Advances in Environmental Biology, 9(23) October 2015, Pages: 95-97

AENSI Journals

Advances in Environmental Biology

ISSN-1995-0756 EISSN-1998-1066

Journal home page: http://www.aensiweb.com/AEB/

Disclosure of Social Responsibility and Environmental Performance in Relation Mediation Debt and Size of its Value in Manufacturing Companies Listed in Indonesia Stock Exchange

Indah yuliana.

Faculty of Economics of the State Islamic University (UIN) Maulana Malik Ibrahim Malang

ARTICLE INFO

Received 28 September 2015
Accepted 15 November 2015
Available online 24 November 2015

Keywords:
Debt, size of the company, the disclosure of social responsibility, environmental performance and corporate value

ABSTRACT

Background: Business developments indicate a paradigm shift in business. The emergence of the discourse of sustainability efforts require management to enhance corporate value both from the economic, social, environmental conservation also. The management of the company to shift the effort to build a value based on stakeholder-based strategy, which is to build corporate value while taking into account and consider the interests of stakeholders in the framework of achieving corporate goals. The purpose of this study was (1) Reviewing and analyzing the mediation of social responsibility disclosure on the effect of company size on the value of the company (2) Assess and analyze the mediating influence of environmental performance on company size and corporate debt to corporate value. This research is an explanatory research that aims to explain the causal relationship between variables through hypothesis testing using a quantitative approach. Sampling using purposive sampling technique to sample (sample saturated) amounted to 15 companies with observation for 3 years. Methods of data analysis using Generalized Structure Component Analysis (GSCA). The results showed (1) Disclosure of corporate social responsibility is proven as a mediation size of the company on firm value. (2) The environmental performance proved to be a mediation size companies and corporate debt to corporate value.

To Cite This Article: Indah yuliana., Disclosure of Social Responsibility and Environmental Performance in Relation Mediation Debt and Size of its Value in Manufacturing Companies Listed in Indonesia Stock Exchange. ***Adv. Environ. Biol., 9(23),*** *95-97, 2015*

INTRODUCTION

The company's existence can not be separated from the environment in which they are located. The company's activities can have an impact on the environment, and it is this which shifts the focus of the company. Where the company's focus is no longer only think about profit, but also consider environmental factors in carrying out its activities. The environment is important and has been a going concern, the major countries in the world in responding to the challenges of environmental crisis. This encourages companies give greater attention to sustainability and social responsibility reporting. The company sees it as a creative opportunity to innovate in a way to make a difference (uniqueness). That companies that actively conduct environmental management will be able to minimize waste production and increase productivity. Implementation of social and environmental management strategy right can also enhance the company's reputation, and will boost the high competitiveness of the company. On the other hand tangungjawab environment is a set of voluntary practices, ad hoc and discretionary. Is more profitable for management rather than financial benefits for shareholders.

Methodology:

The research sample is saturated samples totaling 15 Manufacturing company listed on the Indonesia Stock Exchange (IDX) with observation for 3 years. Methods of data analysis using Generalized Structure Component Analysis (GSCA) .Data were used in this research is secondary data such as corporate responsibility disclosure report has been published to the public, reports the environmental performance rating of the Ministry of Environment and the financial statements published by the company.

Corresponding Author: Indah yuliana, Fakulty of Economic UIN Maliki Malang,
E-mail indah_yuliana74@yahoo.co.id

RESULTS AND DISCUSSION

The first research results indicate the size of the company is able to contribute to the increased value of the company 'in line with the disclosure of corporate social responsibility. Disclosure of social responsibility activities that have been implemented by the company, is one effort to improve the company's image in society in general and investors in particular. Large companies tend to attract attention and public scrutiny, so as to encourage companies to adopt good corporate governance better. These findings support the notion Haniffa and Cooke (2002) that the larger companies will do more activity, and usually have a wide variety of business units, each of which has the critical factors and the potential for long term value creation and the larger company will be under pressure to disclose their activities to legitimize their business because larger companies make the activity more, have a greater influence to the society. Larger companies have a greater effect on the communities so that by itself would have a larger group of shareholders that may affect the company. The larger the size of the company, the higher the demands for disclosure of information than the smaller companies.

Results of the second study showed the size of the company and debt the company is able to contribute to the increased value of the company in line with the company's environmental performance. Good environmental performance can be the basis for creating a competitive advantage and increase revenue opportunities for the company through meeting the needs of green consumers and reduce long-term risks associated with shrinking resources, fluctuations in energy costs, product losses, as well as pollution and waste management. Besides the environmental performance will bring a number of advantages, including the interests of shareholders and stakeholders on corporate profits as a result of environmental management that is responsible in the eyes of the public. Environmental conservation efforts by the company to bring a number of advantages, including the interest of shareholders and stakeholders on corporate profits as a result of environmental management that is responsible in the eyes of the public. Performance bad environment will lead to a negative value of the market and signal environmental management is weak, measured by the environmental crisis, will reduce the income on equity and good environmental performance would reduce long-term risks associated with shrinking resources, fluctuations in energy costs, losses products, as well as pollution and waste management. In addition to reducing emissions or pollution far below the required level, companies can increase compliance with regulations, thereby reducing the cost to fix the problem or obligations arising from non-compliance. Larger companies have greater resources that allow it to adapt the governance mechanism to realize the company's environmental performance in the face of great pressure. Investments made on the environmental aspects can be evaluated in the same way with other forms of investment company by comparing costs and benefits. Managers consider the possibility of making product differentiation so that the investment made to benefit the company. This finding is consistent with the stakeholder theory and the theory of legitimacy which explains that the disclosure of social responsibility and environmental performance published by the company is a document of the social, political and economic used as a tool to construct and legitimize the political and economic agreements for an institution.

Conclusion:

Social responsibility disclosure is able to mediate the effect of firm size in a push to increase the value of the company. Large companies have a great influence on the environment and social responsibility disclosure, is an effort to improve the company's image in society in general and investors in particular. Environmental performance is able to mediate the effect of the size of the company and the company's debt to enhance shareholder value. Good environmental performance is the basis for creating a competitive advantage and interests of shareholders and stakeholders of the company's profit for responsible environmental management in the eyes of the public. Containing a large amount of debt that the greater the risk of bankruptcy and the company's environmental performance is an award reputation to reduce the asymmetry of information between management and stakeholders as well as a medium for effective communication to all parties about the company's performance and prospects for the future.

REFERENCES

[1] Altuwaijri, Sulaiman A, Theodore, E, Christensen and K.E. Hughes, 2004. “The relations among environmental disclosure, environmental performance and economic performance: a simultaneous equation approach”, *Accounting, Organizations and Society*, 29: 447-471.

[2] Beiner, S., W. Drobetz, M Schmid, dan H. Zimmerman, 2004. An integrated framework ofcorporate governance and firm valuation-evidence from Switzerland, Working paper Series in Finance, 34, www.wwz.unibas.ch/cofi/.

[3] Belkaoui, A and P.G. Karpik, 1989. Determinants of the corporate decision to disclose social information. *Accounting, Auditing and Accountability Jounal*. 1: 1.

[4] Brammer, G., Jackson, D. Matten, 2012. Corporate Social Responsibility dan Institutional Theory: New Perspectives on Private Governance, Socio Economic Review, 10(1): 3-28

Advances in Environmental Biology, 9(23) October 2015, Pages: 95-97

[5] Brammer, S dan Danrew Millington, 2005." Corporate Reputation danPhilantrophy: An Empirical Analysis"Journal of Business Ethics, 61: 29-44.
[6] Cowen, S.S., L.B. Ferreri, L.D. dan Parker, 1987. The impact of corporate characteristics on sosial responsibility disclosure : a typology dan Fre et al, 1987 dan Frequency based analysis, *Accounting, Organization dan Society*. 12(2): 11-22.
[7] Deegan, Craig, 2004. Environmental disclosures dan prices-a discussion about efforts to study this relationship, Accounting Forum, 28: 87-97.
[8] Deegan, C., R.M. dan Tobin, 2002. An examination of the corporate sosial dan environmental dislosure BHP From 1983-1997 a Test of Legitimacy Theory. Journal Accounting, Auditing dan Accountability, 15(3): 312-343.
[9] Dowling, J., L. dan Pfeffer, 1975. The stakeholders theory of the corporation: concepts, evidence, implications. Academy of Management Review., 20: 65-91.
[10] Elsayed, K. dan D. Paton, 2005. The impact of environmental performance on firm performance : static dan dynamic panel data evidence, structural change dan economic dynamics, 16: 395-412.
[11] Guthrie, J., L.D. dan Parker, 1990, Corporate sosial disclosure practice: a comparative international analysis, Advances in Public Interest Accounting, 3: 159-75.
[12] Hackson dan J. Milne, 1996. Some ,Determinants of Sosial dan Environmental Disclosures in New Zealdan Companies, Accounting, Auditing, Accountability Journal., 9(1): 77-107.
[13] Haniffa, R.M., dan T.E. Cooke, 2002.Culture, corporate governance dan disclosure in Malaysian corporations, *Abacus*, 38(3): 317-349.
[14] Hummels, H., 1998. Organizing ethics: a stakeholders debate. *Journal of Business Ethics*, 17(13): 1403-1419.
[15] Klassen, Robert dan Curtis P McLaughlin, 1996. The impact of environmental management on firm performance, Management Science, 42(8): 1199-1214.
[16] Knox, S., S. Maklan, dan P. French, 2006. Corporate sosial responsibility: Exploring Stakeholders Relationship dan Programme Reporting Across Leading FTSE Companies, Journal of Business Ethics., 61 (1): 7-28.doi:10.1007/s10551-005-0303-4
[17] Owen, David, 2005. CSR After Enron : A role for the academic accounting proffession ? Working Paper. Social science research network. Accounting Review, pp: 563-577.
[18] Porter, M.E., and C. Van Der Linde, 1995. Toward a new conception of the environment competitiveness relationship. Journal of Economic Perspectives, 9(4): 97-118.
[19] Preston, Lee dan Daouglas O Bannon, 1997. The corporate sosial-financial performance, *Business dan Society*, 36(4): 419-429.
[20] Scott, W.R. dan J.W. Meyer, 1994. Institutional Environments dan Organizations:Structural Complexity dan Individualism. Thousand Oaks, CA:Sage Publications, Inc. Toronto
[21] Tilt, C.A., 1994. The Influence of extent ; presure groups on,corporate sosial disclosure: some empirical evidence. Accounting ang Accountability Journal., 7: 47-72.
[22] Watts, R.L. dan J.L. Zimmerman, 1986. Towards a positive theory of the determinants of accounting standars. The Accounting Review, 5: 112-134.