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EXPLORING THE RELATION OF ENVIRONMENTAL DISCLOSURE, ENVIRONMENTAL PERFORMANCE AND COMPANY CHARACTERISTICS IN INDONESIA: AN EMPIRICAL ANALYSIS

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Abstract: *This study examines the effect of environmental disclosure on environmental performance, company characteristics, and type of industry. This type of research is descriptive quantitative with secondary data. The population is taken from the energy industry sector and the non-primary consumer goods industry sector listed on the IDX in 2016-2020. The sampling method used purposive sampling technique. The results of this study are environmental performance has an effect on environmental disclosure, company size has an effect on environmental disclosure, but profitability has no effect on environmental disclosure and the type of industry has no effect on environmental disclosure. Companies are expected to pay attention to the environmental disclosures in detail because obtaining high profits does not guarantee that the company is good in the community. Companies with small industries must disclose more environmental information in order to have a positive impact on society and the environment.*

Keywords: *Environmental Performance and Environmental Disclosure, Profitability, Company Size, Type of Industry,*

1. Introduction

In recent years, awareness of environmental and sustainability issues has become a hot topic for companies. Companies are experiencing increasing pressure from governments, investors, environmentalists, and other stakeholders to prove their environmental responsibility (Bebbington, J., & Larrinaga, 2014). Effective environmental mitigation is only possible through the active collaboration and cooperation of three important stakeholders, namely governments, corporations, and individuals. (Da Rosa et al, 2012) Environmental disclosure is the disclosure of company information related to environmental impacts and company operations. According to (Da Rosa et al, 2012) Companies can produce environmentally friendly products by carrying out environmentally friendly activities and informing other stakeholders about actions through environmental disclosure or environmental transparency reports. In addition, Buhr and Freedman (2001) mention that the level of environmental disclosure in Canada is increasing.

One of the industrial activities that have a negative impact on the environment is the mining industry. According to an estimate by the Mining Advocacy Network (Jatam), around 70% of damage in Indonesia is caused by energy operations. The case of PT Freeport is an example of an energy company in Indonesia that causes environmental damage by dumping the results of its waste activities (tailings) in the category B3 (Dangerous Toxic Materials) in the Ajkwa, Aghawagon, and Otomona rivers, which results in unhealthy river water pollution and is punished by paying material compensation of Rp. 16.23 Billion (Arumingtyas, 2020).

Environmental Disclosure is a manifestation of the intensity of the industry in tackling environmental problems, but in Indonesia there are still many industries that have not made this disclosure. The theoretical disclosure of liability is divided into two, namely mandatory disclosure and voluntary disclosure. Miranti (2009) stated disclosure is based on the provision of mandatory disclosure standards. Mandatory disclosure is a disclosure that can be slightly required by the authorized institution (Government, IAI, or BAPEPAM-LK). Accountability reports through Corporate Social Responsibility reporting are listed in the annual report

When companies prepare their environmental disclosure strategies, they tend to weigh the potential benefits and costs involved. The threat of short-selling may affect the costs and benefits of environmental disclosure. The voluntary environmental disclosure literature indicates that companies have incentives to provide objective, appropriate and verifiable means to assure investors and other stakeholders of their superior environmental performance (Clarkson et al, 2008; Meng et al, 2014),

Although more and more evidence is available regarding environmental disclosure, but no consensus has been reached in the literature on company characteristics, industry type and environmental performance on environmental disclosure. Evidence based on a large number of studies on environmental performance has a positive influence on environmental disclosure, namely climate change (Dawkins, C. E., & Fraas 2011). This study is in line with Ayu et al (2017) and Aulia, (2015) which state that environmental performance has an influence on environmental disclosure. However, it is different from research conducted by (Patten 2002) which states that environmental performance has a negative Influence.

Suhardjanto (2010) and Sudaryono (2019) who argue that profitability has no effect on environmental disclosure due to observations made on average the company's profitability is relatively low. Therefore, the lower the profit received by the company, the company does not disclose environmental responsibility that needs to be carried out and reported by a company. This happens because companies that have low levels of profit, companies consider it unnecessary to report these things because they are considered to require high costs (Sopian 2015). (Haddad, A. E., AlShattarat, W. K., AbuGhazaleh, N. M., & Nobanee, 2015) investigated the effect of environmental transparency on corporate and local government behavior and social responsibility and found a transparency-based platform for cooperation between government and companies, which enhances environmental behavior and corporate responsibility.

If companies carry out environmental reporting to legitimize objectives, especially for poor environmental performance, company management tends to disclose a more significant proportion of soft environmental information. However, if environmental reporting is done to signal a superior environment, company management is more likely to provide difficult disclosures. Because it is easier to manage, soft disclosure is less accurate and reliable than hard disclosure and is often affected by management bias (Jones and Slack, 2013; Maas, 2018). The potential benefits associated with disclosing environmental reporting are some for companies to publicize these engagements. For example, Apple Inc. publishes an annual environmental responsibility report that highlights the company's environmental actions such as the implementation of energy efficiency measures in various facilities and the performance of various environmental indicators (Chang, Jackson, and Wee 2018)

Clarkson, Li, Richardson & Vasvari (2008) mention this substantive environmental disclosure as a difficult disclosure made by bad environmental actors. Because this disclosure is more informative and credible, improves the company's reputation, and increases stakeholder confidence in the company's responsibility towards sustainable development. Ambec and (O'Donohue and Torugsa, 2015) review several empirical results showing that improvements in a firm's environmental performance tend to be associated with improvements in economic or financial performance, as it relates to potential revenues and costs. Li et al. (2012) investigated the environmental impact of green product manufacturing transparency in Chinese companies and showed that transparency enhances the environmental sustainability of green products Furthermore, Wognum and (Bremmer et al, 2009) argue for the importance of environmental transparency in the food supply chain.

Based on the background and phenomena that have been described by the researcher, the formulation of the problem in this study is related to the influence of Company Characteristics, Type of Industry and Environmental Performance on Environmental Disclosure, especially related to Case Studies in the Energy Industry Sector and Non-Primary Consumer Goods Sector Listed on the IDX in 2013. 2016-2020. The novelty in this research is mainly related to the phenomena that occur and case studies which link variables with the energy industry which are clearly related to environmental performance which often has an unfavorable impact on the environment and society.

2. Literature Review

This study uses the legitimacy of the theory as a grand theory. Legitimacy theory is an aspect that must be owned by the company so that the activities carried out by the company can run well. Legitimacy is a strategic aspect for companies that have the goal of being able to level things up in the future so that the company can be better, it can be used to build company programs, override efforts to gain a position in an advanced society (Hadi, 2011).

According to Paramitha (2014), environmental disclosure is a corporate social responsibility and concern for the environment. The public can view and evaluate the company's activities based on the environmental disclosure information in the company's annual report. The calculation formula environmental disclosure is items revealed/ item GRI.

Profitability is an indicator used by the company in order to see the company's expertise in getting a profit or profit. The size of the totality which can be shown by the level of profit or profit obtained from investment or sales can be measured by the profitability ratio (Fahmi, 2011). The higher the profitability ratio, the better the company will make a profit. In this study we use ROA in calculating profitability.

Firm size is a variable used to explain quantitative changes in the disclosure of the company's annual report. Metrics that companies can use in terms of company size are measured by assets. (Suhardjanto, 2010) explains that company size affects environmental disclosure. Compared to small companies, high demand will affect companies with a large scale of information disclosure (Paramitha 2014). Large companies can have large sums of money so that people can trust companies to be responsible for a good environment, it is revealed in the annual report. Firm size is calculated from Ln total assets**.**

Industry type is a company that has characteristics related to business lines, business risks, employees and the company environment. Companies must have tried different types of industries. Companies with different types of industries also have their respective responsibilities in fulfilling their social and environmental responsibilities. According to (O'Donovan, 2002) in Anggraini, (2006) states that there is a comparison of disclosure in certain industries, because the legitimacy of each industry is maintained at different levels and is in a different atmosphere. For the type of industry using Code 1 if the company is included in a high profile industry and code 0 if the company is included in the low profile industry category.

Environmental performance is an industry that can produce good environmental performance. Good environmental performance is a form of concern for the earth (Sari, &

Wahyuni, 2019). Environmental performance assessment in Indonesia is carried out by the Ministry of Environment through the Environmental Management Rating Program in Companies (PROPER).

Conceptual Framework And Hypothesis Development

The Influence of Environmental Performance on Environmental Disclosure

In legitimacy theory it is stated that companies can have good environmental performance when disclosing environmental information because they can improve the company's image in the general public so that company activities remain legitimized by the community (Ayu et al, 2017). Environmental disclosure can be used as an attraction to get new potential investors. Therefore, the better the environmental performance value, the better the effect of voluntary disclosure on the environment.

Environmental performance assessment in Indonesia is carried out by the Ministry of Environment through the Environmental Management Rating Program in Companies (PROPER). PROPER is one of the efforts made by the Ministry of Environment to encourage companies to conduct assessments to suit their business or activities in terms of controlling pollution or environmental damage and the use of toxic hazardous materials for waste management (Ministry of Environment, 2014). According to research by (Dawkins, & Fraas 2011) there is a positive correlation between environmental performance and environmental disclosure, namely climate change. Companies with good environmental performance are motivated to deal with environmental problems more proactively. This allows companies to voluntarily disclose environmental information.

H1 : Environmental Performance has a positive effect on Environmental Disclosure

The Influence of Profitability on Environmental Disclosure

According to legitimacy theory, companies will always get demands from the community so that companies pay more attention to environmental problems. Companies that have higher profit margins will be easier to disclose the environment and are legitimized by the community, compared to companies with lower profit margins. Profitability is an indicator of company profits from the activities it does. Profitability is a measure of increasing profits generated by a company. In this study Return On Assets (ROA) is used to measure profitability.

ROA is a method of measuring profitability based on the company's ability to generate profits at a certain level of equity. Profitability shows whether the company's future prospects are good (Hermuningsih, 2013). The higher the profitability of the company, the survival of the company will be more secure and reliable. This is very important for the company. (Levy, 1995) The failure of companies to reap sufficient benefits from environmental spending will resist non-compliance and anti-environment. (Miranti, 2009 ; Cohen and Santhakumar, 2006, Fatayatiningrum and Prabowo (2011) found high corporate profitability would be easier to cope with social pressures, and this profitability has a positive effect on environmental disclosure.

H2: Profitability has a positive effect on Environmental Disclosure.

The Influence of Company Size on Environmental Disclosure

Company size is used to determine the size of the company. Indicators in company metrics depend on the number of assets (both fixed assets, intangibles, and others). Companies will consider the costs they have to bear when disclosing environmental information. Large firms have higher information production costs than small firms (Cowen, Ferreri, and Parker, 1987). Therefore, large companies tend to be more active in making environmental disclosures compared to companies with smaller operating activities.

Hadjoh & Sukartha (2013) large companies get more attention from the public so that more disclosures are made than small companies. To maintain its legitimacy, the company will make more disclosures as a responsibility to the community. Suhardjanto (2010), Emre (2014), and Putri (2015) who state that company size has a significant effect on environmental disclosure and explain that the larger the size of the company, the more information published about environmental disclosure to external parties will be more transparent and complete so that Large companies are more attractive to investors. Because investors in assessing companies not only from mandatory disclosures but also from voluntary disclosures.

H3: Company size has a positive effect on Environmental Disclosure.

The Influence of Type of Industry on Environmental Disclosure

Industry type is a potential factor influencing social and environmental disclosure. There are 2 types of industrial types, namely high-profile and low-profile. Anggraini (2006) suggests that high-profile industries are companies that are very sensitive or have a high level of competition. This situation allows the company to get specific ideas about the company's activities from the community. On the other hand, low-profile industries are companies with a certain level of consumer visibility, lower political risk and lower levels of competition even if the company makes mistakes or fails in the production process and results.

Companies with a larger type of industry have a greater impact on the environment than a small industry which has less impact on the environment. Legitimacy theory says that companies will be asked to provide information about environmental disclosures to avoid legitimacy gaps between society and company operations (Deegan, Rankin, and Voght 2000). Pambudi (2015) states that the type of industry has a positive effect on environmental disclosure.

H4: Type of Industry has a positive effect on Environmental Disclosure.

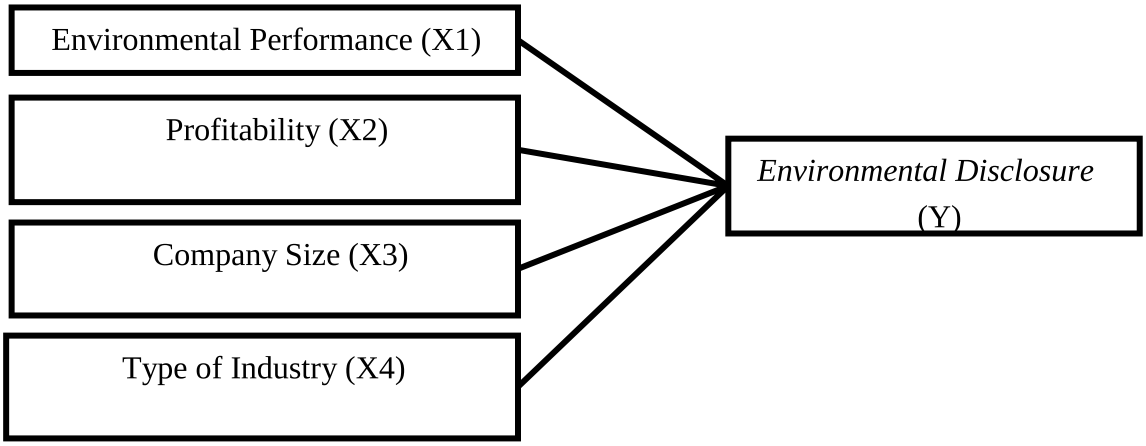

Figure 1
Conceptual Framework

3. Research Methods

This research is a quantitative descriptive research that is a method used to examine a certain population or a certain sample, it is based on the philosophy of positivism which generally uses random techniques, data collection is carried out from a research instrument, quantitative data analysis which aims to test the established hypothesis (Sugiyono 2016). The population used in this study is 189 companies in the energy industry sector and non-primary consumer goods industry listed on the Indonesia Stock Exchange. The sample technique used is purposive sampling, totaling 22 companies that have met the sample criteria in order to obtain 110 research data.

Data analysis method

This study uses annual report data from companies listed on the Indonesia Stock Exchange (IDX) and data from companies that are PROPER participants, then the data is processed using SPSS version 22 and uses multiple regression analysis as to predict the strength of the relationship using independent variable data known size

1) Descriptive Analysis

Table 1 Test Results of Descriptive Statistics Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Environmental Performance	110	3	5	3.63	.588
Profitability	110	.0005	.4556	.081368	.0837334
Company Size	110	23.0003	32.4220	28.418321	1.6102344
Type of Industry	110	0	1	.55	.500
Environmental Disclosure	110	.17	1.00	.4105	.18505
Valid N (listwise)	110				

Sumber : Output SPSS 22 (2021)

Based on the results of descriptive statistical tests, it can be seen that environmental performance has a minimum value of 0.17, a maximum value of 1.00 and an average value of 3.63 units with a standard deviation of 0.588. Profitability has a minimum value of 0.0005, a maximum value of 0.4556 and an average value of 0.081368 with a standard deviation of 0.0837334. The company size has a minimum value of 23,0003, a maximum value of 32,4220 and an average value of 28,418321 with a standard deviation of 1,6102344 units. The industrial type has a minimum value of 0 units, a maximum value of 1 unit and an average value of 0.55 units with a standard deviation of 0.500.

2) Normality test

From the results of the classical assumption test using the Kolmogorov-Smirnov (K-S) parametric statistical test, the asymp number is obtained. Sig or probability of 0.072 with a significance of 0.200c,d which is greater than alpha (0.05) these results indicate that the residuals are normal.

Table 2 Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		110
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.13111410

Most Extreme Differences	Absolute	.072
	Positive	.048
	Negative	-.072
Test Statistic		.072
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		

3) Autocorrelation Test

From the results of the autocorrelation test, the Durbin-Watson value is 0.783 units. The value of du on k (variable x = 4 and n = 110) is 1,765 units so that 4-du = 2,235 units. If observed, the value of d = 0.783 units is not between the values of 1.765 units and 2.235 units. So that the Cochrane Orcutt transformation was carried out to overcome the autocorrelation symptom. The results of the Cochrane Orcutt transformation are shown in the following table:

Table 3
Cochrane Orcutt Autocorrelation Test Results Model

Model	Durbin-Watson
1	1.792
a. Predictors: (Constant), Lag_Res1	
b. Dependent Variable: Unstandardized Residual	

Sumber: Output SPSS 22(2021)

Based on the Cochrane Orcutt transformation table above, it is known that the value of d is 1.792 units. If observed, the value of d = 1.792 is between the values of 1.765 units and 2.235 units. So it can be concluded that the regression model in this study does not occur autocorrelation symptoms.

4) Heteroscedasticity Test

Based on the calculation output, the results of the heteroscedasticity test showed good results from each variable or in other words the significance value of the variable was > 0.05. So it can be concluded that the assumption of heteroscedasticity is met. The results of the heteroscedasticity test are as follows:

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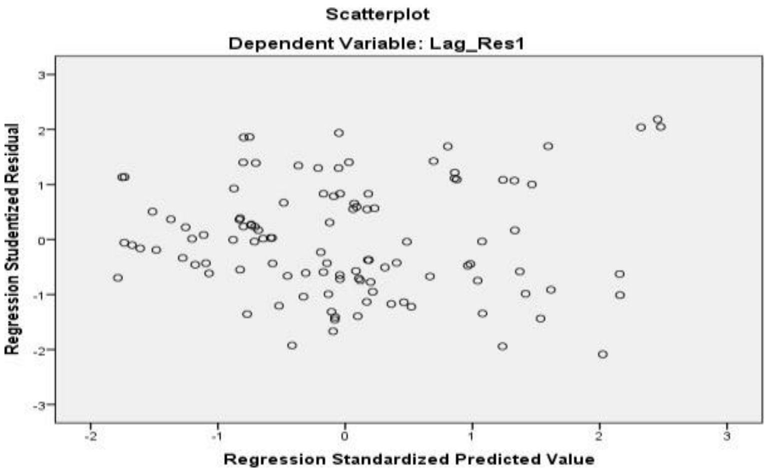

Figure 2
Heteroscedasticity Test Results

5) Multicollinearity Test

Table 4
Multicollinearity Test Results Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Environmental Performance	.775	1.290
	Profitability	.888	1.126
	Company Size	.809	1.235
	Industry type	.819	1.220
a. Dependent Variable: Environmental Disclosure			

6) Multiple Regression Analysis Test

Table 5
Multiple Regression Analysis Results

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	**(Constant)**	**-.640**	**.300**		**-2.131**	**.035**
	Environmental Performance	**.063**	**.031**	**.201**	**2.036**	**.044**
	Profitability	**.172**	**.204**	**.078**	**.845**	**.400**
	Company Size	**.027**	**.011**	**.238**	**2.468**	**.015**
	Type of Industry	**.052**	**.036**	**.141**	**1.471**	**.144**

Sumber: Output SPSS 22 (2021)

From the multiple linear values shown in the table above, the following regression equation can be made:

Y = - 0.640 + 0.172 + 0.027 + 0.052 + 0.063 + e

a. The profitability variable (X1) is 0.172 units. This means that if profitability increases by 1, then environmental disclosure (Y) will increase by 0.172 units.
b. The size of the company (X2) is 0.027 units. This means that if the size of the company increases by 1, the environmental disclosure (Y) will increase by 0.027 units.
c. Industrial type (X3) is 0.052 units. This means that if the type of industry experiences 1 increase, the environmental disclosure (Y) will increase by 0.052 units.
d. Environmental performance (X4) is 0.063 units. This means that if the environmental performance increases by 1, the environmental disclosure (Y) will experience 0.063 units.

7) T-Test

Based on the calculation of the significant t test in the table above, it can be concluded as follows:

1. The influence of Environmental Performance on Environmental Disclosure.
   Based on the results of the output table, the t-value of the environmental performance variable is 0.2036 indicating that the tcount is 0.2036 > ttable is 1.982 and the significant value of the variable is 0.044, which means it is smaller than the significant level = 5% or (0.044 <0.05), then the hypothesis is accepted, meaning that environmental performance has an effect on environmental disclosure.
2. The influence of Profitability on Environmental Disclosure.
   Based on the output table, the t-value of the profitability variable is 0.845, indicating that the t-count value is 0.845 < t-table 1.982 and the significant value of the variable is 0.400, which means it is greater than the significant level = 5% or (0.400 > 0.05), then the hypothesis is rejected. it means that profitability has no effect on environmental disclosure.
2. The influence of Company Size on Environmental Disclosure.
   Based on the table output, the t-value of the firm size variable is 2.468 indicating that the t-count value is 2.468 > t-table 1.982 and the significant value of the variable is 0.015, which means it is smaller than the significant level = 5% or (0.015 <0.05), then the hypothesis accepted means that the size of the company affects the environmental disclosure.
4. The Influence of Industry Type on Environmental Disclosure
   Based on the results of the table output, the t-value of the industrial type variable is 1.471, indicating that the t-count value is 1.471 < t-table 1.982 and the table output results obtained from the significance value of the significant industrial-type variable of 0.144, meaning that it is greater than the significant level = 5% or (0.144 > 0.05), then the hypothesis is rejected, meaning that the type of industry has no effect on environmental disclosure.

Table 6
Statistical t Test Results

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1	(Constant)	-.640	.300		-2.131	.035
	Environmental Disclosure	.063	.031	.201	2.036	.044
	Profitability	.172	.204	.078	.845	.400
	Company Size	.027	.011	.238	2.468	.015
	Industry Type	.052	.036	.141	1.471	.144
a. Dependent Variable: Environmental Disclosure						

DISCUSSION

The Influence of Environmental Performance on Environmental Disclosure

Environmental performance has a positive influence on environmental disclosure. Companies with good environmental performance have incentives to be more proactive in dealing with environmental problems. This causes companies to make voluntary disclosures of environmental information. Good environmental performance tends to reveal more environmental information. This is done in order to distinguish themselves from companies that have poor performance. Good environmental actors believe that by disclosing their environmental performance will provide benefits for the company (Ayu et al. 2017).

Clarkson et all, (2008) argue that disclosure of the type of company performance is voluntary, and is not easy to be imitated by other companies with poor environmental performance. This is likely to increase the value of the company. Montabon, Sroufe, and Narasimhan (2007) stated Environmental management practices refer to the policies and procedures an entity implements with the aim of monitoring and containing the impacts of its operations, which could reasonably be disastrous, on the natural environment.

According to Hellweg et al (2005), Environmental cost efficiency measures the environmental benefits of one type of technology over another per additional cost. Thus, it is necessary to evaluate both the environmental and financial dimensions of environmental technologies. Cezarino et al (2020) produced evidence supporting a sustained surge in investment by companies despite unfavorable conditions surrounding their business environment.

The traditional manufacturing business model rests on selling goods. The model will not be able to compete with the service model. Where the service model emphasizes problem solving and building long-term relationships with customers rather than making and selling products (Bekmezci, 2015). In other words, the approach used is a sustainability approach. (Bekmezci, 2015).

The sustainability business approach focuses on managing environmental, social and economic issues from a holistic perspective in such a way that they are both profitable and balanced without compromising each other. For this reason, executives must make environmental decisions taking into account the needs and strategy of the company. The goal of sustainability is to maximize the value of the company in the long term, and optimize its performance and value in the short term (Bekmezci, 2015). Sustainability business is defined as a business approach that creates long-term shareholder value by taking into account opportunities derived from economic, environmental and social developments; and, managing risk (Bekmezci, 2015). Haque, (2011: 53) stated that investors have started to include the environmental strategy of the company they are interested in as an important variable. In other words, investors evaluate not only the quantity of profits, but also their quality; they consider more than just financial numbers.

Environmental practices require staggering amounts of funds for waste treatment, reducing or preventing it from occurring. This effort is considered as a financial burden on the company draining their resources and unproductive. It is empirically proven that environmental activities are just additional costs without added value and the costs of complying with environmental regulations are significant and detrimental to shareholder wealth

The Influence of Profitability on Environmental Disclosure

The results of this study are the same as the research that has been done by Suhardjanto (2010) and Sudaryono (2019) which suggests that profitability has no effect on environmental disclosure due to observations made on average the company's profitability is relatively low. Therefore, the lower the profit received by the company, the company does not disclose environmental responsibility that needs to be carried out and reported by a company. This happens because companies that have low levels of profit, companies consider it unnecessary to report these things because they are considered to require high costs (Sopian, 2015). High company profitability will be easier to overcome social pressures, and this profitability has a positive effect on environmental disclosure. (Miranti, 2009; Cohen and Santhakumar, 2006 ; Fatayatiningrum dan Prabowo, 2011)

Innovative companies must benefit from the creativity of their workers; and, in order to make a contribution to its customers and shareholders, companies must consider the effects of the production process on the natural and social environment (Ferauge, 2012: 91). Salzmann et al (2005: 28) mention that companies should adopt a strategic and profit-oriented approach to social and environmental issues. Shrivastava and Hart (1995) provides insight into how companies gain competitive advantage by using environmental management practices primarily involving process-based innovations resulting in drastic reductions in overhead costs and increased revenues.

Companies must seriously and systematically question how to develop new products and services, what skills are needed; which long-term environmental pressures will damage their business; and which of them can also provide opportunities for growth (Esty and Winston, 2006: 200). Companies can lobby government regulatory agencies to tighten environmental standards for their current performance, thereby placing all competitors out of compliance and subject to costly remediation efforts (Kaplan and Norton, 2004: 178).

The Influence of Company Size on Environmental Disclosure

Company size is a scale that determines the size of a company. Company size variable is proxied through the total assets owned by the company. The results of hypothesis testing indicate that the firm size variable has a positive effect on environmental disclosure. This means that large companies that are valued with large asset levels will disclose more environmental responsibilities carried out by the company. The larger the size of the company, the greater the environmental impact it will have.

Large companies will tend to disclose more information because they have large resources than small companies so that they are able to finance the provision of more complete information. Large companies need to provide a good image in creating trust in terms of social responsibility. Information about company activities related to the environment is one of the company's efforts to realize social responsibility (Hadjoh & Sukartha (2013).

Baginski, Hassell, and Kimbrough (2002) that small firms have many differences in record with larger firms. Smaller companies have different managerial, environmental and how they compete with other companies (Baginski, Hassell, and Kimbrough 2002). (Bloodgood et al., 1996) found a positive relationship between firm size (number of employees) and level of being a global market player. (David et al. 2017)examining Korean manufacturing firms find that firm size is significantly associated with new and incremental R&D. These findings support the notion that large firms have innovative benefits over smaller firms and that firm size is an important factor in the R&D activities of diversified firms.

When SMEs protect their inventions, they prefer trade secrets because they expect less benefit from patents compared to large companies and while they cannot afford the high litigation risks associated with patents. (Athos P, 2019; Moldovan L, 2019). Firms are smaller than large firms in management, freedom, ownership, and size or control capacity (Coviello, Brodie, & Munro, 2000; Coviello & Cox, 2006). Rafiq, Salim, and Smyth (2016) assessed the effect of R&D on the profitability and sales of mining companies in China and the United States (US) and the moderate consequences of the age of companies using Coarsened Exact Matching (CEM).

The Influence of Type of Industry on Environmental Disclosure

The results of this study indicate that the type of industry has no effect on environmental disclosure. The type of industry is a potential factor that influences social and environmental disclosure. Companies with large industrial types (High Profile) have a greater impact on the environment than small industries (Low Profile) which have less impact on the environment (Ayu et al., 2017).

Emerging markets are characterized by a less developed institutional environment with companies generally having a concentrated type of ownership pattern that can increase a sense of ownership, rapid business expansion in international markets and a steady increase in the company's business income (Sudhir et al., 2015; Carney and Child, 2015). Companies can increase their brand value by contributing to society according to their areas of specialization, opportunities and capabilities. Danone, for example, provides services in Bangladesh for bizonal, urban and rural markets, and uses different products and systems in each market (Yunus and Weber, 2010: 67).

Research conducted by (Ayu et al, 2017; Miranti, 2009; Pambudi, 2015, Bimantara Nugraha, D. E., & Juliarto, 2015; Solikhah, B., & Winarsih, 2016) states that companies with greater influence must report more information than companies that have an environmental impact. low, with that the type of industry has a positive influence on environmental disclosure. Acs (1988) examined German manufacturing firms, finding the fact that large firms have an innovation advantage observed at least 30 years ago in a study in Germany, based on data from the US Small Business Administration, which challenges the then prevailing view that SMEs are engines of innovation and technology changes.

Companies that support social goals can benefit by establishing a competitive environment (Porter and Kramer, 2006: 80). Another way for companies to increase their brand trust is by contributing to society, beyond their products. Companies that contribute to society beyond their products make a difference to competitors; consumers appreciate the efforts of these companies and prefer them under the same conditions. Corporate social responsibility can be considered in this framework. Corporate social responsibility is that the company contributes to society; they increase the positive effect and reduce the negative effect (Lantos, 2001: 600).

4. CONCLUSION

1) Environmental performance has an effect on environmental disclosure, company size has an effect on environmental profitability has no effect on environmental disclosure, disclosure and industry type has no effect on environmental disclosure.
2) The sustainability business approach focuses on managing environmental, social and

economic issues from a holistic perspective in such a way that they are both profitable and balanced without compromising each other. Companies also must pay attention to the environment. The more users of information about environmental disclosure in the company, investors can use that information to make decisions. For companies, environmental disclosure can add value to the company in the eyes of the public

3) Companies are expected to pay attention to environmental disclosures in detail because obtaining high profits does not guarantee that the company is good in the community. Companies with small industries (Low Profile) must disclose more environmental information in order to have a positive impact on society and the environment.

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