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The Influence of Stakeholder Pressure and Environmental Performance on Corporate Social and Environmental Disclosure and its Implication on the Value of the Firm

(The Study on Mining Companies Listed at Indonesia Stock Exchange in 2011-2015)

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ABSTRACT

This study aims to test and analyze; (1) the influence of stakeholders pressure on CSED, (2) the influence of environmental performance on CSED, (3) the influence of CSED on value of the firm. This study uses saturated sampling method (census) in which all the population is sampled. The type of study which is used is the casuality, the type of data which is used is secondary data from the annual report which is published by mining companies that are listed at Indonesia Stock Exchange in 2011-2015 by using content analysis with data collection using documentation techniques through the official website www.idx.co.id. Data analysis technique uses SEM-PLS statistics. The results show: (1) stakeholder pressure influences on CSED, (2) environmental performance has an influence on CSED, (3) CSED influences on value of the firm.

Keywords: Stakeholder pressure, environmental performance, CSED, value of the firm.

1. INTRODUCTION

The main objective of the company according to the theory of the firm is to maximize the value of the firm (Salvatore, 2005). The value of the firm is the perception of investors on the success rate of companies which are often associated with share prices (Keown, 2004). Shareholders and management are very important to determine the amount of profits that will be obtained (Dewi, 2014). One measurement on the value of the firm can use Priceto Book Value (PBV) proxy. PBV is one of the most representative

financial saturations to see value creation by a company. PBV ratios use the company's share market price that reflects the overall investor's valuation of each on the company's equity. Ahmed and Nanda (2004), PBV plays an important role as a consideration for investors to choose shares that will be purchased and PBV can also be an indicator of price or share value. Meanwhile, according to Reilly and Brown (2000), they state that the ratio of PBV can be used for all types of companies because the book value can be a rational measure to assess the company.

Currently the mining sector is a concern of stakeholders and the government, in its instability, mining shares in the latest 4 years get the impact of Asia's global financial in 2011 to 2014 which only rise by 0.47% causing the mining production to hoard and the prices to be low. Mining companies are included in the type of high profile industry which has visibility of the stakeholder, high political risk and deals with high competition. High-profile industry, generally, is an industry that gets the spotlight from the community because its operational activities have potential which collides to broad interests (stakeholders). This price reduction can also be caused by the performance of the company itself which is influenced by stakeholder pressure. The research uses corporate ownership and media coverages as a mechanism of stakeholder pressures, and PROPER as the environmental performance mechanism of this company that has implications for the value of the firm. The magnitude of the stakeholder power both within the company and the government makes the management can not control the company with the existing regulations within the company. Stakeholder pressure consists of direct stakeholders from the dimensions of corporate ownership and indirect stakeholders from the dimensions of media coverage.

Corporate ownership is the ownership level of a company which is owned by the shareholder, whether it is sole ownership, mixed ownership or joint ownership of the company together with manager control in order to achieve company objectives. The stocks in some of the mining companies are owned by the companies' owners, stakeholders and governments. This can influence the company policy and performance in achieving the company target, due to the abundance of uncontrolled goals that will result in the decline in company performance which is marked by the decline in value of the firm.

Several studies have shown different results on the influence of share ownership on value of the firm. Morck et. al., (1989) research reveals that value of the firm is in a low percentage because it is controlled by a family member and does not find any relation to the management of the company. Muktaruddin et. al., (2014) research shows that institutional ownership and foreign ownership of shares do not influence the value of the firm. Pakaryaningsih (2008) in her research finds a significant influence between institutional ownership on the value of the firm that is listed at Indonesia Stock Exchange. This result is reinforced by Melinda's (2008) research which states that institutional ownership positively influences the company's financial performance. This finding is in line with the findings of Nuriana (2012) that institutional ownership significantly influences the value of manufacturing companies that are listed at Indonesia Stock Exchange. Agency cost is believed to be reduced through the increase of institutional ownership within the company. The higher the institutional ownership, the more effective the supervision of shareholders in the company to reduce agency cost and increase the value of the firm. However, Rachman (2012) in his research finds that institutional ownership has no influence on value of the firm. The result of this study is in line with Kumar (2011) research that is foreign ownership pattern institutionally has no significant influence on value of the firm in India. This finding seeks to explain that the majority shareholder tends to support management who act on personal interests and ignore the interests of minority shareholders. The results

of another study are shown by Abdolkhani (2013) who finds that institutional ownership has a negative and significant relation with value of the firm.

The media pressure is the company's news by media which are related to the company, some good and bad news of companies such as PT. Adaro Energy, Tbk is declared as the best company in Southeast Asia, PT. Adaro Energy, Tbk receives four awards for the categories of Best Annual Report in Indonesia, Most Organized Investor Relations, Strongest Adherence to Corporate Governance, Best Strategic Corporate Social Responsibility, this award confirms Adaro's position in the list of seven Indonesian leading companies with the best perception in the eyes of investors, including *Persero* (Ltd.) company Aneka Tambang, Tbk (Gatra.com), but in other media they report that the performance of PT. Adaro Energy, Tbk is still slumped as the price of commodity funds continues not to improve, it is reflected in the net profit performance of three mining companies that declines significantly as the excess of supply continues to cause global coal prices to remain low (Kontan Post, 2013). The results of Brown & Deegan (1998) research as well as Cormie and Magnan (2003), al., Razi et. al., (2010) suggest that media pressure influences company values, Kholis and Maksum (2003), examines the variables of government regulatory, pressure of public, pressure of environmental organizations, and the pressures of mass media as the factors which influence the importance of company social responsibility. The results show that all the variables have a significant positive influence on company social responsibility so that influences the company performance and increase the value of the firm.

Stakeholders are very interested in companies that have a great influence on the surrounding environment and achievement of both public assessment and government awards namely PROPER, the company's concern in the field of environmental management can provide added value for the company. Pfeiffer et. al., (2005) explains that the company activities in the field of environmental conservation will bring a number of advantages, such as the interest of shareholders and stakeholders to company profits due to responsible environmental management. Markus (2000), Figge and Hahn (2004) and Al-Najjar (2012) also explains the existence of the relation between environmental policy to value of the firm. Environmental performance assessment is measured by rating of Corporate Performance Appraisal Program in Environmental Management or called PROPER which is conducted by the Ministry of Environment. The purpose of the assessment is to improve the performance of the company in environmental conservation. Since 2002 KLH (Ministry of Environment) held PROPER in the field of environmental impact control to enhance the company's role in environmental conservation program.

Based on the assessment of PROPER 2012-2014 which is conducted by the Ministry of Environment, the mining sector company which is on the green rank are eleven companies namely eight coal mining companies, mineral mining and three metal smelting processing companies. In the mining sector, PT. Bukit Asam (*Persero*) Tbk which is located in Muara Enim Regency, South Sumatra is ranked gold, while PT. JFE Shoji Steel Indonesia and PT. Toyogiri Iron Steel which are located in Bekasi, West Java and are engaged in metal smelting get a black rating. This illustrates there are still many companies that contribute to the problem of environmental pollution in Indonesia. Therefore a company should be willing to present a report that can express their contribution to the various social problems that occur in the surroundings. This paper aims to examine the influence of stakeholder pressure and Environmental Performance on the value of the firm in mining companies that are listed at Indonesia Stock Exchange with CSED as a variable intervening.

2. THEORY FRAMEWORK AND HYPOTHESES

2.1. The Influence of Stakeholder Pressure on Corporate Social and Environmental Disclosure (CSED)

The pressure of the stakeholder pressure in this study consists of two factors, media coverage and corporate ownership. The factors of media coverage has been explained how the impact of these factors on the disclosure of social and environmental company information, so it becomes one of the considerations that uses the factor. Corporate ownership is understood differently in every country. In some countries, corporate ownership is mixed with strong manager control. The ownership structure in developed countries is different from the ownership structure in developing countries. The previous researches that become the reference are mostly done in the developed countries, so that the researchers set the factor of corporate ownership to be one of the concepts that need to be tested in research which is conducted in Indonesia as a developing country.

Determinants of stakeholder pressure include corporate ownership and media coverage. Media coverage of actions or responses to the impacts of corporate externalities may put pressure on companies to be more responsive to emerging issues. The company's response aims to maintain or gain legitimacy for its business activities. Brown & Deegan (1998) in his research state that *"the media can be used to shape, and in turn represent, the community's concern on organizational performance"*. This is in line with Alrazi et. al., (2010) states that the factors or characteristics of the company are related to environmental legitimacy, environmental accountability, and environmental proactivity. In this study the authors replace the usual regulation which is issued by government with the dimension of corporate ownership (Hassan, 2010), with the consideration of media coverage is the pressure from indirect stakeholders, while corporate ownership is the pressure from direct stakeholders.

Corporate ownership is understood differently in every country. In some countries, corporate ownership is mixed with strong manager control. In some other countries, it focuses more on the owner. This is reinforced by the opinion of Aguilera & Jackson (2003) that developed countries such as Britain and the United States have the characteristic of propagating ownership, where institutional investors such as pension funds and other mutual funds are in it. In developing countries, ownership is more concentrated. The ownership structure can influence stakeholders and disclose social information. Concentrated ownership structures such as those occurring in companies in developing countries, make the stakeholders narrower, and accountability is only a minor issue, so the consequences of the company have little incentive to disclose voluntary information such as CSR. By contrast Tagesson, et. al., (2009) suggests that in companies with scattered ownership structures, which commonly happen in developed countries, then the feasibility of management behavior and conflicts between agents and principals tends to emerge. The stakeholder theory is used as a basis for analyzing the groups in which companies must be responsible for (Moir, 2001). The definition of stakeholders according to Freeman (1984); Moir (2001) is any group or individual that can influence or be influenced by the achievement of organizational goals.

Media Coverage (media coverage) is the delivery of information from the perspective of the media, about a thing that happened to a company, it can be responded positively or negatively by the general public. Media coverage can be media pressure for the company, or it can be a profitable promotion, depending on how the information is delivered (Hassan, 2010). With this understanding, in this study, it does not use the term media pressure, but it is more concerned with media coverage.

Several previous studies have shown that stakeholder pressure influences CSED but with mixed results. Among them are Brown & Deegan (1998) who shows a significant relation between the level of media attention and the quantity of CSED. According to Cormier & Magnan (2003) states there is a relation between media pressure with environmental reporting strategies. Another study by Brammer and Pavellin (2006) find that there is no significant influence between media pressure on CSED drafting decisions and disclosure quality.

Furthermore Smith (2005) in his research finds that ownership structure can influence companies and stakeholders, and influence the level of CSED quantity and quality. Nasser et. al., (2006) discloses a concentrated ownership structure in making accountability to become a minor issue and consequently the company has little incentive to disclose voluntary information.

2.2. The Influence of Environmental Performance on CSED

According to Verrechia (1983) with his discretionary disclosure theory says good environmentalists believe that by expressing their performances means portraying good news for market participants. Therefore, the companies with good environmental performance need to disclose more quantity and environmental quality information than the companies with worse environmental performance (Sudaryanto, 2011). Research from Al-Tuwajiri, et. al., (2004) who finds a significant positive relation, between environmental disclosure and environmental performance show the results which are consistent with the theory.

According to Suratno et. al., (2006), the company's environmental performance is the company's performance in creating a good environment (green). In Indonesia an environmental performance assessment is measured by the PROPER or Corporate Performance Appraisal Program in environmental management by the State Ministry of Environment to measure corporate compliance levels under applicable regulations. PROPER is routinely announced to the public, so that the company which is assessed will get incentives and disincentives of reputation, depending on the level of compliance.

PROPER is one of KLH superior programs in the form of surveillance and incentive and/or disincentive activities to the responsible business and/or activities. The PROPER award aims to encourage companies to adhere to environmental regulations and achieve environmental excellence. This is judged by the implementation of sustainable development principles integration in production and service processes, implementation of environmental management system, 3R, energy efficiency, resource conservation and ethical and responsible business implementation to society through community development program.

The legal basis for the PROPER implementation is the Decree of the Minister of the Environment no 127/MENLH/2002 on the Corporate Performance Rating Appraisal Program in Environmental Management, subsequently it is renewed through the issuance of Decree of the Minister of Environment no 250 of 2004 on Amendment to Kepmen Number 127/MENLH/2002 on the Corporate Performance Rating Appraisal Program in Environmental Management. The PROPER assessment criteria consist of two categories, namely the criteria of compliance assessment and compliance assessment beyond which is required (beyond compliance). The criteria of compliance assessment answer the simple question only, whether the company is already obedient to environmental management regulations or not. The environmental regulations which are used as the basis for the present assessment are those relating to: (a) Environmental document requirements and their reporting; (b) Water pollution control; (c) Air pollution

control; (d) Management of hazardous and toxic waste (B3); (e) Seawater pollution control, and (f) Land potential damage.

According to Verrechia (1983) with discretionary disclosure, the theory says good environmentalists believe that by expressing their performances means describing good news for market participants. Therefore, companies with good environmental performance need to disclose more quantity and environmental quality information than companies with worse environmental performance (Sudaryanto, 2011). Research from Al-Tuwajiri, et. al., (2004) who finds a significant positive relation, between environmental disclosure and environmental performance shows consistent results with the theory. Companies concern in the field of environmental management can provide added value for the company. Pflieger et. al., (2005) explains that the company's activities in the field of environmental conservation will bring a number of advantages such as the interest of shareholders and stakeholders to corporate profits due to responsible environmental management. Markus (2000), Figge and Hahn (2004) and Al-Najjar (2012) also explain the relation between environmental policy to value of the firm.

In Indonesia, some similar research has been conducted, such as Fitriyani and Sudaryanto (2012) research which examines the influence of environmental performance on financial performance and CSR, the result states that environmental performance does not affect financial performance but influence CSR. Similarly, the research by Suratno et. al., (2006) finds a statistically significant and positive relation between environmental performance and CSR Disclosure.

2.3. The Influence of Corporate Social and Environmental (CSED) on Value of the Firm

Signal theory suggests that companies provide signals to outsiders in order to increase value of the firm (Hartono, 2005). In addition to disclosing the required financial statements, the company must also perform voluntary disclosures. Stakeholder theory holds that companies should make social disclosure as a responsibility to stakeholders (Freeman & Velamuri, 2004).

Corporate Social and Environmental Disclosure (CSED) can be defined as providing financial and non-financial information which are presented in a corporate annual report or as a corporate social report (Hacshton & Milne, 1996). CSED is specifically targeted, as a provision of information which is related to the corporate activities, public aspirations and images in relation to environmental, community, employee and consumer issues (Gray, et. al., 2001). CSED can show positive information about the harmonious corporate operations with communities and the environment, such as implementation of employee training programs or waste management policies. Negative information is shown by companies such as environmental destructive operations. The examples are the inability of companies to control or reduce pollution or failure to solve social problems (Haron, et. al., 2004).

Another case with the opinion of Van der Lann (2004) about Corporate Social and Environmental Disclosure, Van der Land distinguishes between voluntary disclosures with solicitory disclosures. This difference is triggered by differences in corporate management motivation in disclosing social and environmental accounting information. Solicitory disclosures appear to fulfill corporate responsibility for their interactions and their impact on the environment and society. The motivation of corporate management in CSED which is voluntary is the responses or to gain legitimacy, whereas the motivation of CSED which is solicitory is the fulfillment of particular stakeholder requests directly (Van der Lann, 2004).

By doing CSR disclosure, the market will give a positive appreciation as shown by the increase of corporate share price. This increase will lead to increase value of the firm (Freeman & Velamuri, 2004). Balabanis, et al., (1998) states that CSED and CSP are related to financial performance in the past, they meet at one point (concurrent), and in the future. They show that CSED and CSP are interconnected with each other, and also relate to financial performance at a point (concurrent).

Bird et. al., (2007) reveal there are various ways of spending on CSR activities that can increase the value of the firm that include:

- (a) The activities such as energy efficiency which lead to cost savings that further improve profitability and enable an increase in market valuation of the company.
- (b) The activities such as product quality improvements that can be benefit to reputations that will increase the profit and market valuation in the long term.
- (c) The activities such as voluntary emission pollution control, which can reduce the sanctions of the government and other regulatory agencies that may incur significant costs to the company.

In general, the impact of CSED on economic performance reflects a positive impact on the corporate market value. Theoretically, disclosure increased levels (in content, extent, and quality) reduce the information asymmetry between the company and its stakeholders or among its share buyers and sellers. This will reduce the discount on the price of the shares it sells and thereby will reduce the cost of capital (Leuz & Verrecchia, 2000). Plumlee et. al., (2008) argue that disclosure quality will have a direct and indirect impact on future cash flows. This supports the opinion of Teoh & Hwang (1991) which first indicates that the investor may set firm value based on whether there is bad news or not which is revealed on a certain date.

According to Rahman (2002) the disclosure which is issued by the company voluntarily is one determinant of market value in terms of internal and external factors of corporate governance. The research which is conducted by Suranta on 134 manufacturing industry companies that are listed at Indonesia Stock Exchange is to investigate the influence of CSR Disclosure on value of the firm. Company value uses Price Book Value proxy. The study results show that CSR Disclosure positively influences the value of the firm. According to Schadewitz and Niskala (2010) have examined all companies that are listed at Finnish Stock Exchange that have used the Global Reporting Initiative (GRI) to seek answers to the influence of communication through the responsibility reporting on value of the firm. The research is intended to show whether communication through GRI responsibility reporting is an important factor in explaining its relationship with value of the firm. The study results show that responsibility reporting is one of the company communication tools to reduce information asymmetry between managers and investors. It is concluded that responsibility reporting is needed to produce a more appropriate corporate market value.

According to Bowman & Haire (1976) and Preston (1978) the higher the level of corporate profitability the greater the disclosure of social information is made. So it can be concluded that CSR will increase the value of the firm. The research results of Dahli and Siregar (2008) also indicate that the company ethical behavior in the form of social responsibility to the surrounding environment gives positive impact, which in the long term will be reflected in the profit of the company and improvement of financial performance.

The description of the theoretical framework which is described above can be seen briefly in Figure 1 below.

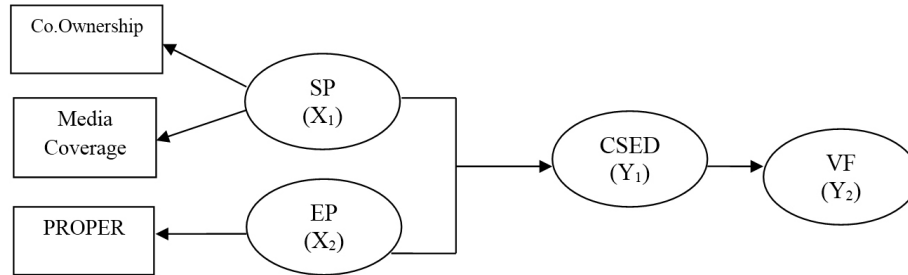


Figure 1: Conceptual Framework

Based on the above framework, the hypotheses which are proposed in this study are:

1. Stakeholder Pressure influences on Corporate Social and Environmental Disclosure (CSED).
2. Environmental Performance influences on Corporate Social and Environmental Disclosure (CSED)
3. Corporate Social and Environmental Disclosure (CSED) influences on Value of the Firm

3. RESEARCH METHODS

This type of study is causality research. This study is conducted at mining companies which go public in Indonesia Stock Exchange (BEI), during observation period in 2011-2015 which is researched on official website www.idx.co.id. The data collection method which is used in this research is through documentation, as it is revealed by other research experts, where the documents include historical, literature review, meta-analysis, diaries, content analysis, secondary data/data mining (Issac & Michael, 1985; Leedy, 1985, Dandekar, 1988; Thomas & Nelson, 1990). In this study, it is used secondary data from the annual report which is published by mining companies in Indonesia that can be quantified by using content analysis.

The population that will be observed in this study is the listed mining companies (go public) at Indonesia Stock Exchange from 2011-2015 which have complete financial report and are published in Indonesian Capital Market Directory (ICMD), they are 40 (forty) companies. The companies which are sampled in this study are selected companies based on the method of saturated samples (census) in which the entire population is sampled. The data that have been collected is then analyzed through Structural Equation Modeling (SEM) based on component or variance which is known as Partial Least Square (PLS) in order to answer the problem formulation and answer the hypothesis.

4. RESEARCH RESULT AND DISCUSSION

4.1. Research Results

In this study, descriptive statistics on each variable is interpreted in each indicator, the following Table 1 is below.

4.2. Measurement Model Results

Furthermore, in accordance with the study purpose, namely to test the influence of stakeholders pressure, and environmental performance on corporate social and environmental disclosure and its impact on the

Table 1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PBV	200	-6,11	12,13	19,615	245,378
Size	200	8822,00	85937953,00	105,914,426,500	1,703,498,321,995
Roe	200	-202,27	246,01	108,029	4,602,703
Board Size	200	2,00	11,00	46,750	15,737
Board Independent	200	,20	1,00	,3665	,12573
Meeting Dewan	200	,00	110,00	222,300	3,148,577
CG Index	200	,00	,66	,4243	,11230
Media Pressure	200	,00	24,00	39,050	445,028
Corporate Ownership	200	2,00	3,00	,5850	,79747
Governance Power	200	,00	65,02	48,753	1,716,463
Shareholder Power	200	,00	,99,99	,59,4614	1,665,726
DER	200	-64,71	23,97	,6254	748,378
Proper	200	,00	5,00	18,450	184,063
CSED	200	10,13	32,91	10,378	,15349
Valid N (Listwise)	200				

value of the firm then the authors will conduct a series of hypothesis testing which is relevant to the study purpose. The data is processed using structural equation modeling with partial least square alternative method by using SmartPLS 2.0 software. In structural equation modeling, there are two types of models that are formed, namely the measurement model and the structural model.

In this study there are 4 latent variables with 5 manifest variables. The variables of the stakeholder pressure consists of 2 manifest variables, the environmental performance variable consists of 1 manifest variable, corporate social and environmental disclosure variable consists of 1 manifest variable and the value of the firm variable consists of 1 manifest variable. The calculation result using SmartPLS 2.0 is obtained by model path diagram as follows:

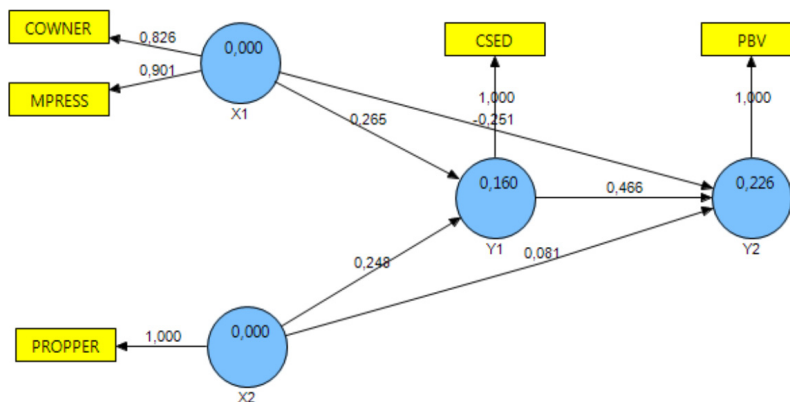


Figure 2: Model path diagram

The overall equation model for the influence of stakeholder pressure (SP), and environmental performance (EP) on corporate social and environmental disclosure (CSED) and its impact on value of the firm (VF) can be written in the following structural equations:

$$\text{CSED} = 0,265 \text{ SP} + 0,248\text{EP} + 0,840$$

$$\text{VF} = -0,251 \text{ SP} + 0,081 \text{ EP} + 0,466 \text{ CSED} + 0,774$$

(a) Testing of Measurement Model (Outer Model)

Prior to testing the structural model, the measurement model (outer model) of each latent variable is first tested. Through the measurement model testing results, it will be known which indicators are significant in reflecting latent variables. Stakeholder pressure consists of two indicators and the factor weight of each indicator in reflecting the variables of stakeholder pressure are as follows:

Table 2
The factor weight for both indicators of stakeholders pressure

Indicators	Loading Factor	R ²	t _{hitung}
Media Coverage	0,901	0,812	30,98
Corporate Ownership	0,826	0,682	14,63

Composite reliability (CR) = 0,855

Average Variance Extracted (AVE) = 0,747

In Table 2 above we can see the factor weight for both indicators of stakeholders pressure are valid because they have factor weight which are less than 0.5 and also from the testing result is obtained *t*_{count} value which is greater than the critical value of 1.96. This data shows that both indicators are significant in reflecting the latent variable of stakeholder pressure. The value of Composite Reliability for latent variable of latent stakeholder pressure is 0.855 indicating the level of indicator conformity in reflecting the latent variable construct of the stakeholder pressure is greater than the recommended of 0.70. The value of average variance extracted at 0.747 indicates that on average 74.7% of the information which is contained in both indicators can be reflected through latent variable of stakeholder pressure. Among the two media indicators, coverage is stronger in reflecting the latent variables of stakeholder pressure than corporate ownership.

(b) Testing of Structural Model (Inner Model)

The hypothesis to be tested in this research is the influence of stakeholder pressure, and environmental performance on corporate social and environmental disclosure and its implication on value of the firm. Hypothesis is tested using *t*-test with critical value of 1.96. In complete, path coefficient which is obtained from the result of data processing can be seen in Figure 3 below.

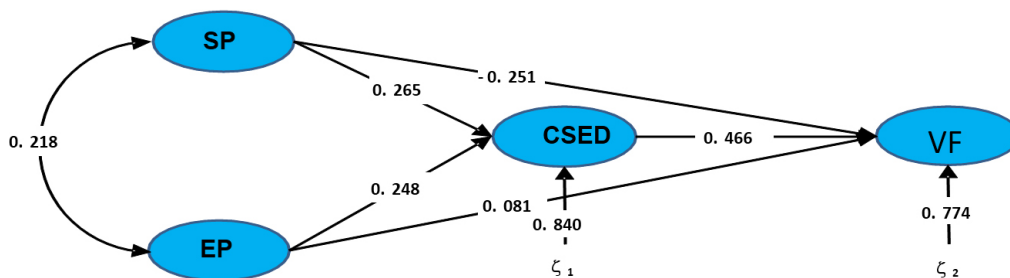


Figure 3: Path coefficient

Based on the result of data processing, it is obtained path coefficient and test statistic value from each exogenous variable to corporate social and environmental disclosure and its implication on value of the firm at mining companies that are listed in Indonesia Stock Exchange as it is summarized in Table 3 below:

Table 3
Hypotheses test Summarized

<i>Path</i>	<i>Coefficient</i>	<i>T_{test}</i>	<i>R²</i>
SP → CSED	0,265	3,707	0,160
EP → CSED	0,248	2,860	
CSED → VF	0,466	12,938	0,226

* $t_{\text{kritis}} = 1,96$

Through the path coefficient values which are shown in Figure 2 subsequently it is calculated the influence of each exogenous variable (stakeholder pressure and environmental performance on corporate social and environmental disclosure and the results are as follows.

Table 4
The influence of each exogenous variable on CSED

<i>Exogenous Variable</i>	<i>Direct influence</i>	<i>Indirect Influence</i>		<i>Total</i>
		<i>SP</i>	<i>EP</i>	
SP	7.0%		1.9%	8.9%
EP	6.2%	1.9%		8.1%
Total Influence				16.9%

5. DISCUSSION

Stakeholder pressure on mining companies can influence corporate social and environmental disclosure. This means that if corporate social and environmental disclosure is supported by good pressure stakeholders, it will achieve a good corporate image in the eyes of the public. The influence of stakeholder pressure on corporate social and environmental disclosure is 8.9%, which means 8.9% of corporate social and environmental disclosure is caused or can be explained by good stakeholder pressure. The better the corporate stakeholder pressure the better corporate social and environmental disclosure of the company. This first testing result from the results of *t* test, it is obtained t_{count} of 4.111 greater than t_{critical} 1.96. As it is seen, the value of t_{count} is greater than t_{critical} then the error rate of 5% is decided to reject H_0 so H_a is accepted, which means the first hypothesis is accepted. Based on the result of data test, it can be concluded that statistically there is influence of stakeholder pressure on corporate social and environmental disclosure.

In this research, stakeholder pressure consists of media coverage and corporate ownership of corporate social and environmental disclosure. The success of these two indicators in describing CSED is because of good corporate image in the eyes of investors, stakeholders and the community. From descriptive data, it can be seen the fluctuative percentage every year, due to the phenomenon of media that many inform positive news about mining companies, especially news about the social performance and environmental company to the community, so that corporate ownership is increasing not only in social implementation but also in the disclosure of company social performance, but there are also issues from the media that

inform negative news about mining companies that will cause the company reputation to decline, so that corporate ownership must be more intense in the disclosure of social performance and environmental company to keep the company reputation is maintained well.

The study results are supported by Cormier and Magnan research (2003) suggest that there is a relation between media pressure and environmental reporting strategies, as well as Deegan's research, et. al., state that management will provide positive information to respond to media attention that harms the company. Theoretically this becomes an indication that big companies in the scope of stakeholders become more focused, because with the emergence of media issues that will harm the company, consequently the company should disclose the information of corporate social and environmental disclosure (Tagesson, et. al., 2009) to help covering up the negative issues of the media in enhancing the company reputation. Hassan (2010) discloses that media pressure is the pressure from indirect stakeholders, media coverage which is the delivery of information from the perspective of the media, about something that happens in a company, it can be responded positively or negatively by general public. Media coverage can be either pressure (media pressure) for the company, or may be a profitable promotion. It depends on how the information is delivered.

Furthermore, environmental performance influences corporate social and environmental disclosure of company. The influence of environmental performance on corporate social and environmental disclosure result in a percentage of 8.1% which means 8.1% corporate social and environmental disclosure are caused or can be explained by environmental performance. The better the environmental performance the more successful corporate social and environmental disclosure will be. The second testing result, from the result of t test, is obtained t_{count} value of environmental performance variable 2.860 bigger than t_{critical} 1.96. As it is seen, the value of t_{count} is greater than t_{critical} , then the error rate of 5% is decided to reject H_0 so H_a is accepted, which means that the second hypothesis is accepted, it can be concluded that environmental performance influences corporate social and environmental disclosure in Mining companies that are listed at Indonesia Stock Exchange.

In this case environmental performance is proxied PROPER against corporate social and environmental disclosure. The success of PROPER in influencing CSED due to the wide disclosure of corporate social and environmental performance result in high assessment of Corporate Performance Appraisal Program in Environmental Management. In this study, mining companies get many assessments with blue and green color and gold color which means good value acquisition in corporate social and environmental disclosure. With the PROPER which is held by the Ministry of Environment, companies are increasingly trying to disclose social and environmental performance which not only have a good impact on the level of environmental management in the company but also have a major impact on the company reputation. The more companies express their corporate social and environmental, the greater their contribution to the various social problems that occur around them.

This research is in line with the research of Aldilla Noor Rakhiemah and Dian Agustia (2007) that environmental performance has significant influence on CSED, and this is also in line with the research of Li, et. al., (1997), Al-Tuwajiri, et. al., (2004) and Suratno et. al., (2006) find that there is a significant relation between environmental performance and CSED. The results of this study are consistent with discretionary disclosure model theory according to Verecchia (1983) where good environmentalists believe that expressing their performance illustrates good news for market participants. The program which is implemented by the

Ministry of Environment aims to motivate the companies in Indonesia to be able to improve environmental performance. The environmental performance is measured through PROPER provides an excellent influence on the disclosure of corporate social responsibility information. The company participation in this program has been assessed positively then the assessment of environmental performance will determine how much the level of environmental performance is undertaken by the company.

The third test result shows that there is influence of corporate social and environmental disclosure to the value of the company with the percentage of 22.6%, meaning 22.6% of the value of the company caused or can be explained by the corporate social and environmental disclosure. The more successful corporate social and environmental disclosure applied in the company, the greater the value of the company. From the testing results it can be seen path t_{count} value against corporate social and environmental disclosure to the value of the firm is 12.938, it is greater than $t_{critical}$ of 1.96. As it is seen, the value of t_{count} is greater than $t_{critical}$, then the error rate of 5% is decided to reject H_0 so H_a is accepted, which means the third hypothesis is accepted, it can be concluded that the corporate social and environmental disclosure influence on the value of firm in Mining companies that are listed at Indonesia Stock Exchange.

The influence of Corporate Social and Environmental Disclosure (CSED) on value of the firm is due to the wide disclosure of social and environmental performance responsibilities which are informed in the company annual report with an average percentage of 27%. The wide disclosure of corporate social and environmental performance will directly influence the value of the firm. CSED is one of the strategies in business that is very important in increasing the value of the firm, the wider the disclosure of corporate social and environmental performance, it will get a positive response and support from the community as well as investors through an increase in share prices.

This is in line with the result of Nur Fadhilah Ahmad Hasibuan (2015) research that Corporate Social and Environmental Disclosure (CSED) has an influence on value of the firm, so CSED is expected to be able to increase the value of the firm. Because CSED activities are the company's alignment to the community, so that people will be able to choose good products that are not only the worthy goods, but also through corporate governance. CSED activities are part of good corporate governance. When people become customers, they have a positive assessment of the company then they will be loyal to the resulting product so that it will be able to raise the image of the company as it is reflected through the share return which will increase. These results are also in line with the research results of Irvan Deriyarso (2014) states that the greater the form of accountability that companies do to the environment, the image of the company will increase. Investors are more interested in companies that have a good image in the community because the better corporate image, consumer loyalty is higher so that in a long time the company sales will get better and the value of the firm will also increase.

In line with the results of previous research that is Silvia Agustina (2012), the results of research indicate that disclosure of corporate social responsibility positively influence the value of the firm. The company will disclose an information if the information can increase the value of the firm. Based on signal theory (signaling theory), managers who have good information about the company try to convey the information to outside investors in order to increase value of the firm. (Sugiarto, 2009).

Corporate Social Responsibility is often considered the essence of business ethics, which means that companies do not only have economic and legal obligations (meaning to shareholders) but also obligations

to other interested parties (stakeholders) whose scope exceeds the above obligations (economic and legal). Corporate social responsibility refers to all relations between a company and all stakeholders, including customers, employees, communities, owners or investors, government, suppliers and even competitors. Global Compact Initiative (2002) mentions this understanding with 3P (Profit, People, Planet) ie the business objectives are not only for profit, but also for people's prosperity, and for ensuring the planet's sustainability (Nugroho, 2007 in Dahli and Siregar, 2008). The development of corporate social programs can include physical assistance, health services, community development, outsearch, scholarships and so on.

In general, CSED's impact on economic performance reflects a positive impact on the company market value. Theoretically increased disclosure levels (in content, extent, and quality) reduce the information asymmetry between the company and its stakeholders or among potential buyers and sellers of their shares. This will reduce the discount on the price of the shares it sells and thereby reduce the capital cost (Leuz & Verrecchia, 2000). Plumlee et. al., (2008) argues that disclosure quality may have a direct or indirect impact on cash flow. This is in line with the opinion of Teoh & Hwang (1991) indicating that the investor may set firm value based on whether there is good news or not which is revealed on a certain date. According to Rahman (2002) states the disclosure which is issued voluntarily by the company is one determinant of market value in terms of internal and external factors of corporate governance.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusion

Based on the results of the analysis that has been done, it can be concluded from this study:

1. Stakeholder pressure has an influence on corporate social and environmental disclosure in mining companies at Indonesia Stock Exchange.
2. Environmental performance influences corporate social and environmental disclosure in mining companies at Indonesia Stock Exchange.
3. Corporate social and environmental disclosure influences on value of the firm in mining companies at Indonesia Stock Exchange.

6.2. Recommendations

The authors suggest that future study can improve the weaknesses in this study, among others:

1. Future Study is suggested to add other variables so that a more complete model will be obtained on factors that influence Corporate Social and Environmental Disclosure (CSED) and value of the firm. It is better to develop other variables that refer to the framework of Environmental Legitimacy Accountability and Proactivity (ELAP) that have not been studied, such as position in value chain, managerial motivation and attitude, strategic attitude, organizational culture. But if using these variables it is better to use qualitative research methods.
2. Future study if uses content analysis to measure quantitative data, it is better to use content analysis framework as it is proposed by Evaraert et. al., (2009) because it will suppress as low

as possible subjective attitude of researchers at the time of scoring. The reason is because the framework has referred to the CSR performance assessment guidelines in accordance with GRI, which can be applied to all sizes and types of industrial activities.

3. Future study is suggested for the assessment material in PROPER that has been implemented by the Ministry of Environment should refer to the Global Reporting Initiative (GRI) which has used broader performance indicator standards that not only focus on environmental dimensions such as pollution control of air, water and soil, but includes the employment dimension (labor practice and decent work) and the responsibility for the product (product responsibility) that has not been seriously considered. Although these dimensions have been overseen by the relevant departments, it is required the coordination under the Ministry of Environment as the department that performs the PROPER rating.

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