

THE EFFECTS OF ENVIRONMENTAL PERFORMANCE AND RETURN ON ASSET REGARDING DISCLOSURE OF SUSTAINABILITY REPORTS AT THE MINING COMPANY LISTED ON THE INDONESIAN STOCK EXCHANGE YEAR 2021-2022

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ABSTRACT

The study purpose to analyze the influence of environmental performance and return on assets on sustainability report disclosures both partially and simultaneously. The type of research is quantitative research using an associative approach. The population in this research is 59 mining companies listed on the Indonesian Stock Exchange for the 2021-2022 period and the sample in this research is 23 mining companies that meet all the predetermined sample criteria. The type of data used in this research in quantitative data. The data source used in this research is secondary data. The data collection method used in this research is annual reports and sustainability reports published by mining companies listed on the Indonesian Stock Exchange for the 2021-2022 period. The data analysis method used is dummy regression analysis using SPSS (Statistical Program For Social Science) version 15 technique. The result of the research show that partially and simultaneously environmental performance and return on assets do not have a significant effect on the disclosure of sustainability reports in mining companies listed on the Stock Exchange Indonesian Effects 2021-2022.

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1. Introduction

Indonesian mining companies have a lot of natural resources that can be used as the currency of the country so that investors are interested in investing their capital, although it has benefits for the state but mining firms need to pay attention to the environment that is concerned can cause environmental pollution due to company waste (Manggau 2016).

The Ministry of Environment of Indonesia has issued Regulation No. 06 of 2013 on the Corporate Performance Rating Programme in Environmental Management (PROPER). PROPER is one of the efforts of the Ministry for Environment to promote corporate structures in environmental management using formal instruments. The program aims to encourage companies to comply with the regulations of the legislation in good environmental practices to implement clean production.

This was proved in a case in 2006, when Lapindo Brantas, located in Porong district of Sidoarjo, committed a mistake in the work, resulting in a splash of hot mud. This mud spill has a tremendous impact on the surrounding community as well as on the economy of East Java, i.e. shortages of up to 6 meters in the settlements, a total of more than 8,200 people evacuated, houses damaged 1,683 units, agricultural and plantation areas damaged up to more than 200 hectares, more than fifteen factories shut down production activity and housed more than 1,873 people, non-functioning educational facilities, environmental damage to the distressed area and damage to infrastructure facilities (electricity and telephone networks). (Elika, Resnawaty, dan Gutama 2017). The air quality is also affected by the splashing of mud that causes a scented smell, which contains toxic and dangerous gases, one of which is ammonia gas (NH₃), the ammonium gas that enters the body through the pollution channels poses a risk to public health. (Salsa Maulida Rohmah, Rachmaniyah, Rusmiati, Khambali 2023). Although many of the consequences caused by the spills of mud are unreasonable because the cause of the spill is a natural disaster factor (Oktaviana and Nailufar 2023).

In addition to the case of PT Lapindo Brantas, in 2023 there has been air pollution, one of which is caused by operational mining companies, so the Air Pollution Control Task Unit of the government of DKI Jakarta Province has imposed sanctions against seven coal storage companies, two coal talent companies, and two steel melting companies (Dany 2023).

Based on the phenomenon, prove that not all companies implement PROPER. Mining companies that implement PROPER will produce sustainability reports with the aim of disclosing things related to social, economic and environmental impacts. (Kurniawati 2023).

Sustainability reporting is a way for companies to disclose information about their sustainability practices, and this reporting can build and maintain confidence among various stakeholders such as consumers, investors and regulators, sustainability reports are crucial to companies because to ensure corporate sustainability and to be able to manage environmental and social risks as a concern and responsibility for future business activities. (Kurniawati 2023).

Sustainability reports are compiled according to the guidelines of the Global Reporting Initiative (GRI), sustainability reports compiled separately from financial reports or annual reports (Ahmad 2014). (Ahmad 2014). Having a sustainability report will create a good corporate image in the eyes of the public, governments and investors in balancing financial & non-financial performance with environmental responsibility (Tusiyati 2019).

The financial performance of a company is the operational performance of the company with the aim of generating profits for the company (SR & Septiani 2022). If the financial performance is good then the company is in a stable and financially sound position, a financially stable company has more financial resources to strengthen the legitimacy and support of stakeholders, legitimation and stakeholder support can be achieved by aligning the company's goals with the social values of the community and assuring them that the company has a role in the economy, improving social relations and protecting the environment. (Jannah & Efendi 2023). Accordingly, the researchers were interested in conducting a study entitled "The Impact of Environmental Performance and Asset Return on Sustainability Report Disclosure on Mining Companies Listed on the Indonesian Stock Exchange Period 2021-2022".

2. Literature Review

Sustainability report in Indonesia has undergone progress. Regarding the strict regulations that require corporate social and environmental responsibility, the Indonesian Ministry of Environment No. 06 of 2013 on the Corporate Performance Rating Programme in Environmental Management (PROPER). Despite the existence of such regulations, there are still companies that do not implement PROPER through sustainability report. In addition to the case of P.T. Lapindo Brantas, in 2023 there has also been air pollution, one of which is caused by operational mining companies so that seven coal storage companies, two coal-fired companies, and two steel melting companies were sanctioned by the Air Pollution Control Task Unit of the Government of DKI Jakarta Province. (Dany 2023).

The research questions raised in this study cover environmental performance aspects, asset returns and sustainability disclosure. First, does environmental performance influence the disclosure of sustainability reports on mining subsector companies listed in the EIB for the period 2021-2022? Second, does the asset return influence sustainability report disclosures on EIB subsector mining companies for the year 2021-2022.

The objective of the study is to investigate the impact of environmental performance on the disclosure of sustainability reports in mining companies registered with the Indonesian Stock Exchange in 2021-2022. Secondly, to assess the effect of asset returns on disclosures of sustainable performance reports for mining firms registered in the Indonesian Stock Exchange in 2021–2022.

The theory trail of this research refers to the theory of legitimacy, which is a theory that emerges from the interaction between the company and its community and states that the company seeks to its goals in a way that is acceptable to other stakeholders and the community around it, corporate social responsibility is a commitment that can contribute in improving the economy. (Suryani & Wijayanti 2022).

Environmental performance has a relationship with the theory of legitimacy, i.e. environmental performance can be used as a legitimation tool to change public perception of the bad operational impact of a company by highlighting achievements in addressing environmental problems, so that the company can disclose sustainability reports well (Daromes & Kawilarang 2020). The statement supports research conducted by Jati et al. (2023) found that environmental performances have a positive impact on sustainability reporting.

The legitimation theory states that the greater the profits received by the company, the better the disclosure of the company's sustainable reporting (Kinasih, Isthika, and Amartiwi 2021). The statement is in line with a study carried out by Rahmat (2022) revealing in his research that profitability (ROA) has a positive impact on the disclosure of sustainability reports.

3. Methods, Data, and Analysis

This study uses a causal associative method with a focus on analysing the cause-and-effect relationship between the environmental performance variable (X1), asset return (X2), and the bound variable sustainability report disclosure (Y), the location of the research is the Indonesia Stock Exchange. The variable used in this study is the exposure of sustainability reports as dependent variables (Y). The population of the research was mining companies registered in the EIB for the period 2021-2022.

The samples were selected using purposive sampling techniques, taking 23 mining firms registered with the BEI for the year 2021-2022. Data is collected through secondary data, namely annual reports and sustainability reports. Data analysis is carried out using descriptive statistical analysis, classical assumption tests, double regression analysis tests, hypothetical trials. Classical hypothesis tests involve normality tests, multicollinearity tests, heterocadasthesis tests, and autocorrelation tests. Double linear regression tests are used to test the influence of independent variables on dependent variables. (t). The determination coefficient (R²) is used to measure how far a model can explain variations of dependent variables.

The results of the analysis will be presented briefly with the help of the statistical software SPSS. At each stage of analysis, evaluation and interpretation will be carried out according to the research framework.

4. Results and Discussion

Table 4.1
 Results of Descriptive Statistical Testing

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Sustainability Report	46	.09	.54	11.06	.2404	.07950
Kinerja Lingkungan	46	2	4	144	3.13	.453
Pengembalian Aset	46	-24.62	61.76	619.14	13.4596	19.07851
Valid N (listwise)	46					

Based on the results of the above descriptive statistical tests it can be concluded as follows: At the disclosure of the sustainability report (Y) obtained a minimum value of 0.09 and a maximum value of 0.54 with a total of 11,06. Average value obtained of 0.2404 with a standard deviation value of 0,07950. Standard deviation smaller than the mean value indicates good data spread On environmental performance (X1) with the PROPER indicator obtaining a minimal value of 2 and a maximal value of 4 with the total of 144. Average value of 3.13 with a standard deviation of 0.453. Smaller standard deviations indicate a good data spread.

On the asset return (X2) with the return on asset indicator obtained a minimum value of -24,62 and a maximum value of 61,76 with a total of 619,14. Average value of 13,4596 with a standard deviation value of 19,07851.

Normal P-P Plot of Regression Standardized Residual

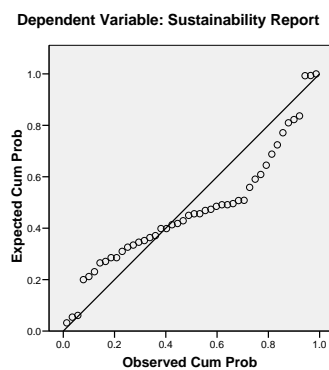


Figure 4.1

Results of Data Normality Test with P-Plot Graphics

Test results using P-Plot showed that there was a spread of dots around the diagonal line. From these results, it can be concluded that the research data is distributed normally and the regression model meets the normality assumption.

Table 4.2
Results of Data Normality Test with Kolmogorov-Smirnov

		Unstandardized Residual
N		46
Normal	Mean	.0000000
Parameters(a,b)	Std. Deviation	.07926174
Most Extreme	Absolute	.209
Differences	Positive	.209
	Negative	-.130
Kolmogorov-Smirnov Z		1.417
Asymp. Sig. (2-tailed)		.036

Based on the results of the kolmogorov smirnov test that has been performed, obtained a significant value of $0.036 > 0.05$, then it can be concluded that the data is distributed normally and vice versa.

Table 4.1
Multicollinearity Test Results

Mode	Collinearity Statistics		
		Tolerance	VIF
1 (Constant)			
Kinerja Lingkungan		.790	1.266
Pengembalian Aset		.790	1.266

The above table shows that for the asset return and environmental performance variable has a tolerance value of $0.790 > 0.100$ and a VIF value of $1.266 < 10.00$, then it can be concluded that the assets return and financial performance variables have no symptoms of multicollinearity.

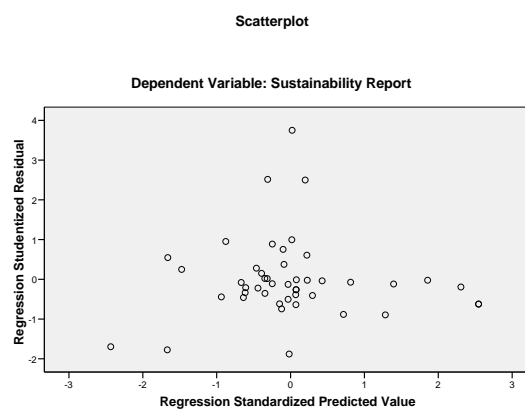


Figure 4.2
Heterosopic test results with scatter plot

In the image above, it can be seen that the points present on the regression model are randomly scattered and do not form a particular orderly pattern. Then it can be concluded that there are no symptoms of heterosexuality, or, but also the main pillar in maintaining the sustainability and success of the local shadow puppet industry.

Table 4.4

Heteroskedastisity test results with glaciers

Model	Sig.
1 (Constant)	.053
Kinerja Lingkungan	.272
Pengembalian Aset	.425

Based on the above table, we can see the significance value of the asset return variable and environmental performance greater than 0.05, so it can be concluded that the results of this test do not show symptoms of heterocadastasis.

Table 4.2

Autocorrelation test results with Durbin Watson

Model	<i>Durbin Watson</i>	<i>Durbin-Upper</i>	<i>Durbin-Lower</i>
1	1,437	1,618	1,437

Durbin Watson scored 1,437, Durbin Upper scored 1,618 and Durbin Lower scored 1,437 according to SPSS. The DU and DI results were obtained through Durbin Watson's table with a total of n (sample research) of 46 data and k (free variable) of 2 variables. That based on the above data results can be concluded no auto-correlation symptoms in this study with the following conditions: $DW < 4 - DU = 1,618 < 1,437 < 2,382$.

Table 4.3

Double Regression Analysis Test Results

Uraian	Koefisien Regresi	t-hitung	Sig.
1 (Constant)	0.195	2.151	0.037
Environmental Performance	0,015	0,505	0.616
Return On Asset	0.000	-0.256	0.799
t-tabel (0,05 ; 43)	1,681		
F-hitung	0,128		
F-tabel (0,05;1;44)	4,062		
Sig. F	0,880		
R-square	-0,040		

The constant (a) of 0.195, states that if the environmental performance (X1), the return on assets (X2), is considered to be the value of 0, then the disclosure of the sustainability report is expected to have a value of around 0.195. The value of the environmental performance regression coefficient of 0.015 indicates a negative correlation. It states that, if the environmental performance variable increases by 0.01 then the sustainability report variable will increase by - 0.015, if the other variables remain constant.

The known value of the table is 1,681 (df=43, a=0.05). Based on the results of the partial test t presented above, it can be explained that: Environmental performance table is $n-k-1 = 46-2-1 = 43$ of 1,681 with a significance value of 0.05. The thitung obtained of 0,505 with a significant value of 0.616. It can be concluded that the thitung $0.505 < t$ table 1.681 then H1 rejected means there is no influence of environmental performance on the disclosure of sustainability reports with the significance of $0.616 > 0.05$.

The return on assets of the table is $n-k-1 = 46-2-1 = 43$ obtained at 1,681 with a significance of 0,823, the titer obtaining at -0,256 with a significantity of 0,799. It can be concluded that the titer of $-0.256 < t$ iter of 1.681 then H1 rejected means that there is no influence of the return of the asset on the disclosure of the sustainability report. The significance value is $0,799 > 0,05$. The results of the study show that partially the return on the assets has no effect on the revelation of the durability report. This indicates that H0 accepted the second hypothesis (H2) rejecting.

Table 4.4
Determination Coefficient Test Results (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.077(a)	.006	-.040	.05978

From the data shown through the table above, an interpretation is obtained where the Adjusted R Square value with a figure of -0,040 or -04% means that the variable Y (sustainability report

disclosure) cannot be explained by a variable X (environmental performance and asset return) of -04%, while the rest is described by variables that are not present in the study.

The results of data analysis of mining companies listed on the Indonesian Stock Exchange for the period 2021-2022 using statistical tests showed that environmental performance did not have a significant impact on the disclosure of sustainability reports. This can be seen based on the result of $0.505 < t_{table} 1.681$ with a significance value of $0.616 > 0.05$ then H_0 was accepted and H_1 rejected.

The low level of environmental performance may influence the company to disclose more detailed information in the form of sustainability reports on economic, social and environmental impacts.

The results of data analysis of mining companies listed on the Indonesia Stock Exchange for the period 2021-2022 using statistical tests show that the return of assets has no significant influence on the disclosure of the sustainability report. This can be seen on the basis of the thitung results $-0,256 < t_{table} 1,681$ with a significance value of $0,799 > 0,05$ then H_0 is accepted and H_2 rejected.

5. Conclusion and Suggestion

Conclusion

Based on the results of the tests and discussions that have been carried out, the conclusion on the answer to the t-table of problems can be drawn from the background of the problem is as follows: Partially there is no influence of environmental performance on the disclosure of sustainability reports on mining companies registered in the BEI period 2021-2022. It can be seen from the test of the hypothesis that thitung value $> t_{table}$ where $0.505 < 1.681$ with the value of significance t of $0.616 > 0.05$. Partly there is no significant influence of the return of assets on the disclosure of the sustainability report in the mining companies listed in the EIB for the period 2021-2022. It can be seen from the test of the hypothesis that the thitung value $> t_{table}$ where $-0,256 < 1,681$ with the t significance value of $0,799 > 0,05$. This means that the return of the asset has no significant impact on the disclosure of the sustainability report. Then the H_0 hypothesis is accepted and H_2 rejected.

Suggestion

Based on the results of previous research and conclusions, then the advice that can be given to researchers in depth is as follows: This study is only about 23 mining companies that are listed in the Indonesian Stock Exchange for the period 2021-2022, so it does not reflect the condition of the entire industry. Therefore, for future researchers, it is expected to extend the observation period, expand the object and add variables that contribute to the disclosure of sustainability reports. For Companies: Mining companies that generate high returns on assets should balance environmental performance and disclose a good sustainability report as well. Mining firms must obey in disclosing sustainability records, mining companies must be responsible for the operations of companies that have an impact on the environment through the reported environmental performances.

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