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Determinants Influencing Environmental Disclosure in High Profile Companies in Indonesia

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Abstrak

Penelitian ini bertujuan untuk memperoleh bukti secara empirispengaruh dewan komisaris, kepemilikan manajerial, liputan media, ukuran perusahaan, dan profitabilitas terhadap pengungkapan lingkungan. Populasi dalam penelitian ini adalah perusahaan yang tergolong high profileyang terdaftar di Bursa Efek Indonesia pada tahun 2011 sampai dengan 2015 sebanyak 83 perusahaan. Teknik pengambilan sampel yang digunakan dalam penelitian ini adalahpurposive samplingdengan kriteria tertentu dan terpilih sebanyak 11 perusahaan sebagai sampel dengan total 55 unit analisis.Metode analisis hipotesis yang digunakan dalam penelitian ini adalah analisis regresi linier berganda dengan menggunakan program SPSS versi 21. Hasil penelitian ini menunjukkan bahwa dewan komisaris yang diukur menggunakan jumlah rapat dewan berpengaruh positif terhadap pengungkapan lingkungan.Liputan media yang diukur menggunakan koefisien Janis-Fadner berpengaruh positif terhadap pengungkapan lingkungan.Ukuran perusahaan yang diukur menggunakan Ln total aset berpengaruh positif terhadap pengungkapan lingkungan.Sementara itu, kepemilikan manajerial yang diukur menggunakan presentase kepemilikan saham manajerial, dan profitabilitas yang diukur menggunakan ROE tidak berpengaruh terhadap pengungkapan lingkungan.Simpulan dari hasil penelitian ini menunjukkan bahwa pengungkapan lingkungan dipengaruhi oleh dewan komisaris, liputan media, dan ukuran perusahaan.

Abstract

This study aims to obtain empirical evidence of the influence of board of commissioners, managerial ownership, media coverage, company size, and profitability to the disclosure of the environment. The population in this study is high profile companies listed on the Indonesia Stock Exchange in 2011 untill 2015 as many as 83 companies. The sampling technique used in this study is purposive sampling with certain criteria and selected as many as 11 companies as a sample with a total of 55 units of analysis. Hypothesis analysis method used in this research is multiple linear regression analysis using SPSS version 21 program. The results of this study indicate that the board of commissioners is measured using the number of board meetings positively affect the disclosure of the environment. Media coverage measured using the Janis-Fadner coefficient positively affects environmental disclosure. Company size measured using Ln total assets positively affects environmental disclosure. Meanwhile, managerial ownership is measured using a percentage of managerial share ownership, and profitability measured using ROE has no effect on environmental disclosure. Conclusions from the results of this study indicate that the disclosure of the environment is influenced by the board of commissioners, media coverage, and company size.

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INTRODUCTION

The main purpose of the establishment of the company is to obtain profit as maximum as possible. However, this paradigm has now changed. Nugraha & Juliarto (2015) stated that today, the sustainability of a company depends not only on the profit but also on the real actions on the workers inside and people outside the company, and the environment (planet). This paradigm is well-known as Triple-P Bottom Line. The Triple-P Bottom Line does not necessarily give direct effects on the company to apply the concept. Over the last two decades, many companies have been under pressure from the public to be more accountable toward their corporate management activities and to be transparent in their activities reporting (Muqodim & Susilo, 2013). Basically, if a company ignores the negative impact of its own activities, there will be strong public pressure. Negative impacts may occur in those that ignore environmental norms. As in 2015, there was an environmental pollution generated by PT Bima Putra Abadi Citra Nusa. This was a coal mining company. The waste from its mining activities had damaged many areas including rice fields and rubber plantations owned by the people of Lubuk Betung Village, Merapi Selatan Sub-district, Lahat, South Sumatra (www.kpk-news.com, 2017). The example above is a clear evidence that one factor causing the environmental problems is the activities of a company that are directly related to the nature. Environmental issues will lead to increased demand for environmental disclosure by stakeholders. Environmental disclosure is the disclosure of any relevant information presented in the corporate annual report (Suratno, et al., 2006 in Nugraha & Juliarto, 2015).

There are several regulations in Indonesia governing the disclosure of corporate social and environmental responsibilities. Among them are Law No. 40 of 2007 on Limited Liability Companies (*Undang-Undang Nomor 40 Tahun 2007 tentang Perseroan Terbatas*), and Government Regulation No. 47 of 2012 (*Peraturan Pemerintah Nomor 47 Tahun 2012).* Suwaldiman (2013) stated that there are some motivations driving the companies to disclose their information related to environmental activities, such as to maintaining operational legitimacy, to influencing certain stakeholder groups deemed to have a strong position on the companies, improving the wealth of shareholders and corporate managers, convincing managers that they have a duty to provide certain information in order to prevent the disclosure of more burdensome regulations. There are some factors that allegedly affect the environmental disclosure. These factors include board of commissioners, managerial ownership, media coverage, profitability, and company size. However, some previous studies that examined the effects of these factors on environmental disclosure still show inconsistent results.

The research conducted by Pratama & Rahardja (2013) on the board of commissioners showed a positive influence on the environmental disclosure, but Suhardjanto (2010) showed that this variable has no effect on the environmental disclosure. The managerial ownership in Mardiyatnolo research, et al (2016) has no effect on the environmental disclosure, but the result is different from the Oktafianti & Rizki (2015) study indicating that this variable has a positive effect on the environmental disclosure. The media coverage in Rupley, et al. (2012) showed that it has a positive effect on the quality of voluntary environmental disclosure, but Hadjoh & Sukartha (2013) and Solikhah & Winarsih (2016) stated that the media coverage has no effect on it. Similarly, on the variable of company size, the research conducted by Hadjoh & Sukartha (2013), Oktafianti & Rizki (2015), Nugraha & Juliarto (2015), Solikhah & Winarsih (2016), and Ciriyani & Putra (2016) stated that it has a positive effect on the environmental disclosure. However, Clarkson, et al. (2008) conducting a study in five industry sectors such as pulp and paper, chemicals, oil and gas, metals and mining, and utilities showed that the company size has a positive and significant impact on the environmental disclosure in pulp & paper and chemicals industries, while in the other three (oil and gas, metals and mining, and utilities), the size does not significantly influence the environmental disclosure.

The financial performance variable proxied by profitability ratio shown in the research conducted by Mardiyatnolo et al. (2016) described that the profitability significantly affects the environmental disclosure. Hadjoh & Sukartha (2013) and Solikhah & Winarsih (2016) stated that profitability has a positive effect on the environmental disclosure. However, in a study conducted by Nugraha & Juliarto (2015) and Oktafianti & Rizki (2015) the results showed that profitability negatively affects the environmental disclosure, and the research conducted by Ciriyani & Putra (2016) concluded that the profitability has no effect on the environmental disclosure. This study aims to determine the factors that influence the management in preparing the environmental disclosure. These factors include the board of commissioners, managerial ownership, media coverage, company size, and profitability. Some previous research related to these factors indicates that there are still inconsistencies in the results.

The theories underlying this research are agency, legitimacy, and stakeholder theories. The agency theory explains that agency relationship is a contract between principal and agent doing the work on behalf of the principal by giving some authorities to the agent to make the best decision for the principal (Jensen & Meckling, 1976). The agency theory can be used to describe the framework for linking corporate governance on the environmental disclosure, where the corporate governance mechanism is an effort to control agency issues (Ho and Wong, 2001; Allegrini and Greco, 2013; Akbas, 2016). Indirectly, the agency theory states that the managers need to inform their accountability reports about certain resources owned and managed to the owners of the company (Effendi, dkk 2012).

The legitimacy theory explains that the company has a contract with the society to cooperate in accordance with the values and rules applied, and how the company's efforts to respond to interest groups over the various pressures provided to gain legitimacy over the company's actions (Djuitaningsih & Ristiawati , 2011). The legitimacy theory assumes the company will disclose each social and environmental information to legitimize its activities or improve public responses (Joshi & Gao, 2009). Thus, the environmental disclosure may represent a response toward public pressure or expectations of a corporate behavior. Stakeholder theory explain that the company is not only working for its own benefit, but also providing benefits for its stakeholders (Ghozali & Chariri, 2007: 409). The interaction between the company and its stakeholders can be reflected in the environmental disclosure. The company tends to hold various efforts to meet the expectations of stakeholders who play an important role in corporate policies, such as controlling economic resources (Nugroho & Yulianto, 2013). An important factor that must be owned by the stakeholders in order to be able to influence the crporate policies is the power focused on the abilities and capacity of the stakeholders in influencing the company (Aulia & Agustina, 2015). Thus, the power owned by the stakeholders is influenced by their own ability to control the resources, so that they are considered capable of improving the environmental disclosure (Yanto & Muzzammil, 2016). In this case, the environmental disclosure becomes an evidence of corporate accountability to the stakeholders.

Board of commissioners is a corporate mechanism responsible for supervising and providing direction to the corporate management (Pratama & Rahardja, 2013). A crucial factor to determine the effectiveness of a board of commissioners is the process of meetings, both internal meetings between members of the board of commissioners, and external meetings with the board of directors or other parties. Board of Commissioners's meeting is held to achieve a joint agreement between fellow members of the board of commissioners and among members of the board of commissioners with the board of directors to establish certain policies (Pratama & Rahardja, 2013). From the perspective of agency theory, the more frequent meetings conducted by the board, the greater the chance of the agents and principles in reviewing and analyzing whether the operational activities are in line with the company's policies, thus avoiding information asymmetry and reducing conflicts of interest (Pratama & Rahardja, 2013). In addition, the board meetings can work effectively because all members of the board of commissioners and directors will certainly prioritize the interests of the company, particularly those related to the environmental management practices. This means, effective board meetings can affect the company to conduct the environmental disclosure. A research conducted Pratama & Rahardja (2013) indicates that board of commissioners meetings positively influence the environmental disclosure.

$\mathbf{H_1}$: Board of commissioners positively influences the environmental disclosure.

Managerial ownership is the shareholders (also as the owners of the company) who are active in making important decisions (Downes & Goodman, 1999 in Oktafianti & Rizki, 2015). In the perspective of agency theory, it is stated that when the managerial ownership is getting higher, the managers will act more productive in maximizing the corporate value. Besides maximizing the corporate value, the managers will also disclose any information about their environmental activities in order to maintain or enhance the company's image, although it must sacrifice certain resources. The managers who have high percentage of stocks will align their interests with the interests of shareholders, so the managers will work more productively for the survival of the company and also for the welfare of shareholders (Mardiyatnolo, et al., 2016). A research conducted by Oktafianti & Rizki (2015) shows a positive influence between the managerial ownership and environmental disclosure.

$\mathbf{H_2}$: Managerial ownership positively influences the environmental disclosure.

Media coverage is a communication process of information about the environmental issues of a company (Rupley, et al., 2012) .Using the media, it is expected that the public will be more aware about the company's environmental activities published, particularly through the internet. Villiers & Staden (2011) said that the company will be more detailed in disclosing its environmental information on its website if it encounters environmental problems and will also be more detailed in prpeared annual report if it has a poor environmental reputation. The legitimacy theory states that the legitimacy of a company can be obtained through various actions, including communicating relevant information to its stakeholders (Ashforth and Gibbs, 1990 in Rupley, et al., 2012). McCombs, et al. 1995 (Deegan, et al., 2002) stated that public awareness is the first step in the formation of public opinion, and the media can clearly form the public awareness. The research conducted by Rupley, et al. (2012) indicates a positive relationship between the media and environmental disclosure.

$\mathbf{H_3}$: The media coverage positively influences the environmental disclosure.

The company size means the conditions of a company viewed from the perspectives of total assets, sales level, or stock market value (Nugraha & Juliarto, 2015). The greater the total assets, the selling rate, and the market value of the stock, the larger also the size of a company. Based on the legitimacy theory, a big company has more visible activities than the small ones, leading to greater pressures and demands from the society. The existence of such pressures and demands can encourage the big companies to be more sensitive toward the environmental issues, and ultimately they will disclose their environmental infromation. In addition, the big companies tend to have more complete information than the small ones. According to the stakeholder theory, big companies are in the spotlight of stakeholders, where it causes external pressure to make them more concerned about their environmental activities as well as environmental disclosure (Nugraha & Juliarto, 2015). Therefore, the big companies will strive to provide benefits for their stakeholders, one of which can be done by preparing good environmental disclosure. The research conducted by Hadjoh & Sukartha (2013), Burgwal & Vieira (2014), Oktafianti & Rizki (2015), Nugraha & Juliarto (2015), Solikhah & Winarsih (2016), and Ciriyani & Putra (2016) showed positive influence between the company size and the environmental disclosure.

H_4: The company size positively influences the environmental disclosure.

Profitability is a ratio that can be used to assess the company's ability to generate profit. A company with high profitability will have more funds that can be used to provide more complete information on environmental responsibility activities compared with those with low profitability (Nugraha & Juliarto, 2015). This indicates that environmental responsibility activities are not harmful, because these can have a positive impact on the company's survival (Nurkhin, 2010). With more complete environmental disclosure, it is expected the company will obtain legitimacy and support from stakeholders easily. In addition, it is also expected to maintain the existence, enhance reputation, and get a positive value from the owners (Ciriyani & Putra (2016). According to legitimacy theory, people tend to put pressure on the company to be more concerned about environmental issues. Environmental disclosure is an effort that can be done to respond to these pressures. This is also in line with stakeholder theory, where the companies with high profitability indicate that they have much more sources of funds that can be used to carry out environmental responsibility activities and present information as a form of corporate responsibility to the stakeholders (Nugroho & Yulianto, 2015). The research conducted by Hadjoh & Sukartha (2013) and Mardiyatnolo, et al. (2016) indicates a positive relationship between the profitability and environmental disclosure.

H_5: Profitability positively influences the environmental disclosure.

Here is the figure of empirical model used in this research:

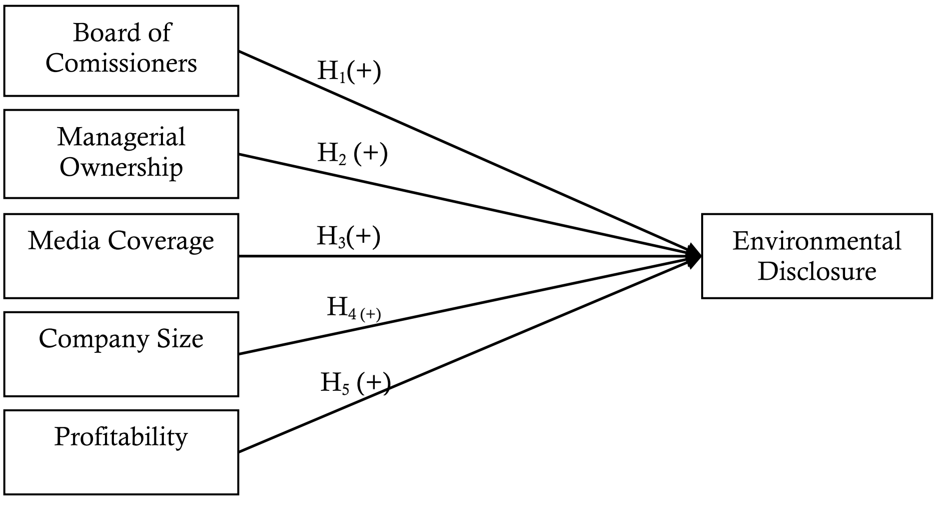

Figure 1.Empirical Research Model

METHODS

This was a quantitative research using secondary data. The population in this study were 83 high profile companies, which according to Rupley, et al. (2012), listed on Indonesia Stock Exchange (IDX) in the period 2011-2015. A sample of 11 companies was obtained using purposive sampling technique with the following criteria

Table 1 Sampling Criteria

No	Description	Qualified	Unqualified
	Number of population		83
1	High profile companies issuing annual report routinely in Indonesian Stock Exchange (BEI) period 2011-2015	(21)	62
2	Publi companies preparing and issuing social accountability report in environmental terms, both annual and sustainable reports 2011-2015	(27)	35
3	Companies completing data related to research variables	(24)	11
Total of Research Sample (11companies x 5 periods)			55

Source: Processed secondary data, 2017

The explanation of the operational definition of each variable used in this study is presented in Table 2. below

Table 2 Definition of Operational Variable

No	Variable	Operational Definition	Measurement
1	Environmental Disclosure	Disclosure of information related to the environment presented in the annual report of a company (Suratno, et al., 2006 in Nugraha & Juliarto, 2015)	GRI G4 environmental terms. The number of environmental items disclosed by the company is divided by the total GRI environmental disclosure item. Source: Pratama & Rahardja (2013)
2	Board of Comissioners (DK)	Mechanism to monitor and provide direction to the management (Pratama & Rahardja, 2013)	The number of joint meetings of the board of commissioners and the board of directors of the company. Source: Pratama & Rahardja (2013)
3	Managerial Ownership (KM)	Shareholder proportion of management who actively participates in corporate decision making (Downes & Goodman, 1999 dalam Oktafianti & Rizki (2015).	The number of shares owned by the board of commissioners and the board of directors is divided by total shares. Source:Oktafianti & Rizki (2015); Mardiyatnolo, et.al. (2016).
4	Media Coverage (LM)	Communicating information about a company's environmental issues through a medium (Rupley, *et al.*(2012)	Janis-Fadner *coefficient*= $\frac{e^2-ec}{t^2}$, *if* e > c $\frac{ec-c^2}{t^2}$, *if* c > e 0 , *if* e = c Where e is the number of positive articles about the environment, c is the number of negative articles about the environment, and t is the number of e + c.

			Source: Rupley, *et al.*(2012); Solikhah & Winarsih (2016).
5	Company Size (UK)	Size of a company viewed from its total assets, sales levels, or market value of the stock (Nugraha & Juliarto, 2015).	LN total asset. Source: Suhardjanto (2010);Hadjoh & Sukartha (2013); Oktafianti & Rizki (2015); Nugraha & Juliarto (2015); Ciriyani & Putra (2016).
6	Profitability (ROE)	Measures of performance performed by management in managing corporate assets (Ciriyani & Putra, 2016).	*Return On Equity.* Source: Hadjoh & Sukartha (2013); Ciriyani & Putra (2016).

Source: Processed secondary data, 2017

The data were collected using documentation, taken from the annual report and sustainability reports of the companies listed in Indonesia Stock Exchange (BEI) in 2011-2015. The data analysis methods used in this research were descriptive statistical analysis, classical assumption test, multiple linear regression analysis, and hypothesis test using SPSS version 21 software.

RESULTS AND DISCUSSIONS

This study used multiple linear regression analysis that aimed to determine the effect between independent variables on the dependent variable. Multiple linear regression analysis was used to measure the strength of relationships between variables and to indicate the direction of relationship between dependent variables. Before conducting multiple linear regression testing, firstly descriptive statistical test and classical assumption test conducted.Descriptive statistical analysis aimed to provide data description seen from the minimum, maximum, average, and standard deviation of each research variable. The variables used in this research were environmental disclosure, board of commissioner, managerial ownership, media coverage, firm size, and profitability. The results of descriptive statistical research test could be seen in table 3.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PL	55	0.06	0.94	0.3218	0.28967
DK	55	3	16	9.02	4.365
KM	55	0.00	6.59	1.2156	2.37622
LM	55	0.00	1.00	0.4284	0.48589
UK	55	25.87	31.04	28.9742	1.71172
PROF	55	-78.07	50.53	9.9885	17.59759
Valid N (listwise)	55				

Source: Secondary data processed, 2017

A good regression model was when the model passed from a series of classical assumption tests. The classical assumption tests used in this research were normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The results showed that the data of this research was normally distributed. It could be seen from the results of Kolmogrov-Smirnov test that showed a significance value of more than 0.05 of 0.739.

The result of multicollinearity test in this study indicated that there was no multicollinearity occurred because all independent variables had tolerance values ≥ 0.1 and VIF ≤ 10. The VIF value of the managerial ownership variable was 2.289 and the firm size variable was 2.081 indicated that the two results had an almost adjacent value so that the researchers tried to do a correlation test. The result of correlation test between managerial ownership variable and firm size variable has value exceeded 0.7 equal to 0.715. Based on both ways, it could be concluded that the researchers suspected the existence of multicollinearity between managerial ownership and firm size variable although still classified as moderate.

The results of autocorrelation test in this study indicated that the regression model did not occur autocorrelation. It could be seen from the durbin-watson value of 1.958. The assumption of a regression model did not occur autocorrelation if it met the requirements dU <d <4-dU, where dU was known at 1.7681. The result of heteroscedasticity test in this research showed that the regression model did not occur heteroscedasticity. It could be seen from the results of white test on the value of c^2 count was 30.745 obtained from the value R^2 as big as 0.559 multiplied by N as much as 55 units of analysis. By looking at the chi-square distribution table, the value of c^2 was 77.38. In this case, c^2 count <c^2 table, so it could be concluded that there was no heteroscedasticity. Adjusted R square value was 0.440. This meant that 44% of the environmental disclosure variable was affected by the variables of board of commissioners, managerial ownership, media coverage, firm size, and profitability, while the remaining 56% was influenced by other variables not examined in this study. Hypothesis test summary could be seen in table 4.

Table 4. Hypothesis testing

Hypothesis	Description	β	Sig.	α	Result
H_1	Board of commissioners positively affected on environmental disclosure	0.019	0.016	0.005	Accepted
H_2	Managerial ownership positively affected on environmental disclosure	0.029	0.132	0.005	Rejected
H_3	Media coverage positively affected on environmental disclosure	0.152	0.033	0.005	Accepted
H_4	Company size had a positive effect on environmental disclosure	0.103	0.000	0.005	Accepted
H_5	Profitability had a positive effect on environmental disclosure	0.001	0.433	0.005	Rejected

Source: Secondary data processed, 2017

The results of the research showed that the board of commissioners positively influenced the disclosure of the environment (H1 was accepted). The results of this study were consistent with the agency theory which stated that the frequency of meetings held by the board was considered to be the greater chance of agents and principles in reviewing and analyzing whether the operational activities of the company were in line with company policy thus avoiding information asymmetry and reducing conflicts of interest (Pratama & Rahardja, 2013). In addition, board meetings could run effectively because all members of the board of commissioners and board of directors prioritized the interests of the company, one of which was related to environmental management practices. The result of this study was consistent with previous research conducted by Pratama & Rahardja (2013) which stated that the board of commissioners had a positive effect on the disclosure of the environment.

The results of the research showed that managerial ownership had no effect on environmental disclosure (H2 was rejected). The results of this study were not in accordance with agency theory. Managers with high corporate shareholding tended to align their interests with the interests of shareholders, and would work more productively to optimize company value so that the management was However, in reality, managerial ownership of high profile companies in Indonesia was unable to influence the company's policy to disclose environment. Data of sample company data such as PT Citatah Tbk (CTTH) in 2015 despite having the highest managerial ownership value from the total sample in the study period but still had low environmental disclosure value.

There were several possible reasons for causing managerial ownership had no effect on environmental disclosure. First, there was a significant correlation between firm size variable and managerial ownership, namely -0.715 where the value indicated that there was multicollinearity although still classified as moderate. This was because although the company had managerial ownership but its shareholding proportion was low. The existence of correlations between these two variables might indicate that the larger the size of a firm, the managerial ownership would be smaller, so that managerial ownership did not affect on environmental disclosure. Second, if it was conducted the regression between managerial ownership (KM) versus environmental disclosure (PL) without any other independent variable showed a t value of -3.022 with a significance value of 0.004, it indicated that managerial ownership negatively affected on environmental disclosure.

Third, although the company had managerial ownership but its shareholding proportion was low, causing no alignment between the interests of managers and the owners of the company. The low proportion also caused the management who had a share in a company had not been able to play an active role in decision making in order to optimize the performance of the company, one of which could be done with the environmental disclosure. The results of this study were in accordance with the results of previous research conducted by Mardiyatnolo,et al. (2016) which stated that managerial ownership has no effect on environmental disclosure.

The result of the research showed that media coverage positively affected on the environmental disclosure (H3 was accepted). The result of this study was in accordance with the theory of legitimacy, which stated that the legitimacy of a company could be obtained through various ways, one of which was by communicating relevant information to stakeholders (Ashforth & Gibbs, 1990 in Rupley, *et al.,* 2012). Therefore, companies needed media as a container to communicate the information needed by stakeholders, one of which was information about all the activities of companies related to environmental issues.

This happened because media coverage was able to shape public opinion on reported issues, so that information related to corporate activities published through the media would impact on the legitimacy of companies gained from the public. The existence of media coverage that containing issues related to the environmental activities of a company would have an impact on the environmental disclosure of the company. Issues or environmental news published could be either positive or negative issues. In dealing with these issues, companies tended to improve the quality of their environmental disclosure. Especially if there was a negative issue then in an effort to be more transparent and built a better image in public perception, the company would improve the quality of environmental disclosure information. The result of this study was in accordance with the result of previous research conducted by Rupley, *et al.*(2012) which stated that the presence of media coverage positively affected on the quality of environmental disclosure.

The result of this study showed that firm size had a positive effect on the environment al disclosure (H4 was accepted). The result of this study was in accordance with the theory of legitimacy and stakeholder theory, where large companies had more visible activity compared than small companies. Large companies realized that they were in the public spotlight, they needed to take concrete action in creating public trust in relation to social and environmental responsibility (Hadjoh & Sukartha, 2013). In addition, companies that perform environmental disclosure indicated that the company has provided benefits to its stakeholders by providing the required information, as well as maintaining corporate accountability to its stakeholders. The results of this study were consistent with the results of previous research conducted by Hadjoh & Sukartha (2013), Burgwal & Vieira (2014), Oktafianti & Rizki (2015), Nugraha & Juliarto (2015), Solikhah & Winarsih (2016), as well as Ciriyani & Putra (2016) which showed that firm size had a positive effect on the environmental disclosure.

The result of the research showed that profitability had no effect on environmental disclosure (H_5 was rejected). The result of this study was not in accordance with the theory of legitimacy and stakeholder theory, where necessarily the company with high profitability would freely in responding to pressure and demands from the community. It was due to the company had more funds available that could be used to disclose the environment, so the company would be easier in obtaining legitimacy from the community. However, in reality, the profitability of high profile companies in Indonesia did not affect the company's policy to disclose environment. The data of sample companies such as PT Duta Pertiwi Nusantara Tbk (DPNS) in 2013 despite having high ROE value but the corporate disclosure had low value.

There were several reasons that might cause the profitability had no effect on environmental disclosure. First, when companies had high profitability, companies found it was unnecessary to report things that could disrupt information on the success of achieving high profitability, with the assumption that users of the company's annual report were interested in a good profitability (Oktafianti & Rizki, 2015; Nugroho & Yulianto, 2015). Second, each activity of environmental responsibility would reduce the profit of the company. This was because if the company expensed for these activities it would be more cost incurred by the company which would ultimately impact on net profit received by the company which automatically also affected on the profitability of the company (Friedman, 1970 in Ciriyani & Putra, 2016). Third, a company with high profitability was a profit-oriented company. Thus, the company was not necessarily better in carrying out its environmental responsibility activities to present it in the annual report of the company (Ciriyani & Putra, 2016). The results of this study were in accordance with previous research conducted by Suhardjanto (2010),Burgwal & Vieira (2014), and Ciriyani & Putra (2016) which indicated that profitability has no effect on environmental disclosure.

CONCLUSIONS

Based on the result of data analysis and discussion of this research, it can be concluded that the board of commissioner, media coverage, and company size have a positive effect on environmental disclosure, while managerial ownership and profitability have no effect on the environmental disclosure. Suggestion for the government, it is expected to make regulations related to the systematic of environmental responsibility reporting include the format, content, and what items need to be disclosed. For the company, it is necessary to increase environmental disclosure as a form of corporate transparency and accountability. For future researchers, it is expected to use other measurements to assess the quality of environmental disclosure. In addition, it is expected to use a different analysis from this study with the assumption that if there is a correlation between independent variables.

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