



Determinant of Environmental Disclosure on Companies Listed in Indonesia Stock Exchange (IDX)

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Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis faktor-faktor yang mempengaruhi environmental disclosure, yang terdiri dari kepemilikan manajerial, kinerja lingkungan, sensitivitas lingkungan, dan sektor industri. Populasi dalam penelitian ini adalah seluruh perusahaan yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2016, yaitu sebanyak 547 perusahaan. Metode pengambilan yang digunakan adalah teknik purposive sampling dan diperoleh 73 perusahaan yang menjadi objek pengamatan. Pengumpulan data dalam penelitian ini yaitu dengan metode dokumentasi, yang dilakukan dengan cara mengumpulkan data-data yang diperlukan. Metode analisis yang digunakan adalah analisis regresi berganda dengan menggunakan alat analisis IBM SPSS versi 21.0. Hasil penelitian menunjukkan bahwa kinerja lingkungan dan sektor industri menunjukkan pengaruh positif signifikan terhadap environmental disclosure. Namun kepemilikan manajerial dan sensitivitas lingkungan tidak menunjukkan pengaruh secara signifikan terhadap environmental disclosure. Simpulan pada penelitian ini adalah faktor-faktor yang dapat mempengaruhi environmental disclosure adalah variabel kinerja lingkungan dan sektor industri, sedangkan variabel kepemilikan manajerial dan sensitivitas lingkungan belum bisa dijadikan faktor yang dapat mempengaruhi environmental disclosure.

Abstract

The purpose of this research is to analyze the factors that influence the environmental disclosure consist of managerial ownership, environmental performance, environmental sensitivity, and industry sector. The population of this study is all companies listed in Indonesia Stock Exchange (IDX) in 2016, which is about 547 companies. The sampling method that use in this research is purposive sampling technique that generates 73 companies of analysis as observations object. The collection of data in this research is documentation method which is carried out by collecting the necessary data. Meanwhile, the data is analysed by multiple regression analysis with IBM SPSS 21.0 version. The results showed that environmental performance and industry sector give significant positive effect on environmental disclosure partially. However, managerial ownership and environmental sensitivity do not effect on environmental disclosure significantly. The conclusion of this research is the factors that can affect the environmental disclosure are environmental performance and industry sectors variables, while managerial ownership and environmental sensitivity variables cannot be used as a factor that can affect environmental disclosure.

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INTRODUCTION

Recently, environmental disclosure practice becomes an important concern in social and environmental accounting, especially for companies that have activities directly related to the environment. This causes the focus of the company to change, the company is no longer faced with the responsibility that rests on the single bottom line namely profit only, but the responsibility of the company must also be based on the triple bottom line, that is by paying attention to social and environmental issues (Nurkhin, 2010). In addition, the development of green business trend that is business activities that do not have a negative impact on the global environment, community, and economy also cause the company to start thinking about the social and environmental impacts of its activities (Aulia & Agustina, 2015). This causes the company needs to disclose information about social and environmental responsibilities. In Indonesia, the implementation of the Global Reporting Initiative (GRI) index in the sustainability report is still very low. This is seen from the number of companies that publish the sustainability report from 2008 to 2015 which is still low. This sustainability report uses guidelines from the GRI Index that include the social, environmental, and economic indicators presented in Table 1.

Table 1. Companies that publish Sustainability Report (SR)

Year	Companies that Publish SR	Total Companies Listed on IDX	Percentage (%)
2008	18	398	4.52%
2009	23	400	5.75%
2010	23	422	5.45%
2011	33	442	7.47%
2012	30	463	6.48%
2013	37	486	7.61%
2014	35	509	6.88%
2015	37	525	7.05%

Source: Sustainability Report Award and Saham OK

Table 1 shows that the percentage level of companies that have issued sustainability reports during 2008 to 2015 is still very low. This can be seen from the percentage rate which is not more than 8% per year. The highest percentage of companies that have reported environmental disclosure in the sustainability report in 2013, namely 7.61% which the number of companies as large as 2015, that is as many as 37 companies. Low level of this environmental disclosure due to the disclosure of environment in Indonesia is still voluntary. Financial accounting standards (FAS) in Indonesia also do not require companies to disclose information about corporate responsibility to the environment (Suhardjanto & Miranti, 2009).

Its nature which is still voluntary becomes one of the causes of the lack of environmental disclosure reporting in Indonesia and coupled with the increase in environmental cases occur resulting from the activities of company. The example of environmental cases is the case regarding PT Semen Indonesia (previously Semen Gresik). WALHI together with the residents in Rembang District filed a lawsuit over the issuance of the environmental license of Central Java Governor Number: 660.1/17 Year 2012 on environmental permits for mining and the construction of a cement plant activities by PT Semen Indonesia (WALHI, 2016). This activity is opposed because it will exploit the karst area, which threatens the availability of water which becomes the needs of farmers and surrounding communities. In addition, the exploitation of kars areas included in the

environmental permit will also have adverse impacts on the environment, especially on the advent of ecological disasters such as landslides and floods (WALHI, 2016). Another case is the oil spill case caused by PT Vale Indonesia activities in the waters of Malili Sub-district that complicate the life of about 300 Fishermen in Pasi-Pasi Village and Lampia Village South Sulawesi Province as the center of oil reserve (WALHI, 2016). Case of PT TWBI (Tirta Wahana Bali Internasional) has also resulted in environmental damage that is the Benoa Bay reclamation planning in the Southern District of Denpasar, the fishing communities and residents become restless because it further aggravates the occurrence of abrasion in some beaches as well as potentially damaging coral reef ecosystem (WALHI, 2016). Damages caused by corporate activity will ultimately lead to pressure from various parties in order to the company can provide additional information which is more transparent about environmental activities.

The result of previous research on factors affecting the environmental disclosure also still indicates the existence of inconsistent results. Research gap on managerial ownership variable is found on research of Oktafianti & Rizki (2015) which shows a significant positive effect, while Fajrina (2014) as well as Suaryana & Febriana (2012) obtained insignificant result. Research related to environmental performance is done by Ahmadi & Bouri (2017) as well as Aulia & Agustina (2015) shows the result that environmental performance has a positive and significant effect on environmental disclosure, whereas Fajrina (2014) and Wijaya (2012) obtain the result that environmental performance has no effect on environmental disclosure.

The environmental sensitivity variable shows a significant positive effect on the research conducted by Arifianata & Wahyudin (2016) as well as Terzaghi (2012), whereas the research conducted by Djajadikerta & Trireksani (2012) shows insignificant results. Industry sector variable related to its effect to environmental disclosure is studied in the research of Pambudi (2015) which get result of a significant positive effect, while Ahmadi & Bouri (2017) get insignificant result on environmental disclosure. Based on the results of previous studies which is inconsistent, this study aims to review factors affecting environmental disclosure, which consists of managerial ownership, environmental performance, environmental sensitivity, and industrial sectors.

In this study there are three theories used as the foundation of research thinking framework such as theory of legitimacy, stakeholder theory, and agency theory. The theory of legitimacy explains that organizations will continually operate in accordance with the limits and values received by communities around the company in an attempt to gain legitimacy (Pratiwi & Chariri, 2013). When a company fails to meet the expectations of society, the legitimacy built by the company will be lost and adversely affect the support given by the community to the company. Environmental disclosure through annual reports which are published by companies becomes one of the company's efforts to communicate its activities to get back legitimacy from the community so that the existence and the survival of the company is guaranteed. Stakeholder theory says that a company is not an entity that only operates for its own sake, but must provide benefits to its stakeholders, so that the existence of the company is strongly influenced by the support given by the stakeholders to the company (Chariri, 2008). In this theory, manager is also expected to increase the value of the impact on the activities that the company does and minimize losses for its stakeholders. Thus, the role of stakeholders is very influential for the company, so its influence can affect the disclosure made by the company. In addition, the role of stakeholders will also cause the company to get pressure to report information on environmental responsibility, so that with the disclosure of stakeholders is expected to support the activities of the company.

The agency theory explains the agency relationship which is a contract when one or more person or principal give authority to another person (agent) to do a service on behalf of the principal and authorize the agent to make the best decision for the principal (Jensen & Meckling, 1976). The management has responsibility for the obligation which has been given by the owner to manage the

company in order to fulfil the principal's interests. While the principal monitor the performance of management and make decisions in establishing policies based on the results of the management performance contained in corporate financial reporting. In agency relationships, management is required to provide periodic reports on the performance of the company to the principal and then the performance of management is assessed by the principal based on the report that has been submitted. Through this assessment, financial statements can serve as a means of accountability and transparency on management performance to the principal. In the corporate annual financial statement, there is additional information on corporate responsibility in environmental aspect or environmental disclosure. The company conducts environmental disclosure as a form of accountability in fulfilling the principal's desire on the environmental aspect.

Managerial ownership is the amount of shareholding by management in a company (Rustiarini, 2011). Managerial ownership in a company will explain the existence of managers not only be a manager in the company but also has another role, namely as the owner of the company. Jensen & Meckling (1976) in their research mention the agency theory used as a separation of management functions and ownership functions that are vulnerable to agency conflicts. The dual role of managers as managers and owners of the companies is one effort to reduce agency conflict. Managers who are part of the owners of the company in making their decisions will also be oriented to the interests of shareholders, so that decisions to be taken in line with the needs of shareholders. This makes the management can make decisions in corporate planning and implementation activities (Prabowo, Mahmud, & Murtini, 2014). This behavior is done by managers in order to maximize the values that exist in the company. Managers of companies will strive to disclose environmental information in order to improve the image of the company, although the company must sacrifice some costs for environmental disclosure activities. This is in accordance with the statement of (Rustiarini, 2011), that is, the greater managerial ownership in the company, the more productive the manager's actions will be, and the manager will be more concerned with the interests and welfare of the shareholders. This is done for the sake of corporate sustainability and shareholder welfare. Thus, managers will provide relevant information for stakeholders in greater numbers and wider. Research conducted by Oktafianti & Rizki (2015) proves that managerial ownership has a significant positive effect on environmental disclosure. The existence of managerial ownership will result in managers to be able to increase the value of the company.

H₁: Managerial ownership has a positive effect to environmental disclosure

Environmental performance is the performance of the company to create a green environment (green) in accordance with the expectations of the stakeholders (Aulia & Agustina, 2015). Currently, the public's attention to environmental issues in Indonesia is beginning to increase, as seen from the activities of the companies that are starting to take care of the environment by conducting environmentally friendly operational activities. In addition, the company also shows their good commitment to the environment through its performance. Companies that perform well in terms of environmental management will disclose environmental disclosure as a form of their accountability to the public for their obligations in providing information on environmental aspects. In the theory of legitimacy, environmental performance and environmental disclosure are both the obligations of companies to gain legitimacy to society. One of the way companies can be accepted by the public as well as outside parties, that is when the company has activities that are environmental activities, the company can disclose its environmental performance in the corporate annual report in the environmental responsibility (environmental disclosure). The company shows its responsibilities, so that the public can know the size of the company's participation in the environment. Thus, when the company's environmental performance is good, then the company will report the environmental disclosure.

Aulia & Agustina (2015) explain that corporate environmental disclosure is influenced by environmental performance. Research conducted by Ahmadi & Bouri (2017) also support the statement that environmental performance has a significant positive effect on environmental disclosure.

H₂: Environmental Performance has a positive effect on environmental disclosure

Environmental sensitivity can be interpreted how big the company has an influence in its operations activities that are directly tangent to the environment (Winarsih & Solikhah, 2015). In general, companies with a high level of industrial sensitivity to the environment will get high attention from the community because of its operational activities that have potency to affect nature (Winarsih & Solikhah, 2015). Companies that have a high level of sensitivity to the environment are companies that include in the type of high profile industry. Stakeholder theory states that high-profile industry will get pressure from stakeholders or communities to disclose environmental information (Nugraha & Juliarto, 2015). While in the theory of legitimacy explains that companies want the legitimacy from the community through the information disclosed by the company. This is due to high profile companies will release more waste and pollution in their production process, so the society feels that companies need to do environmental disclosure reflecting environmental management activities.

The existence of communities around the company also makes the company provide information about the environment. So companies will be more inclined to disclose this information in avoiding the legitimacy gap between society and company operations. Research conducted by Ahmadi & Bouri (2017) reveals that companies with high environmental sensitivity will more reflect the awareness on the environment by disclosing environmental disclosure to the public. So also with research conducted by Burgwal & Vieira (2014) which reveals that companies with high-profile categories would be more likely to face the public perception of their environmental destructive activities, making them more likely to provide detailed reports to comply with stakeholder demands.

H₃: Environmental Sensitivity has a positive effect on environmental disclosure

Industrial sector is a type of business entity classified based on the business sector which it drives (Yesika & Chariri, 2013). In 2016 there have been 547 companies that have listed their shares in Indonesia Stock Exchange (IDX). All of these companies consist of various types of industrial sectors, including key sectors such as agriculture and mining, as well as manufacturing and services sectors. Besides, the classification of the industrial sector can also be based on the raw materials used by the company. The extractive industry sector which raw materials are derived directly from the natural world will have a direct effect on the environment so that can cause environmental damage and disruption of the natural balance. The theory of legitimacy explains that companies which operating near the community should be able to create harmony between companies and society. One of the alignments that can be showed by the company is by doing a reasonable resource extraction activity for the company's operations. So the way the company to survive, that is if the people within the company's environment assume the operation done by the company commensurate with the value system based on the community. This is what makes the company must do environmental disclosure as a form of its responsibility to the society and the environment. The description above is in accordance with the research undertaken by Pambudi (2015) which find a positive effect of the industrial sector on environmental disclosure. The more related the industrial sector to the environment, the greater the demand for environmental disclosure disclosed by the company.

H₄: Industrial Sector has a positive effect on environmental disclosure

Based on the framework above, the research model will be presented in Figure 1

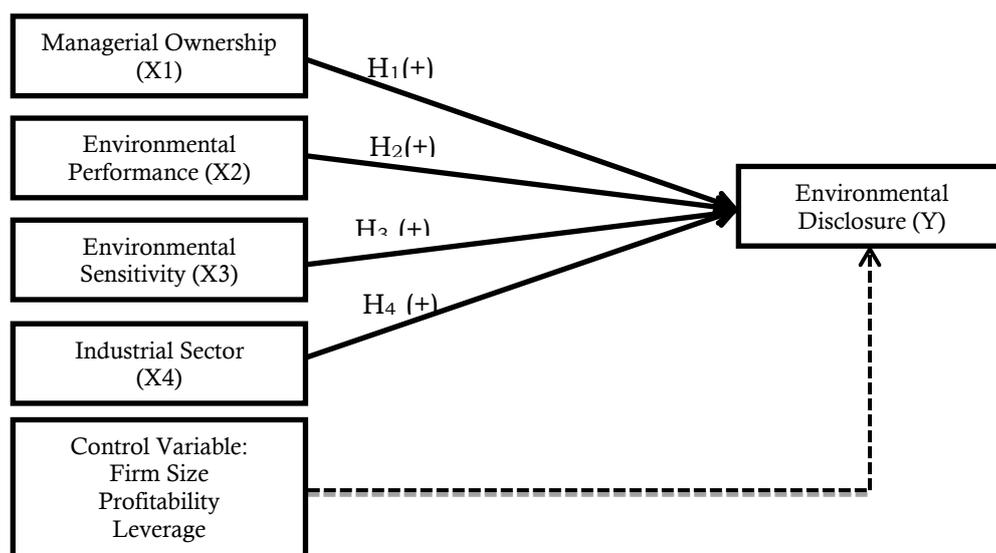


Figure 1. Research Model

METHODS

The type of this research was quantitative research by using secondary data. The population used in the research was all companies listed in Indonesia Stock Exchange (IDX) in 2016, which was a number of 547 companies. The sample selection used purposive sampling method that was the selection of samples with certain criteria that have been determined by the researchers. The samples obtained in this study would be presented in table 2.

Table 2. Obtaining Research Sample

Criteria	Beyond Criteria	Included Criteria
The Company was listed on the Indonesia Stock Exchange (IDX) for the period of 2016	-	547
The company that published corporate annual report in 2016	(86)	461
Companies that are rated PROPER from the Ministry of Environment in 2016	(381)	80
Companies which disclosed environmental disclosures in annual reports and / or corporate sustainability reports in 2016	(7)	73
Number of Analysis Unit		73

Source: Researcher's summary, 2017

In this study, there were three kinds of variables, namely dependent, independent and control variables. The dependent variable in this research was environmental disclosure. While the independent variables were managerial ownership, environmental performance, environmental sensitivity, and industrial sector as well as firm size, profitability, and leverage as control variables. The operational definition on each variable could be seen in table 3.

Table 3. Operational Definition of Variables

Name of Variables	Operational Definition	Indicator
Environmental Disclosure (ED)	A form of corporate social responsibility through environmental disclosure in the corporate annual report, and the public would monitor the activities undertaken by the company in fulfilling its social responsibilities (Suhardjanto & Miranti, 2009).	IER (Indonesia Environmental Reporting) Index (Suhardjanto, Tower, & Brown, 2008)
Managerial Ownership (KM)	The amount of share ownership by the management in a company (Rustiarini, 2011).	$KM = \frac{\text{Total number of managers s}}{\text{Total number of shares outst}}$ (Jensen & Meckling, 1976)
Environmental Performance (KL)	Corporate performance to create a green environment in accordance with stakeholder expectations (Aulia & Agustina, 2015).	PROPER Rank Code 1: Black Code 2: Red Code 3: Blue Code 4: Green Code 5: Gold (PROPER Appraisal Result Report, 2016)
Environmental Sensitivity (SL)	How big a company had an influence in its operational activities that were directly related to the environment (Winarsih & Solikhah, 2015).	<i>Dummy variable:</i> Code 1: <i>High Profile</i> Code 0: <i>Low Profile</i> (Purwanto, 2011)
Industrial Sector (SInds)	A type of business entity that was classified based on the business sector which it drives (Yesika & Chariri, 2013).	<i>Dummy Variable:</i> Code 1: Extractive industries Code 0: Non-Extractive industries (Yesika & Chariri, 2013)
Firm Size (KP)	The size of the company that could be seen from the amount of sales or the amount of assets owned by the company (Widarti & Sudana, 2014).	<i>Size:</i> Market Price x Shares Outs (Haryanto & Yunita, 2008)
Profitability (ROA)	The ability of companies to generate profits in an effort to increase shareholder value (Rahayu & Anisykurlillah, 2015).	$ROA = \frac{\text{Net profit after tax}}{\text{Total Asset}}$ (Yanto & Muzzammil, 2016)
Leverage (DER)	The ability of the company on debt to finance its operational activities (Paramitha & Rohman, 2014).	$DER = \frac{\text{Total Liabilities}}{\text{Total Equities}}$ (Suhardjanto, 2010)

Source: Researcher's summary, 2017

Data collection technique was carried out by documentation method on the annual reports obtained from the official website of IDX and / or sustainability reports obtained from the official website of each company, as well as the PROPER report from the Ministry of Environment. Hypothesis testing in this study used three different sample data. The three data were: (1) all the

sample data of the research, (2) the data of sample companies which had large capitalized shares, and (3) the data of sample companies which had medium capitalized stock.

According to Manurung & Rizky (2009) sample data which was a big company category was a company that had a market capitalization of over Rp 1 trillion, while the sample company which was the category of medium-sized companies was a company that had a market capitalization of Rp 100 billion to less than Rp 1 trillion. In this study, descriptive statistical analysis and classical assumption test done first before doing hypothesis testing. Testing of research hypothesis used multiple regression analysis with trust level 95% or alpha 0.05. The multiple regression equation used in this study could be formulated as follows:

$$Y_{ED} = \alpha + \beta_1 KM + \beta_2 KL + \beta_3 SL + \beta_4 SInds + \beta_5 Ln_KP + \beta_6 ROA + \beta_7 DER + e$$

RESULTS AND DISCUSSIONS

Descriptive statistics was used to provide information on key research characteristics. In this descriptive statistical analysis would give a description about the frequency distribution of each variable, maximum value, minimum value, mean (average), and standard deviation. Here the result of descriptive statistical analysis which would be presented in table 4.

Table 4. The result of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ED	73	1.84	28.42	9.29	6.39879
KM	73	0.00	83.96	4.11	13.56137
KL	73	2	5	3.04	0.389
SL	73	0	1	0.79	0.407
SInds	73	0	1	0.49	0.503
KP	73	101.250*	445.498.234*	26.463.052*	64.662.124*
ROA	73	-22.14	43.17	6.75	9.28955
DER	73	-303.82	543.49	94.70	103.85757
(Valid)	73				

Source: Output SPSS 21, 2017

Explanation:

*in millions of rupiah.

ED = Environmental Disclosure;

KM = Managerial Ownership;

KL = Environmental Performance;

SL = Environmental Sensitivity;

SInds = Industrial Sector;

ROA = Return on Total Asset;

DER = Debt to Equity Ratio;

KP = Market Capitalization

Table 4 showed the result of the descriptive analysis which was known that the companies which did environmental disclosure in 2016 were 73 companies. The average companies in this study were still relatively low in reporting environmental disclosure because it had an average of 9.29%. Meanwhile, the ownership of managerial owned by sample companies was still very low the percentage of its shareholdings, that was equal to 4.11%. The environmental performance of the company in the study was an ordinal variable which showed average at number 3. On the assessment of PROPER showed that the companies in this study were on average on the blue rank,

which was a rank that showed good performance in terms of environment. Meanwhile, environmental sensitivity and industrial sector were dummy variable of two categories. Environmental sensitivity indicated that companies with high-profile categories dominated the research sample, while in the industrial sector of sample companies were more dominant by the non-extractive industrial sector.

The classical assumption test was conducted before hypothesis testing as a requirement to get the result of BLUE (Best Linear Unbiased Estimated) and when it was conducted the next test, the regression model has been declared feasible. The classical assumption test in this research was normality test, multicollinearity, autocorrelation, and heteroscedasticity. The result of normality test used 1-Sample K-S test showed a level of significance above 0.05 which meant that the residual data in the study has been normally distributed. The result of multicollinearity test showed a tolerance value greater than 10% and a VIF value of less than 10 so it could be said that there was no multicollinearity in the regression model used. The result of autocorrelation test used runs test which showed a level of significance above 0.05 which meant residual random and no autocorrelation occurred. The result of heteroscedasticity test using park test showed a significance value above 5% so it could be concluded there was no heteroscedasticity in regression model of this research.

The result of hypothesis test showed coefficient of determination value in the research equal to 0.343. This indicated that 34.3% of environmental disclosure variable could be explained by independent variables in the research model, such as managerial ownership, environmental performance, environmental sensitivity, and industrial sector, and firm size, profitability, and leverage as control variables, while the rest that was equal to 65.7% explained by other variables outside model of this research. Here the result of hypothesis testing with level of trust 95% or alpha 0.05 which would be presented in table 5.

Table 5. Hypothesis Test

Variables	Entire Company		Hypothesis Decision	Large Capitalized Corporate Category		Medium Capitalized Corporate Category	
	β	Sig.		β	Sig.	β	Sig.
Independent Variables							
KM	-0.116	0.272	H ₁ rejected	-0.238	0.056	-0.111	0.709
KL	0.223	0.043	H ₂ accepted	0.299	0.031	-0.138	0.704
SL	-0.078	0.500	H ₃ rejected	-0.059	0.680	0.113	0.776
SInds	0.356	0.004	H ₄ accepted	0.365	0.018	0.479	0.155
Control Variables							
ROA	-0.087	0.462		-0.008	0.949	0.137	0.689
DER	-0.036	0.728		-0.139	0.274	-0.081	0.795
Ln_KP	0.330	0.013					
R Square		0.407			0.329		0.312
Adj. R Square		0.343			0.247		-0.101
F-value		6.378			4.009		0.755
Sig (Uji F)		0.000			0.002		0.620
N		73			56		17

Source: *Output SPSS 21, 2017*

The variable of managerial ownership was proxied through shares owned by commissioners and directors within a company. The result of hypothesis testing as shown in table 5 showed that managerial ownership had no effect on environmental disclosure or it could be interpreted that H1 was not accepted. The result of regression testing on all the samples of research was aligned with the regression result when examined on the classification of the size of large and medium capitalized companies, that was not having an effect to the environmental disclosure. Thus, it could be concluded that both companies were companies with large and medium capitalization, managerial ownership could not show the effect on environmental disclosure.

The result of this study was not in accordance with the hypothesis that has been formulated before, namely managerial ownership would affect on the environmental disclosure. Based on the research data, it was found that many companies which share proportion was not owned by the management, in other words there was no managerial ownership in the company, so the managerial ownership did not affect on environmental disclosure. This was evidenced from the 30 sample companies which had no managerial ownership in the company, so that in these companies dominated by institutional and foreign shareholding. Sample companies which had managerial ownership also did not show a large proportion of managerial ownership, thus, it was still relatively low. This relatively small managerial ownership explained that there was no alignment of interests between owner and manager, thus causing managers were not yet able to maximize firm value through the disclosure of environmental information.

The effect of managerial ownership on environmental disclosure was insignificant. This was not in line with agency theory which suggested that the role of manager as part of owner of the company would be oriented to the interests of shareholders who wanted the company to get the highest profit. This caused the manager would maximize the existing values in the company by making decision which was appropriate and aligned with shareholder needs. The results of this study were in line with the research conducted by Suaryana & Febriana (2012) and Rustiarini (2011) which revealed that managerial ownership had no effect on environmental disclosure. The result of this research indicated that the absence of managerial ownership effect on environmental disclosures could be interpreted that the existence of managerial ownership did not necessarily affect the level of environmental disclosure reporting.

In this study found the results of hypothesis testing which showed that environmental performance had a significant positive effect on environmental disclosure, it could be concluded that H₂ was accepted. The result of the hypothesis of the environmental performance variable that had a significant positive effect on the environmental disclosure showed different results in the category of medium capitalized firm size classification which showed that there was no effect on the environmental disclosure. However, the environmental performance in the category of large capitalized firm size classification obtained the same result that there was a significant positive effect on the environmental disclosure. Thus, it could be concluded that the better the corporate environmental performance along with the larger firm size would increase the company in conducting the environmental disclosure, thus companies that have done a good environmental performance would report better environmental disclosure compared to companies with a poor environmental performance reputation.

The positive effect of environmental performance on the environmental disclosure level was seen from one of the companies with high environmental disclosure level namely 24.96 with the highest rating of environmental performance assessment, Gold rating, obtained from PROPER assessment from Ministry of Environment. This Gold Rating was awarded only to companies which activities have consistently demonstrated environmental excellence in the production and / or service process, conducting ethical business, and being responsible to the society.

The positive effect of environmental performance on environmental disclosure was in accordance with the theory of legitimacy. The theory of legitimacy explained that a company would continually operate in accordance with the limits and values received by communities around the company in an attempt to gain legitimacy. Companies that performed well in terms of environmental management, would disclose environmental disclosure as a form of their full accountability to the public for the company's obligation to provide information on environmental aspects, thereby companies would try to ensure that their activities were accepted by outsiders. The result of hypothesis testing when associated with previous research was similar to the research undertaken by Aulia & Agustina (2015) as well as Ahmadi & Bouri (2017) which could prove that the environmental performance variable had a significant positive effect on the environmental disclosure.

Based on table 5, it could be seen the results of hypothesis testing in this study showed that environmental sensitivity had no effect on the environmental disclosure that made H3 was not accepted. The result of regression testing on all the samples of research was aligned with regression results when examined on the classification of medium and large capitalized firm size, that was not having an effect on environmental disclosure. Thus, it could be concluded that both companies are companies with large and medium capitalization, environmental sensitivity could not show the effect on environmental disclosure. The result of test which rejected the third hypothesis showed that environmental sensitivity did not affect the company in disclosing environmental information. Based on the research data, high profile companies (companies with high environmental sensitivity) were not too numerous in disclosing environmental disclosure reporting in annual and / or sustainability reports. In contrast, companies in the low-profile category in the research data showed more and wider environmental disclosure. This was seen from the number of environmental aspects of environmental disclosure reporting in the low profile companies which was than in the high profile companies. Thus, it could be concluded that companies with high environmental sensitivity did not necessarily affect corporate environmental disclosure levels.

The effect of environmental sensitivity to environmental disclosure was insignificant, not aligned with stakeholder theory and the theory of legitimacy. Stakeholder theory stated that some industries listed in high profile companies would get pressure from stakeholders and communities to disclose environmental information. In fact, not all high profile companies in Indonesia got pressure from stakeholders and communities to disclose environmental disclosure, exactly low-profile companies with low level of sensitivity to the environment were under pressure from stakeholders and communities to engage in activities that could save the environment. This was due to the amount of environmental damage that occurred was increasing, so that the community and stakeholders would not pay attention to the company was a high profile or low profile company. Communities and stakeholders wanted companies in Indonesia to protect the environment for the sake of nature.

The theory of legitimacy explained that companies would be more required to provide environmental information. At the time companies provided that information companies were more likely to disclose this information to avoid the gap of legitimacy between society and company's operations, thus companies that included in the high profile category would reveal more environmental disclosure because of its production activities that directly impacted on the environment. In fact, high profile companies did not disclose a large amount of environmental disclosure, which was seen in the sample companies that were belong to high profile companies were still low in reporting environmental disclosure on annual reports.

The result of this study was in line with the research undertaken by Djajadikerta & Trireksani (2012) as well as Subiantoro & Mildawati (2015) which revealed that environmental sensitivity has no effect on environmental disclosure. which revealed that environmental sensitivity had no effect

on environmental disclosure. The result of hypothesis testing showed that the industrial sector had a significant positive effect on the environmental disclosure which meant H_4 was accepted. So it could be concluded that the company would increase environmental disclosure if the company was an extractive industrial sector. The result of the hypothesis of industrial sector variable having a significant positive effect on the environmental disclosure was found the same result in the classification category of companies with large capitalization which showed that there was a significant positive effect on the environmental disclosure.

Different from the classification category of companies with medium capitalization which showed different result namely the absence of industrial sector influence on the environmental disclosure. Thus, it could be concluded that the greater the activity of the company in obtaining the source of raw materials from nature and accompanied by the size of the larger company, it would increase the company in conducting environmental disclosure compared with companies which activity of obtaining source of material not from nature. Industrial sector variable that had a positive influence on the environmental disclosure had meaning when companies were classified as extractive industries or raw materials obtained directly from nature, then the level of environmental disclosure disclosed by the company was high. It could be seen from the sample company's data belonging to the extractive industry revealed more environmental-disclosure points compared to non-extractive industries so it could be said that the extractive companies had more awareness of their activities that could cause environmental damage.

The theory of legitimacy explained that companies operating near society must be able to create harmony between the value of the company and the values that existed in society. Corporate activities directly related to the environment would be required to provide environmental information to avoid the gap of legitimacy between society and the company's operations. This was what made the company must do environmental disclosure as a form of responsibility to the community and the environment. Previous research which was similar to the result of this research hypothesis were Pambudi (2015) and Chrysanti & Noviarini (2015) which stated that the industrial sector had a significant effect on the environmental disclosure. This was because the more industrial sectors of the company directly related to the environment would affect the company in conducting environmental disclosure.

CONCLUSIONS

The result of the research shows that environmental performance and industrial sector have a significant positive effect on the environmental disclosure. However, managerial ownership and environmental sensitivity did not show any significant effect on the environmental disclosure. Thus, it can be concluded that the factors that can affect environmental disclosure are variables of environmental performance and industrial sector, while managerial ownership and environmental sensitivity variables have not been able to become factors that can influence environmental disclosure. The limitation of this research is the value of the coefficient of determination obtained is low, so for further research can add independent variables, such as environmental management system. In addition, further investigators may also use different company samples with different measurement proxies for managerial ownership and environmental sensitivity variables.

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