The Influence of Environmental Responsibility Disclosure against the Financial Performance and Stock Performance: A Case Study of the Environmental Insecurity Companies Listed in Indonesian Stock Exchange

*Elizar Sinambela and Ni Kadek Diwayami Sahasradewi

Department of Accounting, Faculty of Economics and Business, University of Muhammadiyah Sumatera Utara (UMSU);

*Corresponding author: elizarsinambela@umsu.ac.id

Abstract

The purpose of this research is to analyze the effect of disclosure of environmental responsibility against the financial performance and stock performance. This research is quantitative research with case studies on the 24 companies prone environments listed on the Indonesia stock exchange. The company is a corporate environment prone activity of operations utilizing natural resources and give impact on the environment. Companies that operate in a prone environment tend to reveal the social and environmental information. The data in this study is secondary data obtained from the official website of the Indonesia stock exchange. This research uses the simple regression model with testing two hypotheses. The results showed that the influential environmental responsibility disclosure significantly to financial performance amounted to 30.4%. This condition indicates that environmental responsibility by revealing then can enhance the financial performance of the company. But the disclosure of environmental liability does not have a significant influence on performance shares. This condition indicates that the disclosure of environmental responsibility in this observation does not affect the performance of the stock due to the strong influence of external factors.

Keywords: environmental disclosure, environmental liability, financial performance, stock performance.

Introduction

Every company in General regularly reports all their achievements over the past year in the annual report. One of the most important aspects is measured by the company that is the financial aspect. The achievement of the company in the financial aspect referred to financial performance.

For companies that go public have been high profile, and disclosure in financial statements is one of the most important factors that can affect financial performance. This is caused by external parties the company goes public give their perceptions based on disclosure reports published by the company. In addition to financial performance, there is the performance of the stocks that are also important to do measurements. Stock performance or attainment of the company's shares can
be seen from the return of shares. Likening the financial performance, the performance of shares can also be influenced by various factors, namely external and internal factors.

Both the performance, good financial performance and stock performance of both can be affected by disclosure of the information in the financial statements or annual reports. Especially for companies going public which has been listed on the stock exchange, the level of disclosure in reporting played an important role in the improved performance of companies go public, because the company has a close relationship with investors and other external parties. Based on PSAK No.1 year 2009, every company can present a complementary report in addition to the financial reports according to your needs and obligations of the company. These reports are useful for meeting the needs of its stakeholders as a value added for the company.

In Indonesia, the majority of companies going public are on company prone environment because of natural resources of Indonesia. Companies that operate in a prone environment tend to reveal the social and environmental information is greater. "Explained that the company prone environment (environmentally sensitive) is a company engaged in uranium mining subsector, chemical, coal, construction, transportation, oil and gas exploration, factory plastic, oil and gas production, gas distribution, and paper companies and wood. Shorter, it was concluded that this type of company is divided into several major sectors, namely, industrial/ manufacturing, construction services/infrastructure, mining sector, as well as agriculture and forestry.

The financial services authority (OJK) in 2012 has made regulations based on the decision of the Chairman of the Board of Trustees of the capital market and financial institutions number: KEP 431BL/2012 requiring companies go public to publish annual reports on a regular basis with the revealed aspects that are required with the aim of meeting the needs of stakeholders will be informed of the company. And one of the aspects that must be reported is the responsibility of the social and or environmental responsibility. There have also been several previous regulatory obligations related companies in environmental responsibility, such as the UUPT Article 74.

Based on various existing regulations, companies are obliged to disclose environment prone liability environment in their annual reports. The level of disclosure of environmental responsibility will affect financial performance and stock performance. However, there are several companies prone to environmental levels of disclosure of its environmental responsibilities not directly proportional to the financial performance and stock performance.

The majority of companies that are starting to reveal the environmental responsibility in the year 2013 are apparently experiencing a decline in financial performance and the performance of the stock over the next year that is 2014. Then there are some companies who have experienced significant improvements the disclosure of environmental responsibility in 2014, but even experienced a decline in financial performance and the performance of the stock over the next year i.e. 2015. Then the disclosure of environmental responsibility seen not running in line with the growth of stock performance and financial performance.

It is contrary to the theory by Soelistyoningrum and Pratiwi (2011) based on the results of their research that state that "the more extensive disclosure of
environmental social responsibility carried out by the company will increase the ROA/ROE companies a year to come”.

Based the explanation above, the authors intend to analyze the influence of environmental responsibility against the disclosure of financial performance and stock performance at a company prone environment listed in Indonesia stock exchange.

**Literature Review**

According to Fahmi (2012, p. 2) definitions of financial performance may be stated as follows: "Financial performance is a picture of the achievement of the company's success can be interpreted as the results that have been achieved over a wide range of activities that have been carried out. It can be explained that financial performance is an analysis that is conducted to see the extent to which a company has done with the use of the financial implementation of the rules properly”.

Then Sutrisno (2009, p. 53) stated that "the company's financial Performance is a feat accomplished company in a given period that reflects the level of health of the company". Meanwhile, according to IAI (2007), expressed that "financial performance was the company's ability to manage and control its own resources."

Performance assessment of stocks done as a benchmark for portfolio management in making decisions, in addition to the performance level of the stock also provides information to management about the company's ability to grab profits from stock trading. Companies those are able to benefit from the airline, means having a good company image and confidence of the investors.

Stock performance can be measured through the calculation of return the stock. Jogiyanto (2003, p. 109) States "based on notions of return, a return of shares is the same as the results obtained from the investment by calculating the difference between the price of the stock goes with the period previous period by ignoring dividends".

According to Andre (2014), Responsibility to the environment was conducted to estimate the impact of which will be incurred from operating activities, evaluating and finding the right solutions for tackling. Thus, implementing activities have guidelines to manage the environmental impact of the company's operations in each location ".

According to Hardiansyah (2011, p. 35) "the Environmental Activities of the company can be expressed based on GRI guidelines related to land reclamation, reforestation activities, water, management, nature conservation, environmental health, pollution control, the use and production of energy efficiently." For serving, economic aspects have 4 indicators of disclosure, the social aspect has four subchapters with a total of 30 indicators, and the environmental aspects have 12 indicators.

Broadly speaking, there are several benefits of disclosure of environmental responsibility that the company reported in the annual report. Benefits advanced by Az heri (2012, p. 38), namely "1) economic advantage, 2) as a form of legal compliance, 3) respecting the stakeholders, 4) as a contribution to sustainable development".

Based on the previous description, then the writer posited hypotheses of research as follows: 1. Disclosure of environmental responsibility impact financial performance on corporate environment prone in Indonesia stock exchange. 2. Disclosure of the
responsible of the environment influence on the performance of the company's shares on the stock exchange in the environment-prone Indonesia.

**Research Method**
The research approach used in this study is the associative approach which aims to find out the influence of between two or more variables, namely the influence of environmental responsibility disclosure (X) against the financial performance (Y1) and performance stock (Y2). Financial performance (Y1) and performance shares (Y2). The technique of sampling is a sampling technique with Nonprobability sampling, i.e. where not all members have the privilege to serve the same population sample. From 184 the number of Company prone Environment listed on the stock exchange in 2013-2015, only 24 companies that could be used as a sample. A data analysis method used in this research is descriptive statistics and regression analysis of simple models.

**Results and Discussion**
The source of the data in this study is derived from the annual reports of the company prone environment listed in Indonesia stock exchange. The environment of the insecurity of the company based on the theory that exists, it consists of 4 sectors, i.e. sectors mining, forestry, plantation sector/industry sectors/manufacturing, the service sector and construction/infrastructure. Of the entire company-prone environments listed on the Indonesia stock exchange, there are 24 companies are judged worthy to become the object of research. Testing research conducted during 2 periods, which means there are 48 data to be tested. Description of research data will be presented in the discussion below. Financial Performance variables (KK) are measured using the ratio of Return On Equity (ROE) during 2 periods i.e. 2014-2015.

In the year 2014, the value of the mean of 11.0863 which means the average achievement of financial performance is measured by the ROE by the company prone environment i.e. of 11.09% for the year 2014. The minimum value obtained registration-6.50 is held by PT Aneka Tambang Tbk. (ANTM) which means the ability of the company in generating profit from managing the equity i.e. registration-6.5%. The minimum value is negative or below 0%, which means the company hasn't been able to generate profit from managing equity assets in the year 2014, or rather the companies suffered losses. The maximum value obtained of 25.23 held by Perusahaan Gas Negara Tbk (PGAS), which means the company's capability in generating a profit the equity of 25.23%. These values indicate that every 1% of equity owned company producing 25.23% profit for the year 2014. Standard deviation acquired for 8.13173 which means the average distance of all data against a point mean is 8.13%.

Later in the year 2015, the value of the mean of the mean 6.0954 average achievements of financial performance as measured by ROE company prone environment in 2015 of 6.1%. The minimum value of-11.05 is held by PT Bakrieland Development Tbk (ELTY) which means the ability of the company in generating profit from managing the equity i.e. registration 11.05%. The minimum value is negative below 0% which means the company hasn't been able to generate profit from managing equity assets in the year 2015; or rather the companies suffered losses. Whereas the maximum value of 25.13 was held by PT. Baramulti Sukessarana Tbk (BSSR), which means the company's capability in generating profit from the equity of 25.13%. These values indicate that every 1% of equity owned company producing 25.13% profit in the year 2015. Standard deviation acquired for 9.37226 which means the average distance of all data against a point mean is 9.37%.
In the year 2014, the value of the mean of 7.7729 that means the average achievement of the company's stock performance-prone environment in the year 2014 is amounting to 7.78%. The minimum value is acquired for 46, 05 held by PT Indo Tambangraya Megah Tbk. (ITMG), which means the company's share price in the year 2014 declined, by 46.05% from the previous year. Whereas the maximum value of 132, 90dipegang by PT Wijaya Karya Tbk (WIKA), which means the company's share price in the year 2014 rose by 132.9% from the previous year. Standard deviation acquired for 40.44334 which means the average distance of all data against a point mean was 40.44%.

Then in 2015, the value of the mean of -38, 6388yang means the average achievement of the company's stock performance prone environment in the year 2014 is registration-38.6%. The minimum value is obtained i.e. registration-78.13 held by PT. Indospring Tbk (INDS), which means the company's share price in the year 2014 declined by 78.13% from the previous year. The maximum value of 16.54 held by PT. Waskita Karya Tbk (WSKT), which means the company's share price in the year 2014, rose 16.54% of the previous year. Standard deviation acquired for 26.79812 which means the average distance of all data against a point means is 26.8%.

Variable disclosure of Environmental Responsibility (TJL) is measured by calculating the percentage of disclosure of environmental responsibility with the benchmark of the Global Reporting Initiative disclosure guidelines (GRI) during 2 periods i.e. 2013-2014.

Disclosure of the data is the responsibility of the environment above it can be seen that there are three companies namely ANTM, PGAS, and a PTBA increase disclosure of environmental responsibility of the period 2013 to 2014. Then there are some companies, namely BTON, BSSR, DOID, ELTY, INDF, INDS, INKP, KAEF, and the percentage of UNTR disclosure responsibility environment relatively stable from the year 2013 to 2014. While other companies are experiencing a decrease the environmental responsibility of the disclosure period 2013 to 2014.

In the year 2013, the mean value obtained by 30.5554 that means in the year 2013 the average environmental responsibility aspects expressed by the corporate environment is prone of 30.55%, or 3 items disclosed from a total of 12 items. The minimum value of 8, 33dipegang by 4 companies, namely PT Aneka Tambang Tbk. (ANTM), PT. Betonjaya Manunggal Tbk (BTON), PT. Darma Henwa Tbk (God) and PT. Indospring Tbk (INDS), which means disclosure of environmental responsibility, is the lowest in the year 2013 is 8.33% or just one item out of a total of 12 items of disclosure criteria. Whereas the maximum value of 75.00 is held by PT Timah Tbk (TINS), which means the company reveals aspects of highest environmental responsibility than other companies, namely in the amount of 75% or 9 items are disclosed 12-disclosure criteria of total items. Standard deviation acquired for 18.98132 which means the average distance of all data against a point means is 19%.

Later in the year 2014, the mean value obtained by 25.3471 means the average disclosure of environmental responsibility by the company prone environment in the year 2014 is 25.35% or 3 items out of a total of 12 items of disclosure criteria. The minimum value of 0.00 hand acquired by Darma Henwa PT Tbk (God) which means that the company discloses environmental responsibility, but such disclosure outside of the 12 criteria for disclosure. The maximum value of 66.67 is held by Perusahaan Gas Negara Tbk (PGAS), which means the company revealed the highest environmental responsibility aspects, namely of 66.67% or 8 items disclosed from a total of 12 items of disclosure criteria. Standard deviation acquired
for 16.75390 which means the average distance of all data against a point means is 16.75%.

Based on the result of simple regression analysis, it can be seen inlaid to calculate and the significance of these two hypotheses. The first hypothesis to influence environmental responsibility disclosure (X) against the financial performance (Y1), acquiring t count of 4.479 with significance/probability of 0.000< 0.05. Then H1 is accepted, which means there is a significant influence of environmental responsibility disclosure variables (X) against the financial performance (Y1).

Can then be viewed for the second hypothesis, namely the influence of environmental responsibility disclosure (X) against the performance of stocks (Y2), acquiring t count amounted to 1.809 with a significant probability of 0.077 > 0.05. Then the H2 is denied, which means disclosure of environmental liability (X) is not a significant effect on performance shares (Y2).

Based on the results of the various tests which have been done, it is known that environmental Responsibility Disclosure variables (X) have a significant influence the performance of Finance (Y1) on a company prone environment was listed on the Indonesia stock exchange. Retrieved value t calculate of 4.479 with significance/probability of 0.000 are much smaller than 0.05 which means the first hypothesis in this study was received. Disclosure of environmental responsibility impact financial performance amounted to 30.4%.

From the data obtained and has been tested statistically, it can be seen that more and more environmental responsibility items disclosed by the company, it will improve the financial performance in the years to come. The company continues to improve the disclosure of environmental responsibility show that the company is committed to responsible for the environmental impact resulting from the operating activities. Consumers themselves tend to have a higher confidence in the company transparently committed to environmental responsibility. Consumers who trust the company will increase the use of products/services of the company, so that the profit or the financial performance of the company may be increased.

Next, to the second hypothesis, it is known that environmental Responsibility Disclosure variable (X) is not a significant effect on performance shares (Y2) on the environmental insecurity company listed on the Indonesia stock exchange. Retrieved value t calculate amounted to 1.809 with significance/probability of 0.077 greater than 0.05 which means the second hypothesis in this study was rejected.

From statistical data acquired and processed, indicating that disclosure of environmental responsibility is not able to exert influence on the performance of stocks because the performance data of the stock experienced a relatively large fluctuation. After traced in 2014 and 2015 which was the year of the stock's performance assessment in this research, it turns out that there is a strong factor of external companies that participated and affects the performance of stocks assessed, so that the influence of environmental responsibility disclosure on performance shares depressed by such external factors. In mid-2014 to 2015 took place the strengthening of USD against IDR (and many other currencies) which causes the JCI shrank, so stock performance as measured by the return on the company's shares on the Indonesia stock exchange continued to decline very significantly. Not only that, by the end of 2014 to early 2015 JCI also got swept up in the worsening of the economy and the Chinese stock market is causing many foreign investors on guard by removing its shares. Early in the year 2015, the rupiah also weakened along with the declining sales of the world's oil.
Conclusions
Based on the results of this research it can be concluded that disclosure of the environmental responsibility of influential significantly to financial performance amounted to 30.4% in the company prone environment was listed on the Indonesia stock exchange. The higher the disclosure of environmental responsibility on the company then the company financial performance the next year will increase.

But the disclosure of environmental liability does not significantly affect the performance of shares in the company-prone environments listed on the Indonesia stock exchange. This is caused by the year 2014 – 2015 more strongly influenced by external factors.

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