages such as reduced deforestation through decreased paper usage, increased environmental awareness among employees and customers, and stricter standards for lending to eco-friendly businesses. Bose, et al. (2018) in their research revealed that there are 21 indicators of disclosure of bank practices that are friendly to the environment, the higher the value of green banking disclosure, the better the bank's activities on environmental issues. In addition, (Kurniawan, 2021), Senja Setyoko & Wijayanti (2022) also explained that the implementation of green banking can improve company performance, thus affecting the increase in company value.

Khan (2021) and Nurzanah (2022) added that green banking has a positive influence on firm value. Disclosure of green banking is one of the factors that increase firm value, because people believe that companies care about the environment (Winarto et al., 2021). However, different results found by Romli & Reza Zaputra (2021) reveal that the application of green banking is not sufficient to increase firm value. This explains that shareholders do not respond to the green banking practices that banks have implemented. This explains that shareholders do not respond to the green banking practices that banks have implemented.

Another indicator that affects shareholder value is corporate social responsibility (CSR) disclosure. CSR implementation is a form of business ethics in which companies have responsibilities to various stakeholders such as customers, employees,

shareholders, government, and others. Fiona et al., (2017) found that companies that disclose CSR practices have a good impact on the value of the company. In line with this, CSR disclosure in the BUMN banking sector has a positive influence on the bank's firm value (Puspitasari & Ermayanti, 2019). The higher the CSR disclosure, the higher the company value.

According to the World Business Council for Sustainable Development (Rahman et al., 2011), CSR involves a company's long-term commitment to ethical conduct and improving community well-being. CSR disclosures help companies gain legitimacy from stakeholders, supporting smoother business operations. In Indonesia, CSR is mandated under Law No. 40 of 2007 on Limited Liability Companies, which requires CSR reporting in annual reports—including for Islamic banks.

However, in practice, CSR disclosure in Indonesia is still very limited. When compared to Malaysia, CSR disclosure in Islamic banks in Indonesia is still lagging behind. This is because there are differences in regulations regarding CSR items that must be included in the annual report (Utami, 2020). So that there is a need for equal CSR disclosure of Islamic banks in the international scope. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) then sets standards for measuring CSR disclosures in accordance with sharia principles using the Islamic Social Reporting (ISR) index. Setiawan et al. (2018) found that sharia-compliant issuers who disclose ISR gain increased stakeholder trust in the institution's adherence to Islamic principles. Similarly, Refani & Dewi (2020) showed that ISR disclosure positively affects firm value. Conversely, Rosalina (2019) and Handayani (2022) reported differing results, concluding that ISR has no significant impact on firm value. These inconsistencies suggest a research gap regarding the effects of green banking and CSR disclosures on firm value.

Given these gaps and mixed findings, this research aims to examine the relationship between green banking disclosure, CSR disclosure, and firm value in Islamic commercial banks listed on the Indonesia Stock Exchange from 2018 to 2022. Based on this, researchers are interested in conducting research with the title "The Effect of Green Banking Disclosure and Corporate Social Responsibility Disclosure on Firm Value (Study on Islamic Commercial Banks Listed on the Indonesia Stock Exchange for the Period 2018-2022)".

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Legitimacy Theory

Legitimacy theory focuses on the relationship between a company and society, emphasizing that a company must conduct its activities in accordance with the norms and values present in its environment (Dowling & Pfeffer, 1975). This theory is grounded in the concept of a "social contract" between the institution and the society in which it operates. To uphold this contract, an organization must demonstrate its legitimacy and relevance by proving that its services are needed and that the groups benefiting from its activities have society's approval.

Dowling and Pfeffer (1975) identified two key efforts companies can undertake to gain legitimacy: (1) aligning their activities with societal values, and (2) communicating these activities through transparent reporting. One such means of communication is the disclosure of corporate social responsibility (CSR) initiatives. Companies engage in public dialogue on social and environmental issues and adopt

legitimation strategies to maintain public trust and ensure continued support from stakeholders.

2.2 Stakeholder Theory

Stakeholder theory emphasizes the importance of the relationship between a company and its stakeholders—groups or individuals who are affected by or can affect the organization's operations. According to Suwandi (2022), stakeholders are categorized into two groups: primary stakeholders and secondary stakeholders.

Primary stakeholders include shareholders, investors, employees, suppliers, government bodies, and communities whose participation is essential for the company's continuity (going concern). Secondary stakeholders, on the other hand, influence or are influenced by the company but are not directly involved in its survival—for example, the media.

Stakeholders are vital to a company's sustainability because they control key resources necessary for the company's operations. Therefore, companies must maintain positive relationships with stakeholders by addressing their concerns, especially those stakeholders who possess power over critical resources. One way to build and maintain these relationships is through the publication of sustainability reports, including disclosures related to social and environmental responsibilities (Hörisch, 2014).

2.3 Firm Value

Firm value reflects investors' perceptions of a company's success and potential. According to Braley, as cited in Indrarini (2019), firm value represents the collective assessment by investors of a company's current performance and future prospects. It plays a critical role because the company's condition can influence how investors perceive and evaluate it. As a result, companies strive to demonstrate strong performance to attract and retain investor interest (Ningrum, 2022). Fundamentally, beyond generating profit, the ultimate goal of a company is to maximize its value.

2.4 Green Banking Disclosure

Although banks are not direct contributors to environmental degradation, they are connected to environmentally harmful activities through their financing of companies or projects that may harm the environment (Bihari & Pandey, 2014). For this reason, banks must assess whether prospective borrowers engage in environmentally damaging activities. Green banking refers to banking practices that promote environmental sustainability and reduce carbon footprints.

According to Bihari & Pandey (2014), green banking involves initiatives aimed at enhancing risk management—particularly environmental risks—and promoting sustainable business practices. These efforts include adopting renewable energy principles, improving energy efficiency, conserving the environment, and developing eco-friendly financial products that comply with green standards or carry eco-labels.

The implementation of green banking in Indonesia is based on the regulations issued by Bank Indonesia in Bank Indonesia Regulation Number 14/15/PBI/2012 regarding the assessment of the environmental management of prospective debtors as a condition in applying for loans to banks. The Financial Services Authority (OJK) also

supports the implementation of green banking with the issuance of Financial Services Authority Regulation (POJK) Number 51/POJK/03/2017 concerning the Implementation of Sustainable Finance, this regulation encourages Financial Services Institutions (FSIs), issuers and public institutions to provide adequate funding sources for sustainable development and climate change.

2.5 Corporate Social Responsibility Disclosure

Corporate Social Responsibility (CSR) has now become part of the company's orientation. According to the World Bank in (Yuliana, 2019) the definition of Corporate Social Responsibility is a term that describes a company's obligation to be responsible to all stakeholders in all of its operations and activities. The concept of CSR plays a role in balancing the company's goals while still paying attention to the consequences of its activities on the environment and society. Ghana (2006) in (Hadi, 2009) argues that corporate social responsibility is an effort to build corporate building towards ensuring the company's going concern.

Disclosure is a form of information delivery that provides sufficient explanation and can represent the actual situation in the company. This information must be clear, complete, accurate and reliable which describes the conditions that occur in the company so that no party is harmed. According to (Utami, 2020) in his research, CSR disclosure in the Islamic bank sector in Indonesia is still very limited when compared to Malaysia, because there are differences in CSR items included in the annual report.

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), an international Islamic financial institution, sets standards in CSR reporting in accordance with sharia principles using the Islamic Social Reporting (ISR) index. In accordance with the principle of ISR in sharia substance reveals activities based on Islamic principles which are grouped into six categories, namely funding and investment, products and services, employees, community, environment, and corporate governance.

2.6 The Effect of Green Banking Disclosure on Firm Value

According to (Romli & Reza Zaputra, 2021) green banking is a concept regarding activities carried out by a financial institution by prioritizing environmental sustainability in its operations. Hossain, et.al (2016) explained that after the introduction of green banking programs in banks in Bangladesh can help banks gain greater legitimacy from regulators and the public which has a positive impact on firm value. Research conducted by (Tiara et al., 2022) states that green banking has no effect on firm value. (Romli & Reza Zaputra, 2021) also prove that green banking implementation has a negative effect on firm value. However, research conducted by (Nurzanah, 2022) and (Winarto et al., 2021) shows that there is a positive relationship between green banking and firm value in Islamic banking. Based on this description, the following hypothesis can be formulated.

H1: Green banking disclosure affects firm value.

2.7 The Effect of Corporate Social Responsibility Disclosure on Company Value

The main goal of the company is to increase the value of the company that continues to be sustainable. In achieving good corporate value, companies need to pay attention to economic, social, and environmental aspects. The existence of CSR is able to build the company's good name among stakeholders. With the company having a positive good name, it will certainly increase the value of the company (Fiona et al., 2017). However, research conducted by (Sutapa & Laksito, 2018) shows that Islamic Social Reporting (ISR) has no effect on firm value. In contrast to Puspitasari's research (2019) reveals that there is a positive influence of CSR on firm value in state-owned banks that go public. In line with research conducted by (Setiawan et al., 2018), (Refani & Dewi, 2020) stated that CSR disclosure using the ISR index has a positive effect on the value of an Islamic entity. Based on this description, the following hypothesis can be formulated.

H2: ISR disclosure affects firm value

2.8 The Effect of Green Banking Disclosure and CSR Disclosure on Firm Value

According to (Winarto et al., 2021) green banking has a positive influence on firm value. Saesari (2022) added that disclosure of green banking in banks listed on the IDX has a positive influence on firm value. Likewise, research by (Setiawan et al., 2018) and (Refani & Dewi, 2020) states that disclosure of corporate responsibility proxied by ISR has a positive effect on firm value. Based on this description, the following hypothesis can be formulated.

H3: Green banking disclosure and ISR disclosure affect firm value.

3. METHOD

3.1 Research Design

This research is quantitative research with a descriptive verification approach. This verification method is used to address the hypothesis accepted or rejected by testing the hypothesis of descriptive research results with statistical calculations. The data source in this analysis is secondary data in the form of annual reports, financial reports and sustainability reports that have been audited and published in 2018-2022 through the official website of each Islamic commercial bank and the Indonesia Stock Exchange website (www.idx.co.id). This research was conducted at Islamic Commercial Banks listed on the Indonesia Stock Exchange.

The research period is 2018-2022 from the annual report data of each Islamic commercial bank. The population in this study were all Islamic Commercial Banks listed on the Indonesia Stock Exchange. The sample in this study was obtained using purposive sampling method, namely the sample determination technique based on certain characteristics or considerations (Martono, 2011). The criteria for sampling are: (1) Islamic Commercial Bank companies listed on the IDX for the period 2018-2022, (2) Islamic Commercial Bank companies publish and publish annual reports on their respective official websites in 2018-2022, (3) Islamic Commercial Bank companies that publish financial reports. The number of samples used was 3 samples of Sharia Commercial Bank companies, namely PT Panin Dubai Syariah Bank, PT Bank Syariah Indonesia and PT Bank Tabungan Pensiunan Nasional Syariah.

This study uses quantitative data types, namely the collection method using secondary data which is usually arranged in the form of documents. Secondary data acquisition uses content analysis or analyzes various information presented by the media or documents (Martono, 2011). The data collection used by the author uses documentation techniques, namely by collecting information sourced from documents such as books, newspapers, journals, activity reports, study results, and others (Kusumastuti, et.al., 2020).

3.2 Research Variables and Indicators

Table 1. Variable and Indicators

No	Variable	Indicator
1	Green Banking Disclosure (X1)	The green banking disclosure indicator uses items developed by Bose, et al. (2018). The measurement scale uses a dichotomous scale, score 1 is given if the bank discloses green banking items, and score 0 is given if the bank does not disclose green banking items. The formula for calculating green banking disclosure: $GBDI = \sum_{i=1}^n d_i$ Description: GDBI = Green Banking Disclosure Index d_i = Number of indicators disclosed n = Expected number of green banking indicator disclosures The total value of the green banking disclosure index is then further converted into a ratio by dividing by the total green banking disclosure indicators, which are 21 indicators.
2	Corporate Social Responsibility Disclosure (X2)	In this study, CSR disclosure will be measured using the Islamic Social Reporting (ISR) index resulting from content analysis, based on indicators developed by (Othman et al., 2009) consisting of 46 items. The measurement scale is score 1: if you disclose, and score 0: if you do not disclose. The calculation of the ISR index uses the following formula: $ISRI_j = \frac{\sum X_{ij}}{N_j}$ Description: ISRI_j = Islamic Social Reporting Index company j N_j = Number of items for company j, $N_j \leq 46$ X_{ij} = Dummy variable, score 1: if the item is disclosed, 0: if not disclosed.
3	Firm Value (Y)	The company value is calculated by Tobin's Q which shows the prospect of company development by comparing the market value of assets with book value. The Tobin's Q formula is: $Tobin's\ Q = \frac{MVE + D}{TA}$ Description: Tobin's Q = Company Value D = Book value of total debt

MVE = Market value of equity (Market Value Equity)
obtained from multiplying the closing stock price by the
number of shares outstanding.

Source: various references, 2023

Data Analysis

The data analysis method used in this research is multiple linear regression analysis including coefficient of determination (R^2) analysis, T test, and F test. Regression analysis is used to predict more than one independent variable on the dependent variable partially or simultaneously. Data testing was carried out with the help of SPSS software version 25. The multiple linear regression analysis equation is written as follows:

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

Description:

Y = Firm Value
 α = Constant
 X_1 = Green Banking Disclosure
 X_2 = Corporate Social Responsibility Disclosure
 β_1 - β_3 = Multiple regression coefficients
 e = error term

4. RESULT AND DISUSSION

4.1 Result

4.1.1 Descriptive Statistical Analysis

Descriptive Statistics is a basic data analysis technique to explain how the data is collected as it is by looking at the mean, standard deviation, variance, maximum, minimum, sum, range, skewness, and kurtosis. The results of descriptive statistical analysis in this test are as follows.

Tabel 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
GDBI	15	,43	1,00	,7493	,16632
ISR	15	,72	,96	,8667	,07132
Tobin's Q	15	,35	2,29	1,0240	,58091
Valid N (listwise)	15				

Source: Secondary data processed, 2023

Based on the results of the data analysis above, it can be seen that all variables, namely Green Banking Disclosure (GDBI), Corporate Social Responsibility Disclosure (ISR), and firm value (Tobin's Q) are homogeneous.

4.1.2 Classical Assumption Test

Normality Test

This normality test is used to determine whether or not the data used in the research is normally distributed. If the data is normally distributed, it means that statistical methods that assume normality—such as parametric tests—can be appropriately applied. Normal distribution also suggests that the sample data may adequately

represent the population, assuming the sample was collected properly. The following are the results of the normality test in this study.

Table 3. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		15
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,26327400
Most Extreme Differences	Absolute	,184
	Positive	,184
	Negative	-,166
Test Statistic		,185
Asymp. Sig. (2-tailed)		,184 ^c

Source: Secondary data processed, 2023

Based on the results of the normality test using one sample Kolmogorov Smirnov, the table above shows a significance value of 0.184 which means greater than 0.05. So it can be concluded that the data is normally distributed.

Multicollinearity Test

In the multicollinearity test, it will be seen whether in this regression model there is a correlation between independent variables or independent variables, because a good regression model should not have multicollinearity between independent variables. Multicollinearity is seen from the tolerance value and variance inflation factor (VIF). If the VIF value ≤ 10 then there is no multicollinearity. Conversely, if $VIF \geq 10$ then there is no multicollinearity. The results of the multicollinearity test in this study are as follows.

Table 4. Multicollinearity Test Results

Coefficients^a

		Collinearity Statistics	
Mode	1	Tolerance	VIF
1	GBDI	,161	6,211
	ISR	,196	5,111

a. Dependent Variable: Tobin's Q

Source: Secondary data processed, 2023

Based on the table of multicollinearity test results using SPSS 25 software, the results show that all variables do not occur multicollinearity, because the VIF value is not greater than 10.

Heteroscedasticity Test

This test is used to determine whether in the regression model there is an inequality of variance from the residuals of one observation to another. The method used is the park test with the criteria if the significant value > 0.05 means that there are no symptoms of heteroscedasticity, and vice versa if the significant value < 0.05 then there are symptoms of heteroscedasticity. The results of the heteroscedasticity test can be seen in the following table.

Table 5. Heteroscedasticity Test Results

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
		Std.				
Model		B	Error	Beta	T	Sig.
1	(Constant)	4,930	12,884		,383	,711
	GBDI	1,144	6,365	,129	,180	,861
	ISR	-3,205	13,465	-,155	-,238	,817

a. Dependent Variable: LN_RES

Source: Secondary data processed, 2023

Based on the table above, the heteroscedasticity test of all variables is more than 0.05. So it can be concluded that there are no symptoms of heteroscedasticity.

Autocorrelation Test

The autocorrelation test is used to determine whether in the linear regression model there is a correlation between confounders in period t and errors in period t-1 (previous), which is measured using the Run Test. The basis for decision making is if the asymp. sig. (2- tailed) < 0.05 then there are symptoms of autocorrelation. Conversely, if the asymp. sig. (2-tailed) > 0.05 , it means that there are no symptoms of autocorrelation.

Tabel 6. Autocorrelation Test Results

Z	,000
Asymp. Sig. (2-tailed)	1,000
a. Median	

Source: Secondary data processed, 2023

Based on the table above, it can be seen that the Asymp. Sig. (2-tailed) value of 1.000 (> 0.05) So it can be concluded that the regression model does not have autocorrelation symptoms.

4.1.3 Hypotesis Testing

Multiple Regression Analysis

Tebel 7. Multiple Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4,316	1,879		-2,297	,040
	GBDI	-4,941	1,308	-.1415	-3,779	,003
	ISR	10,434	3,049	.1281	3,422	,005

a. Dependent Variable: Tobin's Q

The regression model of the above equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 \text{ ----- (1)}$$

$$\text{Tobin's Q} = -4.316 - 4.941 \text{ GBDI} + 10.434 \text{ ISR} \text{ ----- (2)}$$

Coefficient of Determination (R²)

Table 8. Output of the Coefficient of Determination (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,739 ^a	,546	,470	,42286

a. Predictors: (Constant), ISR, GBDI

Source: Secondary data processed 2023

Based on the table above, it can be seen that the Adjusted R Square value is 0.470, it can be concluded that the contribution of the influence of the independent variables, namely Green Banking Disclosure and Corporate Social Responsibility to the dependent variable on firm value simultaneously (together) is 47%.

Simultaneous Test (F Test)

Table 9. Simultaneous Test Output

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,579	2	1,289	7,210	,009 ^b
	Residual	2,146	12	,179		
	Total	4,724	14			

a. Dependent Variable: Tobin's Q

b. Predictors: (Constant), ISR, GBDI

Source: Secondary data processed 2023

The regression model can be said to be fit if the significance value is less than 0.05. From the table above, it is known that the significant value is 0.009 (<0.05), meaning

that the independent variables simultaneously (together) have an effect on the dependent variable.

T test

If the significant value <0.05 concludes that there is a significant effect, and the significant value is right at 0.05, then to determine whether there is an effect of the independent variable on the dependent variable using the comparison of t count with t table.

Table 10. t Test Output

Coefficients^a

Model		Unstandardized	Standardized		Sig.
		Coefficients	Coefficients		
		B	Std. Error	Beta	T
1	(Constant)	-4,316	1,879		-2,297
	GBDI	-4,941	1,308	-1,415	-3,779
	ISR	10,434	3,049	1,281	3,422

a. Dependent Variable: Tobin's Q

Source: Secondary data processed 2023

Based on the table above, it can be seen that the effect of the Green Banking Disclosure (GBDI) variable on firm value is obtained a significant value of 0.003 <0.05 , it can be concluded that the Green Banking Disclosure variable can partially have a significant effect on the firm value variable. The effect of the Corporate Social Responsibility Disclosure variable proxied by ISR on firm value is obtained a significant value of 0.005 <0.05 , it can be concluded that the CSR Disclosure variable can have a significant effect on the firm value variable.

4.2 Discussion

Effect of Green banking disclosure on Firm Value

The results of this study indicate that Green Banking Disclosure (GBDI) has a significant negative effect on firm value, with a significance value of 0.003 and a negative coefficient of -4.941. This means that higher levels of green banking disclosure are associated with a decrease in firm value. Contrary to legitimacy theory, which posits that environmentally responsible behavior enhances a firm's legitimacy and value, this result suggests that green initiatives alone may not be well-received by investors in the current Indonesian market context. One possible explanation is that the market may perceive green banking activities as cost centers rather than value-adding strategies, especially if these activities do not translate into short-term financial gains. Investors may view the associated costs—such as environmental risk assessment, eco-lending requirements, or reporting systems—as burdens rather than strategic investments.

Additionally, the relatively low environmental awareness among stakeholders may result in underappreciation of such disclosures. Another contributing factor could be the ineffective communication or lack of transparency regarding how green initiatives align with overall bank performance. Even though banks implement environmentally responsible policies, if the benefits are not explicitly quantified or integrated into broader CSR strategies, they might not affect market valuation

positively. This result is consistent with prior studies by Romli & Zaputra (2021) and Tiara et al. (2022), which found no significant or negative relationships between green banking and firm value. Moreover, this highlights a possible disconnect between regulatory compliance and investor perception. In summary, while green banking remains a critical step for sustainable finance, it requires more strategic integration with stakeholder communication and performance reporting to positively influence firm value..

Effect of Corporate Sociate Responsibility Disclsoure on Firm Value

The findings reveal that Corporate Social Responsibility (CSR) Disclosure, measured by the Islamic Social Reporting (ISR) index, has a significant positive effect on firm value, with a significance value of 0.005 and a coefficient of 10.434. This suggests that when Islamic banks disclose comprehensive and transparent CSR activities, investors respond positively, thus increasing firm value. The result supports stakeholder and legitimacy theories, which assert that socially responsible behavior enhances a company's reputation and stakeholder trust. In Islamic banking, CSR is not merely a strategic option but a moral obligation aligned with Sharia principles, making it even more impactful. The ISR framework includes not only social and environmental factors but also faith-based values, further enhancing trust from stakeholders who prioritize ethical conduct.

In addition, CSR reporting helps reduce information asymmetry and serves as a risk mitigation tool. It enhances brand image, attracts socially conscious investors, and fosters customer loyalty. These effects cumulatively strengthen investor confidence and increase firm valuation. This result aligns with the studies by Puspitasari & Ermayanti (2019), Setiawan et al. (2018), and Refani & Dewi (2020), which found that CSR disclosure improves the value of Islamic banks. Furthermore, it indicates that ISR disclosures are perceived as value-enhancing, particularly when stakeholders understand their relevance to sustainability and Sharia compliance. Compared to green banking alone, CSR disclosure seems to have a more direct and favorable impact on firm value. Therefore, Islamic banks should continuously improve their CSR disclosure practices using the ISR index to remain competitive and maintain investor confidence.

Effect of Green Banking Disclosure and Corporate Sociate Responsibility Disclosure on Firm Value

The F-test results show that Green Banking Disclosure and CSR Disclosure simultaneously have a significant positive effect on firm value, with a significance level of 0.009. Although green banking alone has a negative influence, its effect becomes positive when combined with CSR disclosure. This implies that CSR can act as a strategic complement to green initiatives, helping to offset the perceived costs or risks associated with green banking practices. Together, these disclosures provide a more holistic narrative of the bank's commitment to sustainability, ethics, and long-term value creation. This finding supports the idea that sustainability reporting should be integrated, rather than segmented. When banks align their environmental efforts with broader social responsibility, they are more likely to gain legitimacy, stakeholder approval, and investor trust.

Furthermore, this integrated approach reflects a more strategic and synergistic sustainability model, as encouraged by both the Financial Services Authority (OJK) regulations and global best practices. From a market perspective, stakeholders may view CSR disclosures as more credible and less risky when they are accompanied by

consistent environmental disclosures. It also reflects a proactive stance in risk management, reputation building, and ethical compliance. For Islamic banks, this synergy resonates with the core values of *maqashid al-sharia*, which emphasize comprehensive well-being—spiritual, environmental, and social. Therefore, simultaneous disclosure of GBDI and ISR not only enhances firm legitimacy but also supports long-term financial stability and performance. This result highlights the importance of an integrated sustainability communication strategy, in which green banking and CSR reinforce each other in contributing to firm value.

5. Conclusion

Based on the results of the discussion of the analysis above, the conclusions regarding the effect of Green Banking Disclosure and Corporate Social Responsibility Disclosure on firm value at Islamic commercial banks listed on the Indonesia Stock Exchange for the period 2018-2022 are as follows: (1) Green Banking Disclosure has no effect on firm value at Islamic Commercial Banks listed on the IDX for the period 2018-2022, (2) Corporate Social Responsibility Disclosure analyzed using Islamic Social Repoting has a positive and significant effect on firm value at Islamic Commercial Banks listed on the IDX 2018-2022, (3) Green Banking Disclosure and Corporate Social Responsibility Disclosure analyzed using Islamic Social Repoting together have a positive effect on firm value at Islamic Commercial Banks listed on the IDX 2018-2022.

Based on the results of the analysis and conclusions that have been generated, there are suggestions that can be given through the results of this study in order to get better results, namely as follows: (1) It is hoped that further research can use indicators to disclose green banking in accordance with the Global Repoting Initiative (GRI) standards which globally represent reporting practices regarding environmental impacts. Future researchers can also use other variables that are expected to influence and strengthen the value of Islamic banking companies, (2) The Islamic Social Reporting Index can be used as a reference by Islamic companies such as Islamic banking in reporting social responsibility in accordance with sharia principles. Because so far the disclosure of social responsibility in banking still refers to conventional standards. Islamic banks are expected to continue to improve and maintain performance and responsibility reporting for activities carried out such as disclosure of green banking and CSR. This is done in order to keep the company sustainable, efforts are needed to maintain a balance between the company, the environment and the surrounding community.

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