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THE INFLUENCE OF ENVIRONMENTAL DISCLOSURE ON FIRM VALUE OF COMPANIES LISTED IN THE INDONESIAN STOCK EXCHANGE

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ABSTRACT

This study aimed to determine the influence of environmental disclosures on firm value. Dependent variables in this study are environmental disclosure and firm value. The measurements of the firm value are measured by stock price and environmental disclosure is measured by referring to the Global Reporting Initiative (GRI) which used 91 indicator based on GRI G4. Independent variables in this study are financial performance and environmental performance. Control variables in this study are company size, leverage, Book Value per Share (BVPS), Earning per Share (EPS) and Return on Asset (ROA).

The supporting data in this study were companies listed in Indonesia Stock Exchange during 2014-2018. These data were obtained from annual report and sustainability report in the mining industry, agriculture industry, miscellaneous industry, basic and chemicals industry and lastly consumer and goods industry participating in the Performance Rating Assessment Program on Environmental Management (PROPER) from the Ministry of Environmental of the Republic of Indonesia and companies awarded Green Industry Award. The amount of data in this study was 159 data and panel regression was employed.

The results of this study reveal that for the environmental disclosure dependent variable: it is proven that environmental performance and company size have significant positive effect on environmental disclosure. Leverage, ROA and BVPS have significant negative effect on environmental disclosure and financial performance and EPS have no significant effect on environmental disclosure. For the firm value dependent variable, it is proven that environmental disclosure has significant positive effect on firm value.

Keywords : firm value, environmental disclosure, environmental disclosure