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FINANCIAL PERFORMANCE TO ENVIRONMENTAL DISCLOSURE WITH ENVIRONMENTAL PERFORMANCE AS MODERATION

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Keywords: Environmental Disclosure, Profitability, Asset Growth Rate of the Company, and Environmental Performance.

Abstract
The purpose of this study was determined the effect of profitability and growth rates of the company's assets on environmental disclosure with environmental performance as a moderating variable. Environmental disclosure is a dependent variable, while profitability and growth rates of the company's assets an independent variable. Profitability is measured using ROA (Return on Asset) and the growth rate of the company's assets is measured using total assets. As for the dependent variable, environmental disclosure is measured using a weighted score of the Global Reporting Initiative (GRI G4) Guidelines. The data analysis method used is the analysis moderated regression analysis. The sample is this study used in the mining companies with PROPER program and listed in Indonesia Stock Exchange. This study used method of analysis data is purposive sampling. The results of this study is indicate that profitability variables have no effect on environmental disclosure and variable growth rates of the company's assets have significant effect to environmental disclosure while environmental performance variable can be independent variable and have an effect on environmental disclosure.

INTRODUCTION
The current environmental conditions in the world are getting worse, these conditions are one of the consequences of environmental change, namely the influence of industrialization in various countries, including in Indonesia. Environmental problems that occur in Indonesia are very important problems and must be considered because of the bad impacts that often arise from the pollution of the company environment which is less healthy and not good. The impact of current technological advances and competition that is often used in carrying out industrial activities without thinking about the surrounding environment can cause environmental pollution. The level of increase in environmental pollution that occurs at this time is also caused by activities carried out by the company in processing and managing the materials needed and the results obtained from the company's production process. This is done because the company wants to obtain an advantage in increasing production. The phenomenon behind this research is one of the cases in the Malinau area on September 26, 2017 that PT. Artha Martha Naha Kramo causes river pollution in Malinau, North Kalimantan. As a result of the pollution, the water supplied by the PDAM cannot smoothly channel water to the community because the water in the Malinau area is contaminated and can harm local residents.

The Indonesian State Government considers Law Number 32 of 2009 concerning Environmental Protection and Management and its application in an effort to preserve an industry with RI Regulation No. 74 of 2001 concerning Management of Hazardous and Toxic Materials is very strong evidence that the government in Indonesia is very concerned about management environment (Reni, 2013). Government regulations have been issued and implemented PROPER (Program for Assessing Company Performance in Environmental Management) in the field of controlling an environmental impact that can enhance a very important role for companies in carrying out environmental conservation programs. PROPER can be judged in the form of gold, green, blue, red and black in accordance with their respective companies in preserving their environmental preservation. PROPER assessment criteria will be given to companies that have carried out environmental and social responsibilities. Companies that have good performance will get a gold rating, while companies that have poor performance will get a black rating (www.menlh.go.id).Climate change or climate change is the impact of

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environmental pollution caused by industrial activities usually referred to as global warming. Environmental problems can cause attention from various parties who are interested in such as government, stakeholders, community creditors, consumers and other institutions. The higher the demands of stakeholders, then some companies also have a very important influence on the environment that can demonstrate accountability to stakeholders by disclosing their environmental disclosure activities. In responding to pressures made by stakeholders a company seeks to find ways to reduce the impact that is less favorable for an environment and start to present an environment-based financial reporting where one of the components contained in the company's annual report is environmental disclosure.

Environmental Disclosure is environmental information owned by a company by disclosing the environmental conditions in the company's annual financial report which results in the presence or absence of annual report disclosures that depend on company policy. Companies that make environmental disclosures are government parties that can know and also anticipate environmental damage by reading the disclosure of a company's environment and have the benefit of facilitating the community in having environmental awareness in choosing a product from a company that cares for the environment. Based on previous research about environmental disclosure, it shows various results. For example, according to Amelia (2015) shows that profitability affects environmental disclosure, while according to Suttipun (2012), Ida (2017) did not find that profitability affects the environmental disclosure. The results obtained by Suttipun (2012) and Ida (2017) determine that asset growth affects environmental disclosure.

The impact of a company's environment can be seen from the characteristics or views of the type of company. Characteristics in this study are profitability, company asset growth rate and environmental performance as moderating variables. The characteristics of a company have a greatly increased environmental impact and will require high fulfillment of an environmental responsibility. The methods and techniques used in this study are using purposive sampling method and data analysis techniques using moderated regression analysis. This study uses a sample of companies listed on the Indonesia Stock Exchange (IDX) in the mining companies sector registered as members of PROPER during the 2013-2017 period, where the company publishes financial statements consistently and completely. The data used in this study is secondary data which is quantitative data.

Literature Review and Hypothesis Development

Environmental Disclosure

Environmental Disclosure is a form of corporate responsibility to stakeholders that relates to environmental disclosure activities carried out by the company in the past, present and future that are produced by the company's environmental management decisions. Environmental disclosure of a company is not yet required for each company, but the manager in an agency or in the management of the company will always try to disclose information about the company's environmental management that will be disclosed by the company. So that with the occurrence of environmental disclosure of a company, it will add a value to the company in the future (Ezhilarasi, et al 2017).

Profitability

Ida (2017) stated that profitability is a consideration in carrying out environmental disclosures which can be seen from the company's financial performance report. If the level of profitability of a company is higher than the resources owned by the company are greater so that the company is easy to do environmental disclosure and get legitimacy from the community. Profitability which has a high profit level can easily attract investors to invest in a company (Subramanyam, 2013).

Company Asset Growth Rate

The growth rate of company assets is an indicator in determining the scale of the company that is used to achieve a goal that will be expected by each company. The size of a company can be viewed from the business field that has been carried out by the company (Subramanyam, 2013). The growth rate of company assets is used to reveal the annual report of a company. If the company produces total assets, sales and a large market capitalization, then the size of the company will also increase.

Environmental Performance
Environmental Performance is an effort carried out by the company in maintaining the sustainability of the company's environment related to the activities. The company gives attention to environmental conditions as a form of responsibility for the company's concern for the environment (Moid, 2017). Good corporate environmental performance has an urge to express an achievement to the public.

Effect of Profitability on Environmental Disclosure
Profitability is an important factor that makes management express accountability to stakeholders. Omnamasiva (2016) said that Profitability generated by the company can be used as a benchmark in disclosing environmental responsibility. The theory of legitimacy was said companies produce high levels of profitability that can facilitate companies in responding to pressure from the community because with the resources owned by the company it can be used to make a disclosure of the company's environment, so that the company gets a legitimacy from the community compared to companies that resulting in lower profitability.
Hypothesis 1: Profitability affects the environmental disclosure

Effect of Company Asset Growth Level on Environmental Disclosure
Ida (2017) and Che, et al (2015) has shown that company size has a significant effect on environmental disclosure. Based on stakeholder theory, shareholders have the opportunity to control the resources produced by the company. The relationship between the level of growth of the company's assets to environmental disclosure that the greater a company, the company is more likely to disclose more information because the company already has an increasingly large resource so that large companies are better able to finance information more complete provision compared to small companies. The greater level of growth of company assets, the greater impact that will result from activities that can be generated by the company.
Hypothesis 2: The growth rate of company assets affects the environmental disclosure of mining companies listed on the Indonesia Stock Exchange.

Effect of Environmental Performance as a Moderation Variable on the relationship between Profitability and Environmental Disclosure
Environmental performance can show that the greater of environmental disclosure activities and the disclosure reported in a company's financial statements it will be good news for a separate company (Karambu, et al 2016). By improving the company's performance towards good environmental disclosure it will attract investors to invest because investors will see the performance of a company where they will invest or decide good cooperation between companies.

The relationship between environmental performance as a moderating variable on the relationship between profitability and environmental disclosure is if a company makes a good social contract with the environment of a society, then the existence of the company can be well recognized by the community and the existence of the company will be more accepted.
Hypothesis 3: Environmental Performance as a moderating variable influences the relationship between profitability and environmental disclosure.

Effect of Environmental Performance as a Moderation Variable on the relationship between the Company's Asset Growth Rate on Environmental Disclosure
The company by generating a high level of growth of the company's assets, the environmental performance produced by the company will affect the company's financial performance (Herbohn, et al 2014). This is because companies that have high growth rates of company assets have a good management style and can attract stakeholders (Reni, 2013). In general, large companies will disclose more information than small companies. This is because large companies will face a greater political risk compared to small companies. Large companies will not be separated from a political pressure that is pressure to carry out a corporate social responsibility. Therefore, by expressing a company's concern for the environment through financial reporting, the company can avoid costs due to the demands of the community.

The relationship between environmental performance as a moderating variable on the relationship between the growth rate of company assets and environmental disclosure is a company that has more stakeholders will tend to be more satisfy so that the company continues to operate properly.
Hypothesis 4: Environmental performance as a moderating variable influences the relationship between the company's asset growth rate and environmental disclosure in mining companies listed on the Indonesia Stock Exchange.

Research Methods

The populations in this study are mining companies that are registered as members of PROPER and listed on the Indonesia Stock Exchange (BEI) for the 2013-2017 period. The type of data source used in this study uses secondary data taken in the annual report of a company listed on the Indonesia Stock Exchange. The sampling technique in the study is using purposive sampling method. The following criteria: (1) Mining companies listed on the IDX must issue consecutive annual reports during the 2013-2017 period. (2) Mining companies participating in the PROPER program and listed on the IDX for the 2013-2017 period respectively. (3) Mining companies that have complete data and issue annual reports in a row for the period 2013-2017. (4) Mining companies that express environmental disclosure in a row during the 2013-2017 period.

The data in this study are secondary data derived from annual financial statements of which are incorporated in PROPER. Data obtained from the Indonesia Stock Exchange and ICMD website (Indonesian Capital Market Directory).The dependent variable is environmental disclosure and independent variables are profitability, the level of growth of the company's assets and the moderating variable is environmental performance.

Operational Definition
Environmental Disclosure.
Environmental disclosure is the disclosure of a company's environmental information carried out by the company to disclosing the company's environmental conditions that are voluntary in Indonesia. Environmental disclosure measurements use the Global Reporting Initiative (GRI G4) base on 12 aspects.

Table 1 Global Reporting Initiative(GRI)

No	Aspects	Number of Items
1	Material	2
2	Energy	5
3	Water	3
4	Biodiversity	4
5	Emission	7
6	Effluent and Waste	5
7	Product and service	2
8	Rules	1
9	Transportation	1
10	Miscellaneous	1
11	Supplier assessment of the environment	2
12	Complaint mechanism for environmental problems	1
Total Item		34

The level of corporate environmental disclosure can be done by giving a score of 1 (one) if the company discloses environmental information in accordance with these items. While a score of 0 (zero) if the company does not disclose information in accordance with the items disclosed. The calculation of environmental disclosure is:

$$\frac{\text{Scores of Corporate Environmental Disclosures}}{\sum \text{All Environmental Disclosures GRI}} x\ 100\%$$

Profitability
Profitability is the main ratio that is very important for all users of the annual report, especially the investors and creditors. Profitability is a measure or an ability used by a company in assessing the extent to which a company is able to produce a profit (Subramanyam, 2013). In this study profitability can be measured using return on asset (ROA) by comparing the net income and total asset. The calculation used in measuring profitability is:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Asset}}$$

Company Asset Growth Rate
The growth rate of a company's assets is the reduction in total assets in year t to year t-1 divided by base year. The calculation of the company's asset growth rate is:

$$\text{TPA} = \frac{\text{Total Asset t} - \text{Total Asset t} - 1}{\text{Total Asset t} - 1}$$

Environmental Performance
Environmental performance can be measured using a PROPER assessment. The results of the PROPER study are the results of the ranking of the environmental performance of each company so that it can be evaluated to be a correction for a company. The calculation of environmental performance is

$$EP = \frac{\text{Corporate Environmental Performance Level}}{\text{Maximum Level of Environmental Performance}} \text{ x } 100\%$$

The application of PROPER in the company's environmental performance can access information on the company's needs and transparency in environmental management.

Table 2 Measurement Aspects of PROPER

Color	Meaning	Scale
Gold	Outstanding	5
Green	Very good	4
Blue	Good	3
Red	Fair	2
Black	Poor	1

Result and Discussion
Sample data in this study were 89 company samples. Normality test shows that the significance value is 0.215. This shows that 0.215> 0.05 which can be said that the data is normally distributed.

Table3 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		89
Normal Parameters	Mean	,0000000
	Std. Deviation	,05840539
Test Statistic		,103
Asymp. Sig. (2-tailed)		,215

The multicollinearity test in Table 4 shows that the presence or absence of multicollinearity or correlation between independent variables in the tolerance and VIF sections. The multicollinearity test results of VIF values are less than 10, it shows that the independent variables have correlation between variables or there is no multicollinearity, so it can be concluded that the regression model is feasible to use.

Table4 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
	ROA	0,627	2,019
	Asset Growth	0,616	2,014

Table 5 shows that the variable profitability (ROA) has a significance value of 0.071 and the asset growth level variable has the significance value of 0.083 and the significance level is above the 5% (level of confidence 0.05) it can be concluded that there are no the heteroscedasticity.

Table5 Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,345	0,010		29,422	0,000
	ROA	-0,027	0,011	-0,251	-1,793	0,071
	Asset Growth	0,017	0,014	0,272	2,152	0,083

Table 6 shows that the DW value is 1.947 greater than the value of du (upper limit) = 1.652 and the value of d is less than 4-1.665 (4-du) = 2.334 or the value of DW lies between du (upper limit) and 4-du (1.652 <1,947 <2,348) it can be concluded that autocorrelation does not occur.

Table 6 Autocorrelation Test

Model	R	R Square	Durbin-Watson
1	0,371[a]	0,216	1,947

F-test has informed that F value of 4.318 with a significant level of 0.017 <0.05, it can be concluded that H_0 is rejected which means that the regression model is fit in other words this model is feasible to be tested and can be used to determine the effect of profitability and growth rates of corporate assets together the same affects environmental disclosure. The coefficient of determination test (R^2) shows that the value of adjusted R square is 0.318. This shows that 31.8% means that profitability (ROA), the growth rate of company assets affects the environmental disclosure of 31.8%, while the remaining 68.2% is explained by other variables.

The first hypothesis (H_1) examines the effect of profitability on environmental disclosure. The results of the statistical t-test show that the value of the profitability variable is -1.769 with a significance value of 0.058. The significance value of the profitability variable shows that the value is 0.058> 0.05. The result is profitability does not have an influence on environmental disclosure. Second hypothesis (H_2) examines the effect of the growth rate of company assets on environmental disclosure. The results of the statistical t-test show that the value of growth rate of the company's assets variable is 2.137 with a significance value of 0.031. The significance value of growth rate of the company's assets variable is 0.031 <0.05. The result is the company's asset growth has a significant influence on environmental disclosure.

Moderated regression analysis test aims to determine whether the moderating variable environmental performance can strengthen or weaken the relationship between profitability and growth rate of company assets to environmental disclosure as the dependent variable (Imam, 2016: 211). To use the moderated regression analysis test with two independent variables namely profitability and the growth rate of the company's assets, it must compare regression equations to determine the type of moderator variable.
The results of the analysis of the moderating variable can be arranged as follows:

$Y_1 : \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$
ED : 0,214 +(-0,017) ROE + 0,011 TPA +ε
$Y_2 : \alpha + \beta_1 X_1 + \beta_3 Z + \varepsilon$
ED : 0,251 +(-0,021) ROE +(-0,076) EP +ε
$Y_3 : \alpha + \beta_1 X_1 + \beta_3 Z + \beta_4 X_1Z + \varepsilon$
ED : 0,326 +(-0,218) ROE +(-0,162) EP + 0,258 ROE*EP + ε
$Y_4 : \alpha + \beta_2 X_2 + \beta_3 Z + \varepsilon$
ED : 0,269 + 0,014 TPA + (-0,074) EP +ε
$Y_3 : \alpha + \beta_2 X_2 + \beta_3 Z + \beta_5 X_2Z + \varepsilon$
ED : 0,272 + (-0,034) + (-0,079) + 0,081 TPA*EP +ε

Equation 2 shows that the value of $\beta 3$ -0.076 ($\beta 3 \neq 0$, significant) is a equation moderation variable and equation 3 shows that the value of $\beta 4$0.258 ($\beta 4 \neq 0$, significant) is a quasi moderation variable. These results can be seen that $\beta 3 \neq \beta 4 \neq 0$ can be concluded that environmental performance as a moderating variable is a equation moderation variable which can affect the profitability of environmental disclosure. Equation 4 shows that $\beta 3$ -0.074 ($\beta 3 \neq 0$, significant) and equation 5 shows that $\beta 5$ 0.080 ($\beta 5 \neq 0$, significant). These results can be seen that $\beta 3 \neq \beta 5 \neq 0$, it can be concluded that environmental performance as a moderating variable is a quasi moderation variable to influence the growth rate of company assets to environmental disclosure.

Based on legitimacy theory, the theory focuses on the notion of social contracts that can be implemented and supported by companies and communities. This can indicate that when a company has generated high profits, the company needs to report activities carried out by the company and disclose environmental information in order to attract investors (Ezhilarasi, et al 2017). Actually, the finding was profitability has no effect on environmental disclosure. The findings has supported by Ida (2017) which state that profitability has no effect on environmental disclosure.

The growth rate of company assets is an indicator in determining the size of a company that is used to achieve a goal that will be expected by each company. Legitimacy theory shows that large companies will disclose higher environmental information so that the company still gets a positive response from the other party, so that the activities carried out by the company can run smoothly and can be concluded that large companies will disclose environmental information high in its annual report.

Stakeholder theory has argued that large companies will disclose high environmental information in annual reports to assist companies in increasing a company's value and can minimize losses. Companies that have more stakeholders, then the company tends to satisfy the stakeholders of the company so that the company can continue to operate properly.

The results of this study inform that the growth rate of company assets has a significant effect on environmental disclosure. The findings obtained from the present study support the findings of researchers Ida (2017), Suttipun (2012) states that the growth rate of company assets has a significant positive effect on environmental disclosure. There is influence between environmental performance as a moderating variable on the relationship between profitability and environmental disclosure.

Environmental performances an effort carried out by a company in maintaining the sustainability of the company's environment which is related to the activities and activities of the company (Mara, et al 2017; Karambu, 2016). Based on stakeholder theory, it is explained that the entity of a company does not only operate for the benefit of its own company. This shows that the company's value system is in line with the existing assessment system in a company's environment, therefore the community environment will recognize the policies of a company. The results of analytical testing using the moderated regression analysis test and showing that environmental performance can be as a moderator variable on the effect of profitability on environmental disclosure as well as environmental performance can be an independent variable that can affect environmental disclosure.

Previous study was done by Reni (2013) state that environmental performance variables have no effect on environmental disclosure. But the findings obtained from the study now support the findings of researchers Ida (2017) and Kumar (2015) who stated that environmental performance affects environmental disclosure. The influence between environmental performance as a moderating variable on the relationship between the company's asset growth rate on environmental disclosure.

Moderated regression analysis (MRA) test has shown that environmental performance can be as a moderator variable on the effect of the growth rate of corporate assets on environmental disclosure. Environmental performance can be independent variables that can affect variables environmental disclosure. The findings made in this study are in line with Ida (2017) which states that environmental performance affects environmental disclosure. Whereas according to the findings of Reni (2013) stated that environmental performance variables have no effect on environmental disclosure.

Conclusions, Limitations and Suggestions

Based on the results of the discussion above can be obtained the following conclusions: profitability measured using return on asset has no effect on environmental disclosure. The growth rate of company assets measured using total assets in year t to year t-1 divided by base year has a significant effect on environmental disclosure. Environmental performance moderates the influence of the relationship between profitability and environmental disclosure. Thus environmental performance as a moderating variable can be an independent variable that can influence environmental disclosure. Environmental performance moderates the influence of the relationship between the growth rates of corporate assets on environmental disclosure. Thus environmental performance as a moderating variable can be an independent variable that can influence environmental disclosure.

Limitation in this study is subjectivity element in determining environmental disclosure, so that in assessing each of the same indicators can produce different assumptions between researchers. This shows that the value of environmental disclosure in a company has a value of disclosure that is different from other researchers. There are many companies that have not participated in the PROPER as the program from the Ministry of Environment and also it is difficult in obtaining complete annual report data of the company. Further research will be recommended that environmental disclosure be more focused on looking at the sustainability report for companies that are used as research samples in assessing and measuring environmental disclosures in each company

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