AFRE Accounting and Financial Review, 6(3): 405-414 , 2022
https://jurnal.unmer.ac.id/index.php/afr

The Role of Profitability in Weakening the Effect of Environmental Performance on Environmental Disclosure

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Article info

Keywords:
Environmental Disclosure, Environmental Performance, Institusional Ownership, Profitability

Abtract

This research aims to investigate the effect of environmental performance, institutional ownership, and profitability on environmental disclosure, with profitability as a moderating variable. Based on the sample selection criteria, this study analyzed 18 companies from the energy, raw goods, and primary consumer goods sectors listed on the Indonesia Stock Exchange for the 2019-2021 period. The data analysis technique in this study used panel data regression and moderated regression analysis. The results show that environmental performance and institutional ownership positively affect environmental disclosure in contrast to profitability which does not affect environmental disclosure. This research finds that profitability weakens the effect of environmental performance on environmental disclosure. Other results show that profitability cannot moderate the effect of institutional ownership on environmental disclosure. This finding indicates that companies use excess resources to increase investment, not to improve environmental performance and disclosure.

ISSN (print): 2598-7763
ISSN (online): 2598-7771

Citation: Cahyaningsih, C., and Rahadiansyah, D. T. C. (2023 The Role of Profitability in Weakening the Effect of Environmental Performance on Environmental Disclosure..AFRE Accounting and Financial Review, 6(3): 405-414

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JEL Classification: G30, Q50, Q51
DOI: https://doi.org/10.26905/afr.v6i3.10593

1. Introduction

The environment is one of the company's responsibilities, in addition to economic, financial, and social responsibilities. As regulated in Law Number 40 of 2007 Chapter V Article 74, which states that business activities related to natural resources are required to carry out social and environmental responsibility (UU, 2007). Furthermore, the latest regulation in POJK Number 51 of 2017 Article 10 stipulates that Financial Service Institutions, Issuers, and Public Companies must prepare a Sustainability Report containing economic, financial, social, and environmental performance (POJK, 2017).

Business people are required not only to optimize profits but also to contribute to the surrounding environment positively (Edison, 2017; D'Angelo et al., 2023; Bonfanti et al., 2023; and Liu et al., 2023). The company is required to take responsibility for environmental damage caused by the company's operational activities (Nuryana & Bhebhe, 2022). The energy sector, raw goods, and primary consumer goods are sectors that use a lot of natural resources and have the potential to pollute and damage the environment. The waste of hazardous and toxic materials produced by this sector can contaminate soil, water, and air, which is dangerous for the environment and poses a risk to the surrounding community. Therefore, researchers are motivated to determine the level of environmental disclosure in the energy, raw goods, and primary consumer goods sectors.

Even though the disclosure of environmental information is mandatory, in reality, environmental pollution still occurs. Pollution and environmental damage happened at PT Aneka Tam-

bang Tbk. in 2021. The Moronopo area in the North Maluku region, from the river to the coastal areas, is almost filled with mud due to leaking sediment-holding ponds and relatively high rainfall (Sangaji, 2021). Many fish and mangrove trees in the area died, and although the company tried to replant mangroves, they could not grow optimally.

Another case occurred at PT Unilever Oleochemical Indonesia (UOI) in June 2021. There were allegations of pollution from the disposal of waste types in the province of North Sumatra. The waste is located in residential areas and emits a disturbing odor (KabarSimalungun, 2021). PT UOI entrusted the waste to CV Perdagangan Tetap Jaya. However, the area owned by its CV could not accommodate all the waste, so some of the waste with no selling value was transferred to a Final Disposal Site, and the rest was disposed of carelessly.

The company's attention to the environment is one of its ways to maintain its good reputation and existence in the world market and maintain its survival. Therefore, companies need to carry out environmental disclosures. The social contract theory is the basis for companies in making environmental disclosures. The social contract theory arises from interrelationships in the community's social life so that harmony and balance can be implemented, including with the environment (Rousseau, 1986 and Božilović & Nikolajević, 2022). Companies that are part of the community in a larger environment have the same goals and strive to achieve these goals together. Companies and communities influence each other because the community largely determines the company's existence (Ardianto & Machfudz, 2011); Saenz, 2023; (Coelho et al., 2023); Bammens and Hünermund (2023). Therefore, to achieve balance, there needs to be a social contract, either implicitly or explicitly, to ensure an agreement that protects each other's interests.

Environmental performance, institutional ownership, and profitability are suspected of influencing environmental disclosure. Environmental performance is the company's performance in carrying out environmental preservation. Companies that can fulfill environmental responsibility obligations will receive a positive response from the community, and public trust in companies will increase because they are considered to care and can manage the environment well (Sugiyanto & Alinsari, 2022). The results of previous studies indicate that environmental performance positively affects environmental disclosure (Chanifah, 2019). In contrast, Aboagye-Otchere et al. (2020) found that environmental performance negatively affects environmental disclosure.

Institutional ownership is a group of shareholders whose ownership is relatively larger. Institutional ownership is expected to be able to monitor management performance more optimally because, in the capital market, on average, institutions have quite large shares in the company (Sari, 2018). Ginting (2022) found that institutional ownership positively affects environmental disclosure. However, Zullaekha & Susanto (2021) found that institutional ownership negatively affects envi-ronmental disclosure.

Profitability is a company's ability to generate profit in one period to fund its operational activities (Sari, 2018). Profitability is used to measure how effective a company is in managing its assets and operations (Ross et al., 2012). Previous research conducted by Purbawangsa et al., 2020; Nuskiya et al. (2021) found that profitability positively affects environmental disclosure. However, Kurniawan (2019); Wahyuningrum et al. (2020); Hapsoro & Falih (2020); and (Hidayat et al., 2022) did not find any effect of profitability on environmental disclosure.

This study also aims to investigate the role of profitability in moderating the effect of environmental performance and institutional ownership on environmental disclosure. Profitability can strengthen or weaken the effect of environmental performance on environmental disclosure and strengthen or weaken the effect of institutional ownership on environmental disclosure. Previous research conducted by Terry & Asrori (2021) found that profitability moderates the effect of environmental performance on environmental disclosure and moderates the effect of institutional ownership on environmental disclosure.

Researchers still find the phenomenon of environmental pollution in the energy, raw goods, and primary consumer goods sectors and inconsistencies in research results. Therefore, this study investigates the effect of environmental performance, institutional ownership, and profitability on environmental disclosure, with profitability as a moderating variable.

2. Hyphotesis Development

Environmental disclosure is the company's contribution to environmental preservation thro-

ugh reporting as part of the transparency of environmental management (Suhardjanto et al., 2008). The increasing number of environmental disclosures shows that companies are increasingly concerned about environmental issues. Several factors that can influence companies' environmen-tal disclosures are environmental performance, institutional ownership, and profitability.

Environmental Performance and Environmental Disclosure

Environmental performance is the company's ability to manage the surrounding environment (Setyaningsih & Asyik, 2016). Companies with good environmental performance have a higher social awareness of the community and the surrounding environment (Cahyaningsih & Septya-weni, 2022). The company will take various ways to reduce the negative impact of the company's operational activities by creating a green and clean environment. This green environment is a source of pride for the company, and seeks to express it in environmental disclosures. Research conducted by Cahyaningsih & Septyaweni (2022), Dewi & Yasa (2017), Ardyaningsih & Oktarina (2022), Zullaekha & Susanto (2021), Terry & Asrori (2021), and Hariyanto (2020) found that environmental performance has a positive effect on environmental disclosure.

H_1: Environmental performance has a positive effect on environmental disclosure.

Institutional Ownership and Environmental Disclosure

Insufficient internal control and ineffective oversight of the financial reporting process contribute to increased fraud (Syafira & Cahyaningsih, 2022). Institutional ownership has a greater ability to supervise companies, which is obtained from the dedication of members who monitor the company and collect all information (Schnatteryl et al., 2008). Institutional ownership can reduce the incentives of self-serving managers through intensive supervision (Suprapti et al. 2019). The ineffective supervision and weak internal control of the financial reporting process lead to increase fraud. Large institutional ownership can influence managers to disclose corporate social responsibility, especially environmental activity, because they can monitor decision-making. Research conducted by Suprapti et al. (2019), Ginting (2022), and Terry & Asrori (2021) found that institutional ownership has a positive effect on environmental disclosure.

H_2: Institutional ownership has a positive effect on environmental disclosure.

Profitability and Environmental Disclosure

Profitability shows the company's ability to generate profits from optimizing the use of its assets (Cahyaningsih & Lestari, 2021). Environmental disclosure allows companies to disclose their environmental management in company reports. Companies with high profitability have greater resources to carry out more environmental disclosures and gain legitimacy from society. Nuskiya et al. (2021), Zullaekha & Susanto (2021), and Hilmi & Rinanda (2020) found that companies with higher profitability disclose more environmental information.

H_3: Profitability has a positive effect on environmental disclosure.

Profitability, Environmental Performance, and Environmental Disclosure

The government has required companies to make environmental disclosures as a form of social and environmental responsibility. Companies will disclose information about the environment, and the resulting environmental costs are used to make reports on environmental disclosures if the company has a high level of profitability. Terry & Asrori (2021) states that profitability moderates the effect of environmental performance on environmental disclosure.

H_4: Profitability moderates the effect of environmental performance on environmental disclosure.

Profitability, Institutional Ownership, and Environmental Disclosure

Profitability shows the company's ability to generate profits. Companies with a high level of profitability will have higher public scrutiny and visibility, so they must comply with and comply with various environmental regulations. The higher the profitability, the institutional parties will increasingly increase supervision of the company and will demand more companies to make more environmental disclosures. Research conducted by Terry & Asrori (2021) states that profitability moderates the effect of institutional ownership on environmental disclosure.

H_5: Profitability moderates the effect of institutional ownership on environmental disclosure.

3. Data and Methods

This study examines companies in the energy, raw goods, and primary consumer goods sectors listed on the Indonesia Stock Exchange (IDX) for 2019-2021. The researcher established several criteria for selecting the sample. First, the company is consistently listed on IDX and publishes annual and sustainability reports during 2019-2021. Second, the company discloses the GRI Standard Series 300. Third, the company has institutional ownership. Based on these three criteria, researchers obtained 18 sample companies.

The dependent variable in this study is environmental disclosure. Environmental disclosure is measured using the Indonesian Environmen-tal Reporting Index (IER), which consists of 35 disclosure score items (Suhardjanto et al., 2008). The weight score selection using the IER creates accurate and precise results in accordance with the disclosure of environmental information on companies in Indonesia. The higher the environmental disclosure value, the more environmental disclosures are made by companies. The formula for calculating environmental disclosure is as follows:

$$ED = \frac{\sum X}{n}$$

Where: ED= Environmental disclosure; $\sum X$= IER index obtained by the company; n= IER score items total

The independent variables in this study are environmental performance, institutional ownership, and profitability. Environmental performance is measured using eight elements of environmental topics consisting of 32 disclosure items based on the GRI Standard Series 300, which covers specific topics to disclose information on material and organizational impacts related to environmental topics (Daromes & Kawilarang, 2020). The higher the value of environmental performance, the better the company's environmental performance. The formula for calculating environmental performance is as follows:

$$EP = \frac{\sum X}{n}$$

Where: EP= Environmental performance; $\sum X$= Number of items disclosed by the company; n=The GRI Standard Series 300

Institutional ownership is owned by institutional parties such as insurance companies, investment companies, securities companies, mutual funds, foundations, banks, and pension funds (Edison, 2017). Institutional ownership is measured using the number of institutional shareholdings divided by the number of outstanding shares. The higher the value of institutional ownership in a company reflects the greater control investors have over the company. The formula for calculating institutional ownership is as follows:

$$IO = \frac{Number\ of\ institutional\ shareholdings}{Number\ of\ shares\ outstanding}$$

Profitability is measured using return on assets (ROA). Return on assets is measured using profit after income tax divided by total asset (Kieso et al., 2020). The higher the return on assets, the greater the company can generate profit from its assets. The formula for calculating institutional ownership is as follows:

$$PR = ROA = \frac{Profit\ After\ Income\ Tax}{Total\ Assets}$$

The data analysis technique in this study used panel data regression analysis to analyze the main effect and moderated regression analysis to analyze the moderating effect. Before conducting the regression analysis, the researcher conducted a normality, autocorrelation, heteroscedasticity, and multicollinearity test. The panel data regression analysis equation is written as follows:

$$ED_{it} = \alpha + \beta_1 EP_{it} + \beta_2 IO_{it} + \beta_3 PR_{it} + e$$

Moderating variables can affect the direction or nature of the relationship between the independent and dependent variables. The direction or nature of the relationship can be positive or negative or strengthen or weaken the relationship. This study uses profitability as moderating variable. Profitability is one measure of company perfor-mance. Profit is not only a measure of a company's ability to meet funders' obligations but also to show the company's prospects in the future (Setyaningsih & Asyik, 2016). The moderated regression analysis equation is written as follows:

$$ED_{it} = \alpha + \beta_1 EP_{it} + \beta_2 IO_{it} + \beta_3 PR_{it} + \beta_4 EP^*PR_{it} + \beta_5 IO^*PR_{it} + e$$

Where: α= Constant; β= Coefficient; ED_{it}= Environmental disclosure of firm i year t; EP_{it} = Environmental performance of firm i year t; IO_{it} = Institutional ownership of firm i year t; PR_{it} = Profitability of firm i year t; $EP*PR_{it}$= Interaction of environmental performance; and profitability of firm i year t; $IO*PR_{it}$= Interaction of institutional ownership and profitability of firm i year t; ε= Error term

Decision-making based on the results of the moderating effect test is as follows: 1) No Moderator: It occurs when profitability does not function as an independent and moderating variable, and there is no evidence of an interaction between profitability and environmental performance or between profitability and institutional ownership. 2) Pure Moderator: It occurs when profitability does not function as an independent variable but directly interacts with environmental performance or institutional ownership. 3) Quasi Moderator: It occurs when profitability functions as an independent variable and also interacts with environmental performance or institutional ownership.

4. Result

This study presents the results of descriptive statistical analysis in Table 1. The environmental disclosure variable has an average value of 0.6266, indicating that companies in the energy, raw goods, and primary consumer goods sectors have relatively high environmental concerns and have disclosed much environmental information in their sustainability report. Environmental disclosure has increased in the last three years (see Figure 1). The maximum value of environmental disclosure is at PT. Indika Energy Tbk. (INDY) in 2021 of 0.8260, which shows that of the 35 IER disclosure items, INDY disclosed 28 items with the highest scores disclosing the impact of water use. INDY has been innovating and implementing solutions to minimize emissions and environmental impact. The minimum value for environmental disclosure is at PT. Darma Henwa Tbk. (DEWA) in 2019 was 0.4393, which shows that out of a total of 35 IER disclosure items, DEWA only disclosed 13 items, with the highest score on programs for protection. DEWA ensures that every environmental impact in the company's operational activities has been adequately mitigated.

Table 1. Descriptive Statistics

	ED	EP	IO	PR
Mean	0.627	0.5132	0.082	0.059
Maximum	0.826	1.000	0.477	0.416
Minimum	0.439	0.156	0.003	0.499
Std. Dev	0.092	0.224	0.091	0.138

The environmental performance variable has an average value of 0.513, indicating that companies in the energy, raw goods, and primary consumer goods sectors have relatively good environmental performance. Environmental performance has increased in the last three years (see Figure 2). The maximum value of environmental performance is found in PT. AKR Corporindo Tbk. (AKRA) in 2021 is 1,000, which shows that out of a total of 32 GRI Standard Series 300 items, AKRA discloses all items. AKRA is committed to sustainably developing the business and formulating a strategy to initiate a cleaner, renewable, and environmentally friendly energy business development. The minimum value of environmental performance is at PT. AKR Corporindo Tbk. (AKRA) in 2019 was 0.156, which shows that out of a total of 32 items, IER disclosures, AKRA only disclosed five items on the elements of energy, emissions, waste, and environmental compliance. AKRA has tried to reduce energy consumption and greenhouse gas emissions and carry out environmental rehabilitation.

The institutional ownership variable has an average value of 0.081, which means that companies in the energy, raw goods, and primary consumer goods sectors have relatively low institutional ownership. Institutional ownership has slightly fluctuated in the last three years (see Figure 3). The maximum value of institutional ownership is found in PT. Merdeka Copper Gold Tbk. (MDKA) in 2021 of 0.4768, MDKA has institutional investors with a relatively large number of shares so that they can monitor management decisions. The minimum value of institutional ownership is found in PT. Petrosea Tbk. (PTRO) in 2020 is 0.0032, which shows that PTRO has relatively low institutional ownership, so low control over the company.

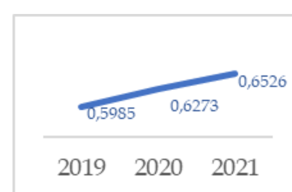

Figure 1. Environmental Disclosure

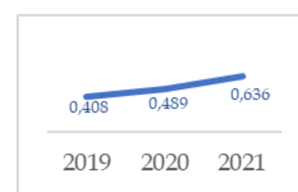

Figure 2. Environmental Performance

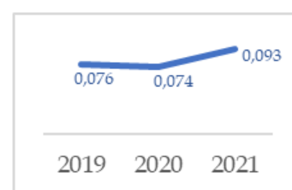

Figure 3. Institutional Ownership

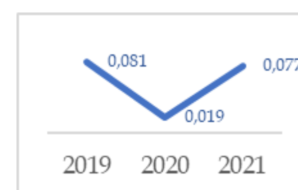

Figure 4. Profitability

The profitability variable has an average value of 0.059, meaning that companies in the energy, raw goods, and primary consumer goods sectors have a relatively low ability to generate profits based on their assets. Institutional ownership has flu-

ctuated in the last three years (see Figure 4). The maximum value of profitability is found in PT. Multi Bintang Indonesia Tbk. (MLBI) in 2019 was 0.416, which shows that every one rupiah of MLBI assets can generate a net profit of 0.416. Companies with high profitability are considered to have more opportunities to attract investors. Profitability reflects the viability and prospects of the company. The minimum value of profitability is at PT. Waskita Beton Precast Tbk. (DEWA) in 2020 was -0.499, which shows that DEWA suffered relatively large losses, which could disrupt business continuity.

Table 2. Linkage Environmental Performance and Environmental Disclosure

Criteria	ED Mean > 0.627	ED Mean < 0.627	Total
EP Mean > 0.513	16	10	26
EP Mean < 0.513	9	17	26
Total	25	27	52

Table 2 shows that below-average environmental performance (EP) is dominated by companies that make below-average environmental disclosures (ED). Thus, it can be interpreted that environmental performance has a positive relationship with environmental disclosure.

Table 3. Linkage Institutional Ownership and Environmental Disclosure

Criteria	ED Mean > 0.627	ED Mean < 0.627	Total
IO Mean > 0.081	12	5	17
IO Mean < 0.081	14	21	35
Total	26	26	52

Table 3 shows that below-average institutional ownership (IO) is dominated by companies that make below-average environmental disclosures (ED). Thus, it can be interpreted that institutional ownership has a positive relationship with environmental disclosure.

Table 4. Linkage Profitability and Environmental Disclosure

Criteria	ED Mean > 0.627	ED Mean < 0.627	Total
PR Mean > 0.059	11	10	21
PR Mean < 0.059	15	16	31
Total	26	26	52

Table 4 shows that below-average profitability (PR) is dominated by companies that make below-average environmental disclosures (ED). Thus, it can be interpreted that profitability has a positive relationship with environmental disclosure.

Table 5. Data Quality Test Results and Panel Data Regression Models

Test	Results	Decision
Normality	Jarque-Bera Prob. 0.8245	Normal
Autocorrelation	DW = 2.1627	Free
Heteroscedasticity	White Test Prob. 0.9303	Free
Multicollinearity	VIF < 10	Free
Chow	Chi-Square Prob. 0.0995	CEM

Table 5 presents the results of data quality testing which all tests are fulfilled. The results of testing the panel data regression model obtained the best model is the Common Effect Model (CEM).

Table 6. Main and Moderating Effect

Variables	Environmental Disclosure			
	Main Effect		Moderating Effect	
	Coefficient	Prob.	Coefficient	Prob.
C	0.502	0.000	11.524	0.066
EP	0.196	0.000	-6.715	0.055
IO	0.259	0.039	-92.41	0.052
PR	0.042	0.603	1.190	0.975
EP*PR			-389.70	0.048
IO*PR			388.59	0.051
Adjusted R^2	0.270		0.301	
F-stat	7.289		5.393	
Prob F-Stat		0.000		0.000

Table 6 shows the value of the determination coefficient. Adjusted r square of the main effect has a value of 0.270, meaning that the ability of the environmental performance, institutional ownership, and profitability variables to explain environmental disclosure is 27%, while other variables outside the study explain the rest.

Table 6 also presents the results of testing the main and moderating effects. The results suggest that environmental performance and institutional ownership positively affect environmental disclosure. However, profitability does not affect environmental disclosure. The main effects test results support H_1 and H_2 but do not support H_3. The results show that profitability is proven to moderate the effect of environmental performance on environmental disclosure. However, profitability does not moderate the effect of institutional ownership on environmental disclosure. The moderating effects test results support H_4 but do not support H_5.

5. Discusssion

Effect of Environmental Performance on Environmental Disclosure

The results showed that environmental performance positively affects environmental disclosure. Environmental performance is an activity carried out by a company to reduce the environmental impact due to the use of resources, organizational processes that affect the environment, restoration of product processing, environ-mental implications for services and products, and compliance with work environment regulations. Environmental performance is considered bad if the level of damage caused by the company's operational activities is high.

Companies that carry out environmental performance are responsible for mitigating or reducing environmental impacts from the company's operational activities. The company reports environmental performance in a sustainability or annual report, manifested in environmental disclosures. This environmental disclosure is a way for the company to communicate its role in protecting and preserving the environment for the welfare of society.

Companies that care about the environment produce environmental performance as a way for companies to maintain a positive image in the eyes of society. Investors will also see these results as one of the considerations for investing. Therefore, with the increasing number of environmental disclosures, the reports submitted by companies will be more transparent. On the other hand, a company that does less environmental performance will find it more challenging to get a positive image in the eyes of the public because not much environmental performance can be disclosed. Communities will think that companies do not care about environmental damage resulting from operational activities.

This result supports the social contract theory that companies should benefit society and the environment directly or indirectly as a form of long-term investment. This result supports research conducted by Cahyaningsih & Septyaweni (2022), Ardyaningsih & Oktarina (2022), Dewi & Yasa (2017), Zullaekha & Susanto (2021), Terry & Asrori (2021), and Hariyanto (2020).

Effect of Institutional Ownership on Environmental Disclosure

This study finds that institutional ownership positively affects environmental disclosure. Institutional ownership is crucial in minimizing agency conflicts between managers and shareholders. Institutional ownership has the professionalism to analyze information and can perform supervisory functions. The multiple composition of institutional ownership give them more authority to condition internal controls and act as organizational watchdogs (Syafira & Cahyaningsih, 2022). Institutional ownership in large numbers can better monitor every move made by managers and prevent managers from engaging in opportunistic behavior.

Effective supervision from the institution motivates management to show better performance. One way is to pressure managers to make more environmental disclosures. Institutional decisions to encourage managers to make environmental disclosures are for the sake of the company's sustainability in the future, to have a positive image in the eyes of investors, and as proof of the manager's responsibility to the institution.

This result supports the social contract theory that companies that are part of society in a larger environment have the same goals and seek to achieve these goals together. Companies and society influence each other because the existence of companies is very much determined by society. This result is in line with the research by Suprapti et al. (2019), Ginting (2022), and Terry & Asrori (2021).

Effect of Profitability on Environmental Disclosure

This research finds that profitability does not positively affects environmental disclosure. This finding indicates that the level of profitability does not affect the level of environmental disclosure. Environmental disclosure has become an obligation for companies by Law No. 40 of 2007. Therefore, companies with high or low profitability and even get loss must continue to disclose environmental information. When companies have high profitability, companies still make environmental disclosures but not in large amounts. It is suspected that environmental disclosure is feared to obscure the company's financial performance information. Conversely, when a company has low profitability, information about the environment will be dis-closed to cover up the decline in performance so that it still gets a positive image and attracts inves-tors. Losing companies must also continue to disclose environmental disclosures because it has become a government regulation that every company whose

business activities are related to nature must continue to disclose environmental disclosures.

This result does not support the social contract theory that companies have been unable to maintain harmony and balance, including with the environment. This result does not support the research conducted by Nuskiya et al. (2021), Zullaekha & Susanto (2021), and Hilmi & Rinanda (2020). However, this result aligns with the research of Hariyanto (2020).

Profitability Moderates the Effect of Environmental Performance on Environmental Disclosure

The results showed that profitability moderates environmental performance's effect on environmental disclosure. This finding makes profitability a pure moderator. This result indicates that profitability weakens the effect of environmental performance on environmental disclosure. The company's goal is to increase profits. Based on the agency theory that all individuals act in their interests. Principals are shareholders only in-terested in improved financial results or their in-vestment in the company. In contrast, the agents will receive satisfaction through financial com-pensation and other benefit. Therefore, the increase in profitability will be reinvested or distributed to principals in the form of dividends and to agents in the form of commissions or bonuses.

Companies with high profitability are more concerned with existing profits to make investments rather than using them to improve environmental performance. Therefore, companies will disclose information about the environment in the same or decrease because there is no action from the company to improve environmental performance. This result is not in line with the research of Terry & Asrori (2021).

Profitability Moderates the Effect of Institutional Ownership on Environmental Disclosure

This study finds that profitability does not moderate the effect of institutional ownership on environmental disclosure, meaning that profitability does not affect institutional investors in conducting intensive supervision of managers to make environmental disclosures. This result indicates that institutional ownership in supervising managers to make environmental disclosures does not depend on the high or low profitability of the company. Companies with high profitability will not make institutions carry out stricter supervision compared to companies with low profitability. This result is not in line with the research of Terry & Asrori (2021).

6. Conclusion and Suggestion

Conclusion

This study examines the effect of environmental performance, institutional ownership, and profitability on environmental disclosure. The main effect test results found that environmental performance and institutional ownership positively affect environmental disclosure. Meanwhile, profitability does not affect environmental disclosure. The results of the moderating effect test found that profitability weakens the effect of environmental performance on environmental disclosure. Meanwhile, profitability does not moderate the effect of institutional ownership on environmental disclosure.

Suggestion

The variation of the independent variables in this study only explains 27% of the dependent variable. Therefore future researchers can examine other variables influencing environmental disclosure, such as good corporate governance, media exposure, and tax aggressiveness. This study has not proven the effect of profitability on environmental disclosure. Future researchers can reexamine profitability with other indicators such as re-turn on equity, net profit margin, or earnings per share.

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