THE EFFECT OF OWNERSHIP STRUCTURE ON ENVIRONMENTAL PERFORMANCE AND ITS IMPLICATION TOWARDS FINANCIAL PERFORMANCE (AN EMPIRICAL STUDY ON COMPANIES LISTED IN INDONESIAN STOCK EXCHANGE)

Haninun, Angrita Denziana
Accounting Department, University of Bandar Lampung, Indonesia.
Contact: haninun@ubl.ac.id

ABSTRACT: *The aim of this study is to obtain empirical evidence that ownership structure affects environmental performance and implicates on profitability. The hypothesis of this study is based on stakeholder theory, legitimacy theory, and signaling theory. Population in this study is companies listed in Indonesian Stock Exchange (IDX) and following PROPER program in 2011 – 2013. Sample selection is done by using purposive sampling method, and obtained 121 companies. Analysis method used in this study is multiple linear regressions. Data used are secondary data. Data collecting method uses documentary method. Study result shows that ownership structure positively significantly affects environmental performance, and environmental performance does not affect significantly financial performance. It might be because the attention of environment has been responsibility that actually must be done by a company.*

Keywords: Ownership Structure, Environmental Performance, and Financial Performance

I. INTRODUCTION

For more or less three decades, environmental issues have been topic discussion that takes the attention of the world community and economic actors [1, 2, 3]. The concept of environment accounting actually has developed since 1970s in Europe because there was pressure from non-government institutions. A consensus on this issue was the perceived financial consequences that may arise from off-balance sheet social and environmental impacts. An efficient Corporate Governance (CG) and Corporate Social Responsibility (CSR) framework will ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability [4].

In that decade, environment became an issue in many conferences that is relevant with business organization of ethical research [5, 6, 7, 8]. In Indonesia, Indonesian Accountant Association (IAA) has set accountancy standard for environment that is stated in Statement of Financial Accountancy Standard (SFAS) no. 32 and 33. Since then, environment problems have started getting more attentions from community. New paradigm of company that is considered growing and sustainable, not only is measured from only profit achievement, but is also measured from its awareness towards surrounding environment, both towards local community, wide community, and living environment.

To increase company awareness towards environment, one attempt of government in Indonesia is by creating a ratings program of corporate performance in environmental management (PROPER) that is conducted by ministry of environment. Measurement of environmental performance with PROPER uses evaluation ratings with coloured indicators, which are gold for the best performance, then, green, blue, red, and black for the worst. The aim of having this program is to encourage corporate performance improvement in environmental management. This program suggests company to be able to give transparency to its stakeholders.

Studies in environmental accountancy related to information disclosure of corporate social responsibility have been done by [9, 10] are explained that disclosure of environment is part of financial report disclosure, moreover, it is explained that there is relationship between environment disclosure and corporate economic performance. In Indonesia, studies related to environmental performance, among others is a study conducted by [11] that with its dependent variable is financial performance proxied with ROA, its result shows negative relationship between both of them.

Study about relationship between ownership structure and CSR has been done by [2, 12] with study result that shows positive effect from ownership structure towards Corporate Social Responsibility (CSR) measured by using disclosure index. Meanwhile, [13] besides investigating the effect of ownership structure towards corporate financial performance, also investigated effect of different ownership structure towards corporate environmental performance that is measured by air pollutan emissions. Their study result shows that ownership structure does not affect environmental performance.

Based on the above explanation, it becomes the reason and motivation of the writer to reenact the study about ownership structure and environmental performance with different data and variable measurement where the study that had been done with dependent variable of CSR measured by index, while this study is using environmental performance as intervening variable measured by PROPER ratings. In this studies, some problems: Does managerial ownership institutional ownership affect environmental performance and does environmental performance implicate towards financial performance?.

II. LITERATURE REVIEW

This study is based on stakeholder theory, Legitimacy theory, and signaling theory. These three theories are regarded suitable to be used. It is because company is not an entity that only operates for private interest, but to give advantage for stakeholder [14]. The main purpose of the company is to balance conflict between stakeholders. According to [9] stating that the sustainability of a company depends on the support from stakeholder, so the activity of the company is to find the support. Stakeholder theory is a theory that describes to which parties, the company to be responsible [15]. Company must keep the relation with its stakeholder by accommodating stakeholder's wish and need, especially stakeholder who has power towards the availability of resources used for corporate operational activities, for example, labours, markets for corporate products and others [16].

Legitimacy theory focuses on interaction between company and community, argued that organization tries to create harmony among social values that attaches on its activities with behavior norms in community social system where the organization is part of the system. As far as both value systems are harmony, we can see it as corporate legitimacy. When actual or potential disharmony occurs between two value systems, there will be a threat towards the corporate legitimacy. It means that the existence of the company in community will continue if the company action is in line with the values of community where the company is operating. Other theory supporting this study is signaling theory. This theory explains the existence of encouragement for management to deliver information to stakeholders or parties who concern to reduce information asymmetry. In this theory, motivation of management to deliver information is expected to be able to give illustration of shareholder's prosperity to external party [17].

2.1.2.Ownership Structure

One characteristic of modern economy is the separation of corporate ownership structure. Appointing agent as a manager does it so that corporate owner is able to maximize profits. [18] explained that ownership structure can be base of corporate governance application that later will be able to minimize agency problems. It is because corporate ownership gives great impacts on corporate operational and supervision on activities done management. Ownership structure can be distinguished into two, which are dispersed ownership and closely hold ownership. Ownership structure of company a rises because of the ratio of total shareholders in the company. A company can be owned by a person individually, community, government, foreigner, or a person in the company (managerial). In this study, ownership structure that will be tested is institutional ownership and managerial ownership.

2.1.3. Environmental Performance and Its Evaluation

Environmental performance is corporate performance to create green environment. Environmental performance is one of important steps in achieving business success. Environmental performance is an outcome that can be measured through environmental management system based on environmental policy, environmental aim, and environmental target. Environmental management system has a standard describing a system that helps company to achieve better environmental performance. Environmental performance is measured from corporate achievement in participating PROPER progam (Corporate Performance Rating Evaluation in Management of Environment Program). This program is an attempt done by Ministry of Environment to encourage corporate governance in management of environment. PROPER is announced regularly to community so that the company evaluated will receive incentive or disincentive of reputation, depending on its obedience level.

The use of coloured rating is a form of communicative performance delivering to community, so it would be understood and remembered more easily. The following is evaluation ratings of PROPER program:

Gold is given to person in charge of business and/or activity that consistently shows environmental excellency in process of production and/or service, conducting business that is ethical and responsible towards community. **Green** is given to person in charge of business and/or activity that has conducted environmental management more than the one required in the regulation (beyond compliance) through the implementation of environmental management system, the use of resources efficiently through the means of 4R (Reduce, Reuse, Recycle, and Recovery), and conducting the attempt of social responsibility (CSR/Comdev) well. **Blue**, is given to person in charge of business and/or activity that has conducted the attempt of environmental management that is required in accordance with condition and/or regulation of law. **Red** is given to person in charge of business and/or activity that the attempt of environmental management done not in accordance with the requirement as arranged in regulation of law. **Black** is given to person in charge of business and/or activity that deliberately conducts an action or negligence causing pollution and/or environmental destruction and violation of regulation.

2.1.4. Financial Performance

Performance is often related to corporate financial condition. To investigate corporate financial condition, generally we focus on financial report in addition to other non-financial data as a support of financial performance information. Measurement of financial performance is useful to give information about corporate financial condition in certain period of time. Measurement of financial performance, according to [19], aims to measure performance of business and management compared to goal or target of company. In the other words, measurement of financial performance is an instrument for management to control its business. [20, 21] stated that financial performance is an achievement obtained by company in a certain period that reflects the health level of the company. Measurement of financial performance can be done by analyzing financial ratio. Financial ratio is a number obtained from comparison result of one post of financial report and another post that has relevant and significant relationship (meaningful). Financial ratio simplifies information that describes the relationship between certain post and other post, in other words, this simplification is able to evaluate accurately the relationship between the posts and is able to compare other ratios so that we can get information and give evaluation.

2.2. Previous Study

Study of [2, 12], show that concentrated ownership (institutional ownership) has positif relationship with disclosure of corporate social responsibility. Study of [22], with the study result using path analysis shows that there is significantly positive effect of institutional ownership and managerial ownership towards CSR disclosure, and there is significantly positive of ownership structure towards financial performance. Meanwhile, study result of [13], concluded that concentrated ownership of governmental ownership does not affect environmental performance, but affects financial performance. Study of [23, 1], concluded that environmental performance positively affects financial performance proxied with ROA. Meanwhile, [11], concluded that in the study there is no relationship between environmental performance and financial performance proxied with ROE. Similarly, [24] in her study, it does not proof the existence of environmental performance effect that is measured by ISO 14001, Capital Expenditure on Pollution Technology (ENVIC), Capital Intencity (CINT) towards financial performance.

2.3.Hypothesis Development

The model is as follows:

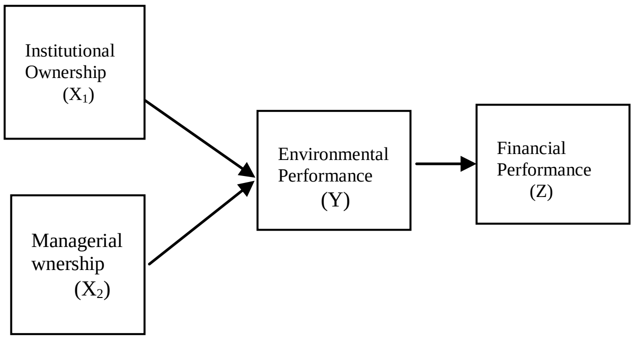

Figure 1. Framework

2.3.1. The Effect of Managerial Ownership on Environmental Performance

Conflict of interest between manager and owner becomes larger when managerial ownership on company is smaller [18]. In this case, manager will try to maximize his/her own interest compared to the interest of company. In contrary, the larger managerial ownership in the company, the more productive action of manager in maximizing the value of company, in other words, contract cost and supervision become low. Manager of company will disclose social information in order to increase corporate image even though he has to sacrifice resources for the activity.

Manager will be encouraged to do anything that can increase corporate value; environmental performance is an image that must be built in order to get legitimacy from community. Legitimacy is a system focusing on society, individual, community, and community group. Therefore, as a system that prioritizes society, so corporate operation has to be in line with the expectation of community. Expectation of community towards corporate behavior can be implicit and explicit [10]. Exlicit form of social contract is community expectation that is not stated in legal regulation (uncodified community expectation). The result of study conducted by [22] shows that there is effect of managerial ownership on corporate social responsibility. However, this result is different from the result of [13], showing theresult that managerial ownership structure does not affect environmental performance. Based on the explanation, hypothesis that can be formulated is as the following:

H_1: Management ownership positively affects environmental performance.

2.3.2. Effect of Institutional Ownership on Environmental Performance

Institutional ownership has very important role in minimalizing agency conflict occurring between manager and shareholder [18]. Institutional ownership is corporate share ownership that is majority owned by institution or agency (insurance company, bank, investment company, asset management, and other institution ownerships). The existence of institutional ownership is considered able to monitor effectively each decision and action done by corporate management because institutional investor involves in strategic corporate decision-making, including decision in conducting environmental management.

Stakeholder theory of [14] defined stakeholder as a group or individual that can give impact or get impact by the result of corporate goal. It is also related to stakeholder outside owner (manager). The ones including in stakeholder are stockholders, creditors, employees, customers, suppliers, public interest groups, and governmental bodies. The result of previous study shows that there is positive effect between institutional ownership and CSR disclosure [22], meaning that larger institutional ownership in company, then pressure on corporate management to disclose social responsibility is larger. Therefore, it can encourage company to conduct environmental investment as its responsibility to shareholder. It is in line with the study result [22, 2, 11]. However, in contrary, the study result of [13] showing the result that institutional ownership does not affect environmental performance. Based on the different study result, hypothesis proposed is as the following:

H_2: Institutional ownership positively affects environmental performance.

2.3.3.The Effect of Environmental Performance on Financial Performance

Environmental performance is one important step of company in attaining business success. Environmental performance is a result that can be measured through environmental management system based on environmental policy, environmental goal, and environmental target. In Indonesia, one of instruments that can be used in measuring environmental performance is PROPER (Ministry of Environment Regulation). With PROPER, sensitivity of company on its environment can be known. It is in line with stakeholder theory stating that company is not an entity that only operates for its own interest, but it has to give benefit for its stakeholder (shareholder, creditor, costumer, supplier, government, community, analyst, and other parties). Financial performance is useful accountancy informantion to show management responsibility, because financial performance is a reflection from company's ability in managing and allocating its resources, it is in line with signaling theory.

H_3: Environmental performance positively affects financial performance.

A number of studies that have been done related to CSR, environmental performance, and financial performance with different results, among others [1, 23], proved study result that there is positive effect of environmental performance on financial performance, while in her study [11, 24], concluded that there is no relationship between environmental performance and financial performance.

III. METHOD OF STUDY

3.1. Population and Sample

Population in this study is large companies listed in Indonesian Stock Exchange (IDX) in 2011 – 2013. Sample selection in this study is done by using purposive sampling method. The total companies listed in Indonesian Stock Exchange (IDX) in

2013 is 517 companies. Based on criteria of purposive sampling used, in this study, there are only 121 companies as the sample of this study from 2011 – 2013.

Data used in this study are secondary data. Study data are taken from company's annual report that is audited and published consencutively during 2011 – 2013. Data are taken from: Indonesian Stock Exchange. Method used in this study is documentary method.

3.2. Study Variable and Operational Definition

Variables in this study are classified in 3, which are independent variable, dependent variable, and intervening variable. Independent variable in this study is: ownership structure that is proxied with managerial ownership and institutional ownership, with the reason that both ownership structures are mostly used by companies in Indonesia.

For measuring managerial ownership, dummy variable is used where if in the company there is managerial ownership, it is given score 1 and if there is no managerial ownership, it is given score 0. Dummy variable is used because some companies as the sample do not have managerial ownership, so it does not reduce the number of sample having institutional ownership measured by the percentage of ownership with a formula as the following:

$$\text{Institusional Ownership} = \frac{\text{Total Institutional Share}}{\text{Total Issue Share}} \text{x} 100\%$$

Intervening variable in this study is environmental performance. Environmental performance measured by using PROPER evaluation ratings from ministry of environment consisting of 5 categories which are: gold with score 5, green with score 4, blue with score 3, red with score 2, and black with score 1. For companies that have many branches or have more than 1 repository, PROPER ratings will be scored averagely. Its dependent variable is financial performance that is proxied with Return on Assets (ROA), efficiency level, and asset effectiveness in producing income or how much nett income obtained from total assets owned by the company. ROA is calculated by dividing income after tax with total assets and multiplied by a hundred percent.

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Asset}}$$

In this study, control variable of company's size is used. Size of company is a scale used in determining how big or small a company is. According to [19], the size of company that will be used is the total assets.

3.3. Analysis Method

Analysis method used in this study is multiple linear regression model. Regression model obtained from Ordinary Least Square – OLS is a regression model that produces Best Linear Unbias Estimate – BLUE. This condition will happen when some classical assumptions are completed. OLS technique used is considered more efficient compared to Generalized Least Squares or Maximum Likelihood. Then, OLS technique requires that the total data used must be larger than the total all variables involved in the model [25]. In this study the total data used is 121 observations (n = 121), while model 1 with total variables of 3 and model 2 with only 1 mean that OLS requirement is completed.

3.3.1. Statistical Model /Econometric

To illustrate the structural relationship between variables, equation model is used, including:

Model 1: Environmental Performance= f(IO, MO, TA).

Model 2: Financial Performance = f (EP).

Stochastic model used in each model is as the following:

Model 1: $KL = \alpha + \beta_1 KI + \beta_2 KM + \beta_3 TA + \varepsilon$

Model 2: $ROA = \alpha + \beta_1 KL + \varepsilon$

Where:

EP : Environmental Performance
ROA : Return on Assets
IO : Institutional Ownership
M0 : Managerial Ownership (dummy)
TA : Total assets (control variable)
β : Regression Coefficient
ε : error term

3.3.2. Hypothesis Testing

Hypothesis testing is done by conducting model test (F statistic test). F statistic test is used to investigate whether all independent variables put in the model have effect togetheron dependent variables at significant level of 0.05. Moreover, t test is also done. T statistic test is used to test hypothesis partially by determining of 0.05.

IV. RESULT AND DISCUSSION

4.1.Result of Multiple Linear Regression Analysis

Multiple regression analysis in this study is to test the effect of managerial ownership, institutional ownership, and size of company on environmental performance and its implication towards financial performance. Test is done by two stages in accordance with model of study.

4.2. Discussion

4.2.1. The Effect of Managerial Ownership, Institutional Ownership on Environmental Performance

Table 1. Regression Analysis of Model 1

Model	Sum of Squares	df	Mean Squares	F	p-value
Regression	124.560	3	41.520	6.987	0.000
Residual	695.225	117	5.942		
Total	819.785	120			

R^2=0.152

And the partial test for the parameters in model 1 are:

Table 2. The estimation and test of the parameters in Model 1.

Source of Variation	Parameter Estimate	T-test	Pvalue
Constrant	2.562	3.664	0.000
KM	1.632	3.188	0.002
KL	0.024	2.463	0.015
TA	0.536	2.358	0.020

Thus, the estimation of the model 1 is given below:

EP = 2.562 + 1.632 IO+ 0.024 MO+ 0.536 TA.

In this study, managerial ownership structure is measured by using dummy variable. Hypothesis testing result obtains that $H_1$is accepted showing that managerial ownership statistically affects positively and significantly the environmental performance with probability of 0.002 or lower than level of significance 0.05 (0.002 < 0.05) and coefficient of 1.632. Statistically, positive beta coefficient value shows the existence of unidirectional effect meaning that the higher managerial ownership, the higher environmental performance.

This result is in line with [9], explaining that manager will be encouraged to conduct anything that can increase corporate value, especially when manager is not only company's manager, but also as owner, by increasing environmental performance, it will increase community attention to the company. In the last few years, it also makes companies starting to change their behaviours in operating their business for corporate legitimacy and reputation. To keep corporate reputation, it cannot be separated from the role of stakeholders. Therefore, appropriately, company also pays attention to its stakeholders. It is in line with stakeholder theory.

The result of this study supports the result of study conducted by [22] showing that there is effect of managerial ownership on corporate social responsibility, but this result is different from [13] showing that managerial ownership does not affect environmental performance.

Institutional ownership structure is measured with the total percentage of ownership. Hypothesis testing result obtained is that $H_2$is accepted showing that institutional ownership statistically affects positively and significantly environmental performance with probability of 0.015 or lower than level of significance of 0.05 (0.015 < 0,05) and coefficient of 0.24. Statistically, positive beta coefficient valueshows that there is unidirectional effect meaning that the higher institutional ownership, the higher environmental performance. The existence of institutional investor is regarded able to monitor effectively each decision done by management because institutional investor is involved in strategic corporate decision-making, including decision in conducting environmental management.

Environmental performance means to show corporate awareness on environment. It is also related to stakeholder outside the owner (manager), such as creditors, employees, customers, suppliers, public interest groups, and governmental bodies. Stakeholder theory of [15]. Defined stakeholder as a group or individual that can give impact or get impact from corporate objective result. The result of this study is in line with the result of the previous study showing that there is positive effect between institutional ownership and CSR disclosure [2, 12]. However, in contrary, the result study of [13, 22] shows that the larger institutional ownership in the company, the more pressure on corporate management to increase awareness on environment. Therefore, it can encourage company to do environmental investment.

4.2.2. The Effect of Environmental Performance on Financial Performance

In this study, Environmental Performance is measured by using evaluation rating of PROPER form ministry of environment consisting five categories, which are: gold with score 5, green with score 4, blue with score 3, red with score 2, and black with score 1. Hypothesis testing result obtained is that $H_3$is rejected meaning that environmental performance statistically affects positively, not significantly towards financial performance (ROA) with probability of 0.16 or more than level of significance of 0.05 (0.16 > 0.05) and coefficient of 0.047 (Table 4). Statistically, positive beta coefficient value shows the existence of unidirectional effect meaning that the higher environmental performance, the higher financial performance.

Table 3. Regression Analysis of Model 2

Model	Sum of Squares	df	Mean Squares	F	p-value
Regression	1.779	1	1.779	1.942	0.16
Residual	109.014	119	0.916		
Total	110.973	120			

R^2= 0.016

Table 4. Partial test for the parameters of Model 2.

Source of Variation	Parameter Estimate	T-test	pvalue
Constrant	3.108	31.269	0.000
EP	0.047	1.394	0.166

Thus, the estimation of the Model 2 is given by:

ROA = 3.108 + 0.047 EP

The effect of environmental performance on financial performance is not significant, it might be because variable of environmental performance with PROPER ratings cannot be driving indicator of financial performance that is proxied with ROA, environmental performance is the form of corporate awareness towards environment that must be done, and its effect on financial performance that might occur for long term period.

This result is not in line with the result of study conducted by [1, 23] demonstrating the result that positive effect of environmental performance on financial performance, it is enabled with the difference of variable and measurement used, but it is in line with the result study of [11, 24] in their study concluding that there is no relationship between environmental performance and financial performance.

From the result of F test (joint test) done to see contingency effect of independent variable on dependent variables which are managerial ownership, institutional managerial, and total assets on environmental performance, it obtained F value of 6,987 with significance level of 0.00, and it is considered small compared to significance level of 0.05. Therefore, regression model on contingency effect of independent variable significantly affects dependent variable.

V. CONCLUSION AND SUGGESTION

5.1 Conclusion

Based on the result of study and testing that has been done, conclusion that can be drawn as the following:

1. Ownership structure and managerial ownership that measured by percentage of ownership, both show significantly positive effect on environmental performance measured by PROPER rating, with significance level for each: managerial ownership of 0.002 andinstitutional ownership of 0.015.

It means that higher ownership structure (concentrated ownership), both managerial ownership and institutional ownership, so environmental performance will be higher. It is in line with stakeholder theory stating that company is not entity that only operates for its own interest, but has to be able to give benefit for its stakeholder and for its awareness, the company will get legitimacy for community.

2. The result of data analysis shows that environmental performance positively affects financial performance, but not significant, with probability of 0.16 or greater than level of significance of 0.05 (0.16 > 0.05) and coefficient of 0.47, it shows the existence of unidirectional effect meaning that the higher environmental performance, the higher financial performance, but its increase is not significant.

Environmental performance is the reflection of corporate awareness towards environment management and allocation of its resources as the form of corporate attention on its environment.

REFERENCE

[1] Khlif, H., Guidara, A. and Souissi, M. (2015). Corporate Social and Environmental Disclosure and Corporate Performance Evidence from South Africa and Morocco. Journal of Accounting in Emerging Economies, Vol. 5, No. 1, Page. 51-69.

[2] Chang, K. and Zhang, L. (2015). The Effects of Corporate Ownership Structure on Environmental Information Disclosure: Empirical Evidence from Unbalance Penal Data in Heavy Pollution Industries in China. Issue. Vol. 10, No. 1, Page. 405-414.

[3] Carroll, A. B. and Shabana, K. M. (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. Journal of Management Reviews. Vol. 12, No. 1, Page. 85-105.

[4] Usman, A. B. and Amran, N. A. B. (2015). Corporate Social Responsibility Practice and Corporate Financial Performance: Evidence from Nigeria Companies. Social Responsibility Journal, Vol. 11, No. 4, Page. 749-763.

[5] Preston, L. E. and Post J.E. (1975). Private Management and Public Policy. Englewood Cliffs, 15th Edition, N.J. Prentice-Hall, Chicago.

[6] Dowling, J. and Pfeffer, J. (1975). Organizational legitimacy: social values and organizational behavior. Pacific Sociological Review. Vol. 18, No. 1, Page. 122-136.

[7] Meyer, J. and Rowan. (1977). Institutional Organizations: Formal Structure as Myth and Ceremony. American Journal of Sociology, Vol. 82, No. 2, Page. 340-363.

[8] Lindbolm, C.K. (1994). The Implications of Organizational Legitimacy for Corporate Social Performance and Disclosure. Paper Presented at The Critical Perspectives on Accounting Conference, New York.

[9] Gray, R., Kouhy, R. and Lavers, S. (1995). Corporate Social And Environmental Reporting: A Review Of The Literature and A Longitudinal Study Of UK Disclosure", Accounting, Auditing & Accountability Journal. Vol. 8, No. 2, Page. 47-77.

[10] Deegan, C. (2002). The legitimizing effect of social and environmental disclosures: a theoretical foundation. Accounting, Auditing and Accountability Journal. Vol. 15, No. 3, Page. 282-311.

[11] Sarumpaet, Susi. (2005). The Relationship Between Environmental Performance and Financial Performance of Indonesian Companies. Accounting and Finance Journal, Vol. 7, No. 2, Page. 89-98, Petra University, Indonesia.

[12] Sopian, A. M. and Zahan, M. (2013). Ownership Structure and Corporate Social Responsibility Disclosure in Bangladesh. International Journal of Economics and Financial Issues, Vol. 3, No. 4, Page. 901-909.

[13] Earnhart, D., Lubomir, L. (2006). Effect of Ownership and Financial Performance on Corporate Environmental Performance. Journal of Comparative Economic. Vol. 34, No. 1, Page. 111-129.

[14] Chariri, A. (2007). Social Critism. Research on Use of Theory in Social Environmental Disclousure. Journal of Maksi. Vol. 8, No. 2, Page. 151-169.

[15] Freeman, R.E. (1984). Strategic Management, A Stakeholder Approach, Pitman Publishing Inc, Massachusetts.

[16] Ghozali, Imam and Chariri, A. (2007). Accounting Theory, 3th Edition, University of Diponegoro, Semarang, Indonesia.

[17] Scott, W. R. (2006). Financial Accounting Theory 5nd Edition. Prentice Hall, Canada Inc.

[18] Jensen, M.C. and Meckling, W.H. (1976). Theory of The Firm Managerial Behaviour, Agency Cost and Ownership Structure. Journal of Economics, Vol. 3, No. 4, Page. 305-360.

[19] Brigham, Eugene F. and Houston, Joel F. (2009). Fundamental of Financial Management: Concise Edition. 6th Edition. South-Western Cengage Learning, USA.

[20] Sawir, A. (2003). Financial Performance Analysis and Financial Planning Company. PT. Gramedia Pustaka. Jakarta, Indonesia.

[21] Ross, W.J. (2004). Corporate Finance Fundamentals, 8th Edition, Mc.Graw-Hill, New York.

[22] Murwaningsari, E. (2009). The Effect of Corporate Governance, Corporate Social Responsibility, and Corporate Financial Performance in One Continum. Accounting and Finance Journal, Vol. 11, No. 1, Page. 30-41.

[23] Tuan. N.P. (2012). An Empirical Study of Firm Environmental and Financial Performance Evidence from Small and Medium Manufacturing Firm in Vietnam. Journal of Science Economics and Business, Vol. 28, No. 5E, Page. 1-16.

[24] Naila, L and Daniel. (2013). The Effect of Enveronmental Regulation on Financial Performance in Tanzania A Survey of Manufacturing Companies Quoted on the Dar Es Salaam Stock Exchange. International Journal of Economics and Financial Issues, Vol. 2, No. 1, Page. 95-112.

[25] Gujarati, D. N. and Porter, D.C. (2003). Basic Econometrics, 4th Edition, Mc.Graw-Hill, New York, USA