



Tax Transparency Moderates the Effect of Green Supply Chain and Green Accounting on Corporate Reputation and its Impact on Financial Performance Risk

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ABSTRACT

A company's reputation is influenced by its adherence to good or bad business ethics. Tax avoidance is a decision that reflects poor business ethics. Management's efforts to enhance tax transparency signal to investors that the company upholds strong ethical standards by being transparent about its taxes, which helps reduce tax avoidance. This study examines the impact of green supply chains and green accounting on corporate reputation and how these factors influence financial performance risk, with tax transparency serving as a moderating factor. The study uses a sample of 658 companies over a two-year period, selected through purposive sampling, and applies moderation regression analysis. The findings support three hypotheses and reject two, indicating that the green supply chain positively affects corporate reputation, and tax transparency strengthens the relationship between the green supply chain and green accounting with corporate reputation. The practical implication is that green supply chains can serve as a strategy to enhance corporate reputation, and tax transparency can reinforce corporate environmental policies, further improving corporate reputation.

Keywords: green supply chain, green accounting, tax transparency, corporate reputation, financial performance risk

INTRODUCTION

A company's reputation reflects the trust it earns from stakeholders. A crisis of trust can severely damage this reputation and require substantial effort to restore it. Companies that contribute to sustainable development, adopt environmentally friendly business strategies, and uphold strong ethics through tax transparency are expected to enhance their overall reputation. The public debate around multinational companies like Amazon, Starbucks, and Google paying minimal taxes has negatively impacted their public perception, turning tax avoidance into a significant reputational risk. Increased media scrutiny on certain taxpayers has heightened this issue. Companies with strong corporate reputations tend to see increased profitability, market share, and sustainable strategic advantages. A good reputation, built on sound environmental practices, can lead to better financial performance and a lower risk profile. In today's world, companies face numerous challenges such as climate change, biodiversity loss, poverty, and a crisis of trust (Broman and Robert, 2015).

Modern companies should not only focus on maximizing profits but also bear responsibility toward society and the environment (Adyaksana & Pronosokodewo, 2020). Reputation is shaped not only by a company's own activities but also by the actions it takes in partnership with others (Money, K. et al., 2010). Environmental sustainability is a critical challenge that companies must address to maintain legitimacy and a good reputation.

A company's reputation is closely tied to the business ethics it demonstrates (Cragg, 2002; Trevino et al., 2012). Tax avoidance, for instance, is a decision that signals poor business ethics (Graham et al., 2014). The role of sustainability reporting as a moderator in the relationship between tax avoidance and firm value has been highlighted by Rudyanto, A. & Pirzada, K. (2021), who found that sustainability reporting can moderate this relationship.

Sustainability disclosure positively influences consumer trust and perceptions of corporate reputation (Kim, 2019). Additionally, sustainability-related information, business strategy, and CEO reputation significantly impact a company's reputation (Ardi, S., Murwaningsari, E., & Agustine, Y., 2022). Weng and Chen (2016) found that 60% of respondents believe corporate reputation accounts for over 40% of a company's value.

Supplier selection, monitoring, and partnership termination based on environmental criteria have a positive effect on corporate reputation (Quintana-García et al., 2021). However, Kumar et al. (2019) noted that supplier practices can sometimes harm rather than enhance a company's reputation and performance. Despite the potential impact of green supply chain management on corporate reputation, research in this area remains limited. Companies that neglect environmental issues in their operations may face threats to their business continuity (Asjuwita & Agustin, 2020). Embracing corporate environmental responsibility can enhance a company's reputation among the public and stakeholders (Fitriani, 2021). According to Hasan & Yun (2017), companies with a good reputation can achieve their goals more efficiently than their competitors within the same industry.

At the highest level of transparency, consumers are more likely to boycott companies that engage in tax avoidance (Razen, M., & Kupfer, A., 2023). Tax transparency has been shown to have a negative and significant effect on sales tax avoidance (Al-Rahamneh, N. M., et al., 2023). On the other hand, tax avoidance does not necessarily increase company risk when executed with a well-thought-out strategy (Guenther, D. A., et al., 2017). However, tax transparency under the new GRI 207 standard may result in costs that outweigh the benefits (Inger, K., et al., 2022). Other studies have concluded that information transparency can mitigate the negative relationship between tax avoidance and firm value (Wawan, 2012; Alexander, 2013; Chen et al., 2014), even in Indonesia (Ilmiani and Sutrisno, 2014).

The discrepancies between these findings and previous research make the discussion of the impact of green supply chain management and green accounting on corporate reputation—

moderated by tax transparency and its effect on financial performance risk—an intriguing topic. Given the current phenomenon surrounding corporate reputation, this study aims to explore the determinants that influence corporate reputation. This research builds on and extends the work of Stiglingh et al. (2017) by introducing tax transparency as a moderating variable, which is expected to enhance corporate reputation by reflecting good business ethics, especially in developing countries. This approach is necessary due to the differences observed in previous study results.

LITERATURE REVIEW

1. Stakeholder Theory

Stakeholder support can be achieved through financial and non-financial disclosure practices where stakeholders expect management to account for all business conducted (Kujala et al., 2017). Viewing it through the lens of stakeholder theory (Freeman, 1984) and the resource-based view (Barney, 1991, 1999), corporate reputation is considered a rare and valuable asset that is difficult for competitors to imitate. This distinct advantage enables organizations to secure profitable and exceptional performance.

2. Legitimacy Theory

According to legitimacy theory, a social contract exists that compels companies to ensure their actions are socially acceptable to external parties or otherwise legitimized (Caesaria & Basuki, 2017). This theory posits that companies must consistently operate within the prevailing societal norms and ensure that their activities are accepted or legitimized by external stakeholders. The ability of a company to effectively communicate how it incorporates economic, social, and environmental dimensions into its operations allows it to establish a transparent dialogue with stakeholders, thereby enhancing its reputation.

3. Signaling Theory

Signaling theory suggests that a company's primary objective is to convey its good intentions to external parties, particularly by sharing more information, especially regarding its commitment to sustainable development (Caesaria & Basuki, 2017). This theory offers insights to investors about management's outlook on the company's future. The motivation to share information about challenges and opportunities stems from the information asymmetry between company management and external stakeholders. To mitigate this asymmetry, companies must disclose both financial and non-financial information. Providing transparency about the company's environmental conservation efforts and social initiatives is expected to enhance its reputation. A key aspect of the relationship between tax transparency, improved corporate reputation, and financial outcomes is how these factors influence the company's risk profile and its perception among stakeholders.

From this viewpoint, tax transparency can strengthen a company's reputation, thereby lowering the risk of negative evaluations and potential sanctions (Godfrey et al., 2009).

4. Hypothesis Development

Supply chain management plays a crucial role in shaping corporate reputation. Effective management of supplier selection, along with the implementation of practices that support buyer legitimacy and public image, is essential (Luthra et al., 2017). B2B partnerships contribute to the development and integration of resources and capabilities, such as organizational reputation or brand image (Morali et al., 2013). The selection, monitoring, and termination of partnerships based on environmental criteria have a positive impact on a company's reputation (Quintana-García et al., 2021). Environmental sustainability is a

significant challenge that companies must address to maintain their legitimacy and reputation.

With increasing government regulations and public environmental concerns, companies can no longer afford to overlook environmental issues if they wish to sustain their competitive edge. Based on this context, the following hypothesis is proposed: H1: Green Supply Chain has a positive effect on Corporate Reputation.

To mitigate environmental damage, prevention and detection activities are considered the most effective strategies (Hansen & Mowen, 2009). Previous research by De Miguel De Blas (2021) has shown that the quality of environmental policies positively influences corporate reputation. Furthermore, integrating green accounting practices can enhance energy efficiency and environmental performance, thereby improving reputation and competitive advantage, as seen in the pharmaceutical industry in Bangladesh (Rahman M. M. et al., 2023). This leads to the second hypothesis: H2: Green Accounting has a positive effect on Corporate Reputation.

Reputation plays a critical role in tax-related decisions, especially when these decisions are subject to public scrutiny. Companies that engage in tax avoidance face a higher risk of being boycotted. By incorporating sustainability principles into corporate social responsibility and taxation, companies can reduce both the occurrence and acceptance of tax avoidance (Bird, R., & Davis-Nozemack, K., 2018). Sustainability reporting has been found to moderate the relationship between tax avoidance and firm value (Rudyanto, A & Pirezada, K, 2021). Therefore, the following hypothesis is proposed: H3: Tax Transparency strengthens the positive influence of Green Supply Chain on Corporate Reputation.

Signaling theory suggests that management's efforts to improve environmental performance and demonstrate good ethics through tax transparency serve as a signal to investors about the company's commitment to addressing environmental impacts and minimizing tax avoidance. This positive signal enhances the company's reputation by showcasing its ethical standards and contributions to environmental sustainability. Moreover, disclosing environmental responsibility benefits companies by helping to build their reputation. Previous research on CSR disclosure (Capita & Suardana, 2018) and other studies (Widhyadanta & Widanaputra, 2019) have shown that CSR positively impacts corporate reputation. Based on this, the following hypothesis is proposed: H4: Tax Transparency strengthens the positive effect of Green Accounting on Corporate Reputation.

A study by Gianni et al. (2022) on climate reputation risk and abnormal returns in the stock market found that reputational risk arises when climate-related communication is perceived as inconsistent with actual actions. This study identified a positive relationship between climate-related social media discussions and abnormal returns. Reputational risk is a key climate transition risk, particularly for companies in high-emission industries.

Investing in corporate environmental responsibility can enhance a company's reputation, which in turn reduces the risk of negative assessments (Godfrey et al., 2009). Stakeholder theory helps explain the link between corporate reputation and financial performance risk. Given that corporate reputation is a rare and valuable asset, difficult to replicate, it enables organizations to achieve superior profitability and performance. Therefore, the final hypothesis is proposed: H5: Corporate Reputation has a negative effect on Financial Performance Risk.

METHODOLOGY

1. Population and Sample

The study's population includes companies listed on the Indonesia Stock Exchange from 2022 to 2023. The sample was chosen using a purposive sampling method, which involves selecting samples based on the following specific criteria:

- a. The company must not be part of the financial industry (e.g., Banking, Insurance, Financing Services, Investment Services).
- b. The company must have Annual Reports (AR) and/or Sustainability Reports (SR) for 2022 and 2023, with relevant disclosure information available for the required indicators in each variable.

In total, 828 companies were listed on the Indonesia Stock Exchange during the 2022-2023 period across all sectors. After excluding 106 companies in the financial sector and an additional 94 companies lacking the necessary disclosure information in 2022 and 60 in 2023, 568 companies met the criteria for inclusion in the study. Given the 2-year period, this results in a total of 1,136 data points.

2. Operational Variables and Measurement

The variables are measured using financial data formulas and content analysis of annual reports and sustainability reports. The scoring system is as follows: a score of 0 is assigned if the information is not disclosed in the report; a score of 1 is given if the disclosure consists of at least one word or a single sentence; a score of 2 is awarded if the disclosure includes at least two sentences forming a paragraph; a score of 3 is given for disclosures that contain two to three paragraphs; a score of 4 is assigned if the disclosure consists of four to five paragraphs; and a score of 5 is given if the disclosure extends beyond five paragraphs.

a. Dependent Variable

i. Corporate Reputation

Corporate reputation is assessed using social pillar scores from the ESG database. These scores reflect how companies manage their relationships and reputation with stakeholders and how they are perceived by these stakeholders. The evaluation considers the company's engagement with various groups, including society, the community, suppliers, consumers, employees, and other relevant parties. The score is calculated based on 48 indicators related to labor practices, human rights, community involvement, and product responsibility (Durlista, M. A., & Wahyudi, I, 2023). Content analysis is conducted by assigning a value from 0 to 5 according to the following scale based on the theory (Raar, 2002):

CR= $\frac{\text{total items disclosed in each element}}{\text{Total number of items}} \times 100\%$

Total number of items 24

3.3.2 Financial Performance Risk

The connection between Corporate Reputation and Corporate Financial Performance has been previously examined using market-based indicators (Hussainey & Salama, 2010; Wang & Berens, 2015). However, accounting metrics might more accurately reflect a company's internal conditions (Albertini, 2018; Lopez, Garcia, & Rodriguez, 2007). In accordance with earlier studies (Mercieca, Schaeck, & Wolfe, 2007), to control for risk, these financial ratios are adjusted by dividing them by their standard deviation (volatility) over a two-year period. The Z score index is utilized as a measure of corporate risk (Gangi et al., 2019; Laeven & Levine, 2009), and it is computed as follows:

$$Z\text{-Score, } t = \frac{ROA_i + CAR}{\alpha_{i,t} - 2}$$

Where;

ROA: net income/total assets

CAR: capital assest ratio = capital asset ratio = equity/total assets

$\alpha_{i,t} - 2$: standard deviation of ROA

b. Independent Variables

i. Green Supply Chain

Green Supply Chain is measured by conducting content analysis with 4 indicators referring to research (Rahmawati, S, 2023; Novitasari, M., & Agustia, D, 2021), namely:

1. Obtained ISO 9000/ISO 14000 certificate
2. Packaging logistics using recycling
3. There is a close relationship with suppliers to determine purchasing criteria and quality of materials from suppliers.
4. Product quality meets customer needs.

Content analysis by giving a score of 0 to 5 according to theory (Raar, 2002):

$$\text{GSC} = \frac{\text{total items disclosed in each element}}{\text{Total number of items}} \times 100\%$$

ii. Green Accounting

Environmental accounting disclosure based on three dimensions with fourteen indicators, this includes the impact of the company's activities on various aspects such as the natural environment, energy use, human resources, and society, evaluated through 7 indicators. It also assesses the positive and negative economic, social, and ecological effects of the company's operations on these areas, using 2 indicators.. The company's contribution to overcoming ecological problems with 5 indicators (Andreas Lako 2011: 156; Arimbi, A. I. S., & Mayangsari, S, 2022).

Content analysis by giving a score of 0 to 5 according to theory (Raar, 2002):

$$\text{GA} = \frac{\text{total items disclosed in each element}}{\text{Total number of items}} \times 100\%$$

Total number of items 70

c. Moderating Variable

i. Tax Transparency

Tax Transparency is measured using content analysis (stighlingh et al, 2020) which initially consists of: 4 dimensions, namely Tax strategy and risk management, tax figures and performance, total tax contribution, other tax aspects, plus an additional 3 dimensions namely Anti-Tax Avoidance, CbCR Public and Carbon Tax Roadmap. Therefore, Tax Transparency was modified into 7 (seven) dimensions.

With the following index:

$$\text{TT} = \frac{\text{total items disclosed in each element}}{\text{Total number of items}} \times 100\%$$

Total number of items 315

Data analysis method

Hypothesis testing model 1 to 4

In testing hypotheses 1 to 4 using a panel data regression test, which combines cross-sectional data with time series data STATA.

There are two test models: Model 1 features a test with novelty, whereas Model 2 features a test without novelty, described by the following formula:

$$\text{CR}_{it} = \beta_0 + \beta_1 \text{GSC}_{it} + \beta_2 \text{GA}_{it} + \beta_3 \text{GSC}_{it} * \text{TT}_{it} + \beta_4 \text{GA}_{it} * \text{TT}_{it} + \beta_5 \text{CG}_{it} + \beta_6 \text{CE}_{it} + \varepsilon$$

Description: CR:Corporate Reputation; GSC:Green Supply Chain :GA:Green Accounting; TT:Tax Transparency; CG:Corporate Governance; CE: Capital expenditures.

Hypothesis testing model 5

$$\text{FPR}_{it} = \beta_0 + \beta_1 \text{CR}_{it} + \beta_2 \text{SIZE}_{it} + \beta_3 \text{LEV}_{it} + \beta_4 \text{CI}_{it} + \varepsilon$$

Description: FPR: financial performance risk; TT: tax transparency; SIZE: Company size; LEV: Leverage; CI: capital intensity

RESULTS AND ANALYSIS

Descriptive Statistics

Before performing the moderation regression analysis, a descriptive statistical analysis will be conducted.

The results of this statistical analysis are presented in Table 1.

Table 1. Descriptive Statistics.

	Mean	Min	Max	Stdev
GSC	0,393	0,050	0,950	0,214
GA	0,269	0,00	0,729	0,141
TT	0,179	0,76	0,444	0,045
CR	0,126	0,00	0,708	0,104
CG	0,350	0,00	2,197	0,173
CE	0,020	-9,985	0,973	0,482

Source: Stata Data Output, 2024

Description:

GSC: Green Supply Chain, GA: Green Accounting, TT: Tax Transparency, CR: Corporate Reputation CG: Corporate Governance, CE: Capital Expenditure

In table 1 above, the average Green Supply Chain from 1,136 observations is 0.393 with a standard deviation of 0.214. This variable is calculated with an index of 4 items, and the index results are percented. If the average value is 0.393 or 39.3% of the highest potential content analysis score of 5, then the level of implementation of this variable is $39.3\% \times 5 = 1.97$. This means that the average level of Green Supply Chain disclosure is 1.97, equivalent to 39.3%.

Green Accounting has a minimum value of 0.000, with a maximum value of 0.729, the average Green Accounting of 1,136 observations is 0.269 with a standard deviation of 0.141. This variable is calculated with an index of 3 dimensions of 14 items, and the index results are percented. If the average value is 0.269 or 26.9% of the highest potential score of content analysis, namely 5, then the level of implementation of this variable is $26.9\% \times 5 = 1.35$. This indicates that the average level of Green Accounting disclosure is 1.35, which corresponds to 26.9%.

Tax Transparency has a minimum value of 0.076, with a maximum value of 0.444, the average Tax Transparency of 1,136 observations is 0.179 with a standard deviation of 0.045. This variable is calculated with an index of 7 dimensions of 63 items, and the index results are percented. If the average value is 0.179 or 17.9% of the highest potential score of content analysis which is 5, then the level of implementation of this variable is $17.9\% \times 5 = 0.90$. This means that the average level of Tax Transparency disclosure is 0.90, equivalent to 17.9%.

In this study, Corporate Reputation is the dependent variable. It ranges from a minimum of 0.000 to a maximum of 0.708, with an average value of 0.126 and a standard deviation of 0.104 across 1,136 observations. This variable is evaluated based on 48 items, with the results expressed as percentages. The average value of 0.126 reflects 12.6% of the maximum possible score of 5 in the content analysis. Consequently, the implementation level of this variable is

calculated as $12.6\% \times 5 = 0.63$. Thus, the average level of Corporate Reputation disclosure is 0.063, which equates to 12.6%.

Table 2. Multicollinearity Test.

Var	VIF
GA_TT	3,63
GSC_TT	2,44
GA	2,31
GSC	2,16
CE	1,01
CG	1,01
Mean VIF	2,93

Source: Stata Data Output, 2024

From table 2 above, if the VIF value <10 both individually and the mean, It can be concluded that there is no multicollinearity among the independent variables.

Table 3. hetercedasticity Test

Probability chibar2	00000
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According to Table 3, the probability value associated with the Chibar2 statistic is 0.000, which is less than 0.05, indicating the presence of a heteroscedasticity problem. To address this issue, the regression analysis should be performed using robust regression techniques. One approach to handle heteroscedasticity is to apply the Newey-West standard error method, which is an extension of the White standard error method designed to correct for heteroscedasticity.

COEFFICIENT OF DETERMINATION TEST

Table.4 Coefficient of determination

Dependent Variable	Adjusted R Square
Corporate Reputation	0,2131

The coefficient of determination obtained is 0.2131, or 21.31%, indicating that the green supply chain's ability to explain the variability in the dependent variable is 21.31%, green accounting, corporate governance, capital expenditure and the moderating impact of tax transparency in explaining corporate reputation is 21.31%. The remaining 78.69% variable is the influence of other variables not included in this model.

4.1 Hypothesis Test

This analysis employs moderation regression with the assumption that tax transparency acts purely as a moderator. The rationale is that tax transparency alone is insufficient for achieving a strong corporate reputation; it requires interaction with other variables to be effective. Therefore, tax transparency cannot function independently and only has an impact when interacting with the independent variables, such as the green supply chain and green accounting (Sharma et al., 1981).

The results for Model 1 (with novelty) and Model 2 (without novelty) are presented as follows:

$$CR_{it} = \beta_0 + \beta_1 GSC_{it} + \beta_2 GA_{it} + \beta_3 GSC_{it} * TT_{it} + \beta_4 GA_{it} * TT_{it} + \beta_5 CG_{it} + \beta_6 CE_{it} + \epsilon$$

4.2 Explanation

Table 5 T Test Results (individual)

Hypothesis	New Measurement			Old Measurement		
	Statistics	P Values	Decision	T Statistics	P Values	Decision
H1: GSC	3.66*	0.000*	Accepted	3.86*	0,000*	Accepted
H2:GA	0.55	0.291	Rejected	0,12	0,453	Rejected
H3: GSC*TT	2.10*	0.018*	Accepted	0,59	0,277	Rejected
H4:GA*TT	2.70*	0.003*	Accepted	1,79*	0,037*	Accepted
Adjusted R Square			0,2131			0,1977

Source: Data Output with STATA, 2024 Description: Significance5%;**=Significance 10%

Description:

GSC: Green Supply Chain, GA: Green Accounting, TT: Tax Transparency, CR: CG: Corporate Reputation: Corporate Governance, CE: Capital Expenditure

The number of accepted hypotheses increases, from two accepted hypotheses and two rejected hypotheses, to 3 accepted hypotheses and 1 rejected hypothesis. Especially with the addition of the moderating variable tax transparency which has a higher t-statistic value in the new measurement than the old measurement. Likewise, the resulting P values are lower when using new measurements, compared to old measurements.

From the statistical analysis provided, it can be inferred that the new measurement method, namely modified tax transparency, is better than the old measurement (Stingligh et al, 2020). This means that modified tax transparency is proven to have benefits, especially in anti-tax avoidance (16%), and carbon tax roadmap (14%). The new measurement used makes the research model better because the adjusted r square value is 1.54% higher. This means that it is better to use the new measurement compared to the old measurement.

DISCUSSIONS

5.1 The effect of Green supply chain on corporate reputation

This finding aligns with the research by Quintana-García et al. (2021), which indicates that supplier selection, monitoring, and the termination of partnerships based on environmental criteria positively influence corporate reputation. The green supply chain significantly and positively impacts corporate reputation. To enhance its corporate reputation, a company can adopt a green supply chain strategy. According to previous studies, one of the main motivations for companies to implement green supply chain practices is government regulations, which serve as a driving factor for adopting these practices.. Other driving factors are the awareness of supply chain actors in the company such as buyers, suppliers, and logistics service providers, pressure from competitors in terms of adopting *green supply chain* practices, implementation of ISO 14000, branding from companies about green concepts, awareness from organizational members, and the concept of resource efficiency through reducing costs, waste, water use and product recycling (Tseng et al., 2019).

The findings of this study support legitimacy theory, suggesting that a company's environmental initiatives are perceived as satisfactory and appropriate. Legitimacy is essential

for building a strong reputation, as environmental engagement not only legitimizes the company but also drives its reputation, uncovering further opportunities for competitive advantage.

5.2 The effect of Green Accounting on corporate reputation

These results are consistent with the study by Rabbani and Wuryaningsih (2023), which found that environmental performance, environmental costs, and intellectual capital do not affect corporate reputation. Additionally, Lindawati et al. (2023) suggest that green accounting negatively impacts company value, as corporate reputation is a key factor influencing this value. To enhance the benefits of green accounting, it is important to improve its effectiveness and incorporate it into the company's operations.

Green accounting struggles with evaluating the costs and benefits of externalities from industrial activities (Andi et al., 2020). Caliskan (2014) highlights that green accounting has been underexplored, particularly in the context of sustainable development, which involves sustainability reporting and indicators across environmental, social, and economic dimensions. This reporting is vital for informing stakeholders, but public environmental awareness in Indonesia is still lower compared to other countries (Tjan & Arsjah, 2023).

The findings indicate that environmental performance is not a major factor for stakeholders and shareholders when making investment decisions. This study challenges legitimacy theory, which suggests that non-financial information disclosure can mitigate information asymmetry and enhance corporate reputation. The weak level of corporate social information disclosure limits the ability to verify the effectiveness of social activities.

5.3 Tax transparency strengthens the effect of green supply chain on corporate reputation

Tax avoidance is increasingly recognized as a sustainability issue (Bird & Nozemack, 2018), affecting not only tax authorities' financial interests but also undermining essential public trust needed for effective regulatory compliance, organizational integrity, and societal function. Sustainability, as a well-established and legitimized concept, can readily incorporate considerations of taxation. On the other hand, a green supply chain is defined as evaluating suppliers based on their environmental performance and engaging only with those who meet environmental criteria (Ahi and Searcy, 2013).

Tax transparency, as part of corporate social responsibility, and green supply chains, as initiatives that promote environmental sustainability and legitimize societal efforts, both play a role in shaping corporate reputation. For example, companies that earn green building certifications may receive tax incentives, and those in green sectors, such as electric vehicle manufacturers, can benefit from fiscal advantages. These incentives lead to lower tax costs and improved corporate performance. This study indicates that enhanced tax transparency bolsters the impact of green supply chains on corporate reputation. It shows that the integration of a green supply chain with robust tax transparency measures has a synergistic effect in enhancing corporate reputation.

5.4 Tax transparency strengthens the effect of green accounting on corporate reputation

Tax avoidance as a sustainability issue provides a more comprehensive view of the organizational and societal impacts of such behavior. Existing sustainability metrics are capable of integrating measures against tax avoidance or highlighting companies that practice fair taxation. With climate change emerging as a critical issue on both national and global scales, efforts to mitigate climate risks, such as global warming and increased greenhouse gas emissions, are essential (Hassett et al., 2009; Meng et al., 2013). Taxes play a significant role

in a company's green transition, facilitating both compliance and opportunities for transformation.

This study demonstrates that enhanced tax transparency amplifies the impact of green accounting on corporate reputation. It suggests that integrating green accounting with enhanced tax transparency creates a synergistic effect, improving corporate reputation. This supports Sharma et al.'s (1981) theory that tax transparency serves as a pure moderator, affecting corporate reputation when interacting with green accounting variables. According to Marron et al. (2014), well-structured taxes can mitigate climate change risks, reduce emission reduction costs, and promote low-carbon technology innovation. This finding aligns with Giannarakis et al.'s (2018) research, which indicates that climate change disclosure can decrease information asymmetry among stakeholders. Environmental involvement, as a facet of corporate social responsibility, clarifies the legitimacy and corporate citizenship of a company.

5.5 Corporate reputation negatively affects Financial Performance Risk

The results of testing hypothesis five reveal that corporate reputation does not affect financial performance risk. This finding contrasts with research by Gangi et al. (2021), which indicated that corporate reputation influences risk-adjusted profitability and financial distress risk as measured by the Z score. The discrepancy may be attributed to the fact that CEO reputation is generally more stable over time and across industries than corporate reputation (Weng & Chen, 2017). A strong CEO reputation continues to positively impact company performance even when the corporate reputation is lacking, suggesting that CEO reputation is crucial for enhancing company performance. Therefore, it may be more beneficial for companies to focus on hiring CEOs with integrity and a strong reputation, rather than solely investing in improving corporate reputation.

Fanasch (2019) found that companies with high individual reputation (CEO reputation) derive the greatest benefits from environmental certification. This is consistent with Roberts and Dowling (2002), who noted that a superior reputation does not always translate into better company performance. Companies with a relatively strong reputation tend to maintain superior earnings results over time. The relationship between reputation and financial performance highlights the evolving implications of having a good reputation.

For achieving superior performance, reputation influences the persistence parameter positively but not the intercept term. This indicates that a strong reputation enhances short-term stability but may become a constraint for firms aiming for long-term performance. This is akin to Sorensen's (2002) findings on corporate culture, where a strong culture aids adaptation when environmental volatility is low but can hinder it when major changes are needed. Thus, firms with excellent performance and reputation may enjoy short-term benefits when reputation is most relevant.

CONCLUSION AND RECOMMENDATION

This research has established that the green supply chain has a positive effect on corporate reputation. On the other hand, green accounting does not impact corporate reputation. It has also been shown that tax transparency can strengthen the relationship between both the green supply chain and green accounting and corporate reputation. However, corporate reputation does not influence financial performance risk. Where this is part of a pro-active form of the company consciously integrating environmental themes into its strategy, it is not reactive if the company acts to avoid sanctions.

6.1 Implications

1. The green supply chain has the most significant impact on corporate reputation. To enhance their corporate reputation, companies should prioritize implementing a green supply chain strategy as a key element of their improvement efforts.
2. This research demonstrates that businesses incorporating tax transparency can amplify the effect of the green supply chain on their corporate reputation. It indicates that companies that adopt green supply chain practices and are supported by tax transparency benefit from a strong complementary relationship in boosting their reputation. Companies should adhere to legitimacy theory, emphasizing the importance of fulfilling their social responsibilities and maintaining a positive public image.
3. This study proves that companies that apply tax transparency in their business can strengthen the influence of green accounting on corporate reputation. Disclosing environmental accounting with the moderation of tax transparency is viewed as a viable solution to environmental challenges faced by companies. One key dimension of tax transparency in this context is the carbon tax roadmap. Taxes play a significant role in a company's transition to environmentally friendly practices. The carbon tax policy has emerged as a crucial tool for combating climate change across various nations. According to research by Marron et al. (2014), well-structured tax policies can mitigate climate change risks, lower emission reduction costs, and promote innovation in low-carbon technologies.

6.2 Limitations

This research has limitations that were encountered or during the research process.

1. Research on the score of green supply chain index indicators, green accounting, tax transparency and corporate reputation is a subjective measure, so different researchers may interpret it in various ways, potentially leading to the omission of certain disclosures that the company has made.
2. The modest adjusted R-squared value of 21.31% suggests that the independent variables in this study provide only a limited explanation of the variation in the dependent variable.

6.3 Advice

1. Advice to Regulators:

- The government has issued PP 52 of 2022 on anti-tax avoidance that anti-tax avoidance regulations must be available and clear so that the tax administration can apply them consistently to provide limitations to taxpayers in the application that taxpayers can rely on to achieve transparency.
- The Directorate General of Taxes should develop a specific index to assess the transparency or disclosure practices of corporate taxpayers.

2. Advice to the Company

- This research has implications for the development of tax policies for companies in Indonesia should focus on curbing aggressive tax strategies and enhancing transparency in tax practices.
- Companies are advised to follow the GRI 207 standard to improve tax transparency and establish reporting requirements on tax topics.

3. Advice to Academics

Future research should conduct research on corporate reputation against financial performance risk with a longer time span to avoid being less relevant over time, and can even harm companies that have superior performance in the long term

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