ASIA PACIFIC CONFERENCE ON ACCOUNTING AND FINANCE (APCAF 2015), Bali, THE INFLUENCE OF ENVIRONMENTAL DISCLOSURE AND COMPANY GROWTH TOWARD FINANCIAL PERFORMANCE

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THE INFLUENCE OF ENVIRONMENTAL DISCLOSURE AND COMPANY GROWTH TOWARD FINANCIAL PERFORMANCE

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ABSTRACT

Environmental Disclosure as a collection of information relating to environmental management activities by the company in the past, present and future. Growth is expressed as the growth of total assets in which asset growth in the past will describe future profitability and growth come. Financial performance used in this study is by financial ratio analysis that is Return on Assets (ROA).

As the objective of this research is to found the influence environmental disclosre by using Global Reporting Initiative (GRI) v.3.1, company growth on financial performance (ROA) using empirical study for the period 2010-2014 to in natural resource based company in Indonesia Stock Exchange.

By using GRI, company growth and ROA this research found that natural resource company has a significant influence between company growth toward financial performance, and insignificant between environmetal disclosre toward financial performance.

Keywords: Global Reporting Initiative (GRI) v.3.1, Company's Growth, Financial Performance (ROA).

1. Introduction

1.1.Research Background

Currently the environmental issues get attention and being concern by so many parties because the increasing of global warming and environmental damage that occured all over the world. Indonesia as a country with high population and rapid industrialisation has to increase the awareness about environmental effects caused by the industrial activities. Industry has always been associated with the source of pollution (e.g air pollution or water pollution due to industrial waste) because the industrial activities release various chemical compunds into the environment. There are so many environmental problems occurs because of Indonesia manufacturing companies. For example, the soil pollution made by the activities of PT Lapindo Brantas or now known as PT Minarak Lapindo Jaya.

Environmental issues have become an important global economy topic today. It can be seen from increasing number of environmental organization that observe to national and international level, such as WALHI (Indonesia Environmental vehicle); greenpeace; and the IUCN (International Union of Nature), as well as further development of the regulations of the environment with the purpose of creation off the environmental protection and sustainable development. The performance of company managers should not only aim to maximize the profit of the company but also have to concern for the environment, such as reducing greenhouse emissions, minimizing environmental polution, and the use of alternative renewable energy (Sulkowski, 2010)

The company was founded with the goal of generating maximum profits for the owners. Cost -benefit considerations into company operations in an effort to maximize profits. On the basis of these reasons also the principle of profit maximization of existing principle itself, including the humanitarian aspect of the abandonment aspect relationship with labor, the natural environment, and surrounding communities, whereas the many aspects affect the condition of going concern the company directly or indirectly. In other words, if there is the things that threatens the continuity of the company and the solutions containing cost relatively higher (Ja'far and Amalia, 2006)

Growth is how far a company puts itself in the economic system as a whole or the economic system to the same industry. In General, companies that grow quickly obtain positive results in terms of the establishment of positions in an era of competition, enjoying sales increases significantly and accompanied by an increasing in market share. Fast-growing companies enjoy the advantages of the positive image was obtained, but the company have to be extra careful, because of the success achieved led to the company becoming vulnerable to any negative issues. A few things to get attention are important because it can reduce negative news sources that describe the company's ability to retain, develop and build a match quality and service with consumer expectations. Rapid growth also force human resources that belong to provide its contribution optimally. That rapid growth has no sense of the cost growth was less restrained, then in managing growth, companies must have operating control with an emphasis on cost control.

The company's growth is expressed as the growth of total assets, where the past total asset will describes the profitability and future growth (Taswan, 2003). Asset growth reflects the growth of the company's assets that will affect the profitability of the company that believed the percentage change in total assets is a better indicator in measuring the growth of the company (Putrakrisnanda, 2009).

The company currently has hundreds applying strategic planning as a whole in their efforts to achieve a higher profit income. Long-term goal shows the expected results by running a particular strategy. The strategy presented measures to be taken to achieve the objectives of the length. The goal should be measurable, realistic, understandable, hierarchical, challenging, attainable and aligned with organizational units. One goal usually expressed in the form of asset growth. Long-term goals are needed on the level of corporations, divisions, and functional in the organization. The objective is a measure of importance in the company's financial objectives includes something associated with growth in revenue, the growth in profit, the return on investment is high, and improved cash flow.

Assessment of the company's financial performance as a result of management's decision making process, is a complex issue because it concerns the effectiveness of capital utilization and the efficient use of the company's activities concerns the value and security of the various claims that arose against the company. Companies need to do the analysis report on financial statements and annual report , because financial statements and annual report are the tools used to measure the performance of the company. The financial statements and annual report as a source of information, it would be more useful if seen as a comprehensive, for example by comparing a period with another period. One way of measuring the company's performance can be seen from the level of profitability and also as a source of information of environmental disclosure.

In 1997 The Boston-based Coalition on Environmentally Responsible Economies (CERES) decided to make Global Reporting Initiatives (GRI). GRI release sustainability reporting framework which most companies in the world use this program to encourage transparency. In this program, company will valued based on usage environmental program. Each result of each company will be disclosed by the companies in annual report. For this research financial performance measured by ROA.

Return on assets is a profitability ratio that measures the amount of profit earned every monetary amount of assets owned by the company. ROA shows a company's ability to perform efficient use of total assets for the company's operations. ROA gives investors an idea of how to convert the company's money has been invested in net income. Thus, ROA is an indicator of the profitability of the company in using its assets to generate earnings. ROA is calculated by dividing net income to total assets of the company. The higher the ROA, the more efficient the company at using its assets. This means that the company can make more money (earnings) with little investment.

Research conducted by Dewa Kadek (2011), the variables examined is the company's growth is positive and significant effect on profitability. The results of this research show that the management of manufacturing companies was listed on the Indonesia stock exchange, fluctuations in the value of assets in the form of an increase the value of current assets and non-current assets, it will have an effect on the return on assets ratio. These results also imply that the management gives priority to asset growth, especially growth strategy in increasing profitability.

There is complementarity relative to the favorable effects of disclosure for users that also beneficial to the enterprise itself and its management. The firm should have an organized disclosure policy that dovetails with corporate policies in production, marketing, and investment (Wolk 2004).

Topics about Environmental Disclosure already studied before by Rizky Putri Utami (2008) which proves that the environmental disclosure had significant positive influence to stock performance and also has positive influence between environmental disclosures to financial performance. This research is conduct as motivate by the various result of a similar study carried out by the previous research and the different description. Based on the descriptions above, author is interested to develop a research which entitles **"**The Influence of Environmental Disclosure, Company Growth Towards Financial Performance (Empirical Study in Natural Resource Based Company Listed in Indonesia Stock Exchange) Period 2010-2013**"**

1.2.Problem Formulation

Based on the explanation above, problems are formulated as follow:

1. How is the influence of environmental disclosure to financial performance (measured by ROA) on natural resource based companies listed in Indonesia Stock Exchange (IDX)?
2. How is the influence of company growth to financial performance (measured by ROA) on natural resource based companies listed in IDX?

2. Theoretical Background and hypothesis development

The theory used as a basis for explaining the influence between the environmental disclosure and company growth to financial performace is the legitimacy theory and stakeholder theory. Researcher use these theories because they belive that both of theory influence on the financial performance.

Legitimacy theory stated that the organization or company sustainability must ascertain whether they had been operated on at the upheld the norms of society and ensure that the activities they can be accepted outsiders. A postulate of the legitimacy theory is the organization not only looking into account the rights of investors but in general must also consider the rights of the public (Deegan, 2004).

Stakeholder is an individual, group of people, communities or society as a whole or partially with relationship as well as the interests of the company. Individual, group, or society can be said to be a stakeholder if it has power, legitimacy, and the interests of the company (Budimanta et al, 2008). Stakeholder theory stated that all stakeholders have a right obtain information about activities that may affect the company's their decision making. The stakeholders may choose not to use that information and not even play a role in directly in a company (Deegan, 2004). This is due to stakeholder considered may affect the company but also can be affected. With Thus, the existence of a company is influenced by support given by stakeholders to the company.

2.1.Relationship with the Environmental Disclosure of Financial Performance

Investigating the relationship between environmental disclosures and financial performance using a sample of potentially polluting publicly. The issue is examined from several perspectives:

(a). if there is any difference in financial performance between disclosing and non-disclosing companies of environmental information,

(b). whether extent of environmental disclosure can be linked to financial performance, and

(c). if there is any impact of prior financial performance on subsequent environmental disclosures, and vice versa (Stanwick 2002)

According (Utama 2008) benefits for the company to perform and report on the activities of social responsibility and environmental, such as recruitment and retention of employees who better, the repitation and relations with the stakeholders better.

Observation against the disclosure of corporate social to focus to disclosure of the environment. Richardason reported that there is a positive significant to the level of the discclosure of the environment with the cost of capital. Further mentioned that the company will do the disclosure of an environment when the profitability of the company is better.

This research is more focused using only environmental information of polluting or potentially polluting companies identified with the cooperation of the Ministry of Environment. This research examines the environment because the increasing of global warming and environmental damage that occured all over the world. In indonesia industry has always been assosiated with source of pollution. A detailed coding scheme is employed to classify environmental information according to 30 indicaor in GRI, so that all environmental disclosures in the annual reports are captured. This research also extends earlier Singapore studies by investigating whether financial performance has an impact on subsequent environmental disclosures, in addition to examining the impact of environmental disclosures on financial performance (Teoh 2002)

2.2. Company Growth relationship with Financial Performance

Growth and profitability both are great concern for the organization but there is still no generalized relationship between them. Lot of research has been conducted to find that relationship but there is no mutual agreement among all of them. Different studies showed the different results, some of them are given here.

Jang and Park (2011) worked to find out relationship between firm profitability and growth. They argued that increasing profit also increases growth, but the profitability is impeded by an increase in growth. Serrasqueiro (2009) worked on the Portuguese companies and found a positive relationship between profitability and growth. The small firms usually rely on internal finance for the expansion of their business and avoid the external financing. This creates a positive relationship between growth and profitability. Statistical properties of growth and profit are totally changed from each other. The consistency is found in profit rates, and they show positive correlation. Random walk is followed by the growth rates.

According to Geroski and Mazzucato (2002) the profit and the growth are in harmony with each other. The influence company growth towards financial performance is tthe way of measuring the performance of the company can be seen from the level of profitability. Profitability is the ability to earn profits in relation to sales, total assets, and the capital itself. Growth affect profitability, through assets held so influential the productivity and efficiency of the company which in turn effects on profitability. Chosen as a measure of total assets growth with considered relatively stable compared to the value of assets capitalized market value and sales (Shudarmadji, 2007).

Research conducted by Sriwardany (2006) proved that the negative effect on asset growth financial performance and Kusumasari et al. (2009) proved that asset growth is not significant effect on the financial performance. According to Vijayakumar and Devi (2011) growth is considered an ongoing, orderly and organized process, and the profitability has a great influence on it.

2.3. Hypothesis Development

Many things will be done by the company to reduce the impact that will be occur as a result of the process and design product. Thus, information related to the environment would be necessery to handle this issue. This information could be gain if the company implement the environmental disclosure.

a. Influence of environmental disclosure on Financial Performance.

According to Suryono & Prastiwi (2011), disclosure of sustainability report was carried out within the framework of accountability to stakeholders to sustain their support and also to meet their information needs. The higher the level of profitability, the more detailed information provided by the managers for the management wanted to reassure investors about the company's profitability (Anggraini, 2006). Based on the description above, the following research hypothesis is proposed:

H1: There is a significant influence of Environmental disclosure on financial performance.

b. Influence of company growth on financial performance.

Company growth is expected by the company's internal and external parties, due to good growth signaled for the development of the company. From the point of view of investors, the growth of a company is a sign the company has aspects that are profitable, and investors will expect a rate of return of the investments made shows a good development.

The growth of the company has direct and positive influence on the company's stock price, which means that information about the existence of the growth of the company responded positively by investors, raising the stock price. The company grew rapidly too much relying on external capital. (Park 2011). Jang and Park (2011) worked to find out relationship between firm profitability and growth. They argued that increasing profit also increases growth, but the profitability is impeded by an increase in growth

H2: There is a significant influence company growth on financial performance

c. **The influence of environmental disclosure and company growth on the financial performance**

Guthrie, J. & Parker, L.D. (1989) stated that corporate social responsibility can increase the reputation of the company to the consumer as well as to improve the profitability of the company. The growth of the company has a direct influence on the company's stock price, which means that information about the existence of the growth of the company responded positively by investors. Asset growth illustrates the growth of the company's assets will affect the profitability of the company believed that the percentage of change in total assets is a better indicator for measuring growth companies (Putra, 2009). Such information should be forthcoming under existing general requirements in the securities laws of Mexico, Canada and the United States that companies promptly disclose all material information, since some environmental information is clearly of material financial importance. In addition, there are more detailed and specific environmental disclosure requirements in US and Canadian securities regulations that have been clarified through published accounting standards and explanatory releases by securities regulators (Montral 2002)

Based on the theoritical foundation, the framework and the research that has been describe above, it can be formulated as the following hypothesis:

H3: There is significant influence of the environmental disclosure and company growth on the financial performance simultaneously.

3. Research Method and Data

Type of Research

This research is descriptive and verification with quantitative approach. Using type of research will know the significant influence between the variables, so the conclusion that will clarify the conception of object being studied. Descriptive and quantitative approach is a type aim to describe the truth of fact. The Fact explains that the influence between independent variable to dependent variable was investigated by collecting data, process, analyze, and interpret data in statistical hypothesis testing. In this descriptive study and quantitative are used to test the influences of environmental performance and environmental disclosure on firm market value as well as to the theory by testing a hypothesis is accepted or rejected.

3.2. Sampling Method

The study took a sample of publicly natural resource based companies listed on the IDX period 2010-2013. Purposive sampling that the acquisition of information using certain considerations (Indriantoro, 2002). The study sample is a common natural resource based companies which is rated as a high -risk environment for process production which directly utilizes natural resources.

Characteristics the sampling that used to research this thesis is as follows:

1. The Company does not perform mergers or acquisitions for 4 consecutive years 2010 until 2013.
2. Not delisting (out) from Indonesian Stock Exchange (IDX) for 4 years.
3. Companies that provide annual report or sustainability report to the IDX and are not suspended from trading.
4. Companies that follow of GRI and completeness for variable researched.

3.3 Research Variable and operational Definitions

3.3.1 Dependent Variables

3.3.1.1 Financial performance

Dependent variable is the presumed effect in an experimental study,that is financial performance. Stanwick. (2002) argued that financial performance was based on 1994 net income for the firm divided by the total assets of the firm. This measure allows the net income values to be controlled for firm size. The firms were then ranked based on the value of net income/total assets. The firms in the sample were then separated into three different groups. The first group, labeled low performers, had the lowest third of the financial values. The second group, medium performers, represented firms in the middle third of the financial ranking. The third group, high performers, incorporated the top third of firms based on financial performance. Financial performance according to Sucipto (2008) is the determination of a certain size that can measure the success of a company in generating profits. Financial performance in this study is measured by ROA.

Calculation of the financial performance using a formula of ROA:

$$ROA = \frac{net\ income}{total\ asset}$$

3.3.2 Independent Variables

3.3.2.1 Company Growth

Asset growth reflects the growth of the company's assets will affect the profitability of a company sure that the percentage change in total assets is a better indicator in measuring growth companies (Putrakrisnanda, 2009). The company's growth is measured by using the change in total assets. The growth of assets is the difference between total assets owned by the company in the period right now with the previous period to the total assets in the previous period-based natural resources company in BEI in 2010-2013. The unit of measurement of the change in total assets in percentage.

$$changes\ in\ total\ assets = \frac{total\ assett - Total\ asset\ \mathbf{t-1}}{Total\ asset\ \mathbf{t-1}} \times \mathbf{100\%}$$

3.3.2.2. Environmental disclosure

Environmental disclosure is the disclosure of information relating to the environment in the company's annual report and sustainability report. Environmental disclosure by companies are measured with scoring disclose obtained from the analysis of annual reports using the score one if disclosed and zero if it is not disclosed. Environmental disclosure is measured by using a checklist that contains items the disclosure of which will be matched with the disclosure contained in the company's annual report and Sustainability Report. List of disclosures in this study is using a list of disclosure items that gathered from GRI 3.1. The procedure obtained 30 disclosures with 8 items which are Materials, Energy, water, Biodiversity, Emission, Effluents and Waste, Product, Transport, Compliance and overall. The indicator of GRI will be shown in table 3.1.

In this research, the measurement of Environmental Disclosure can be calculated as follow (Wijayanto 2007)

$$EDI = \frac{\text{total items of disclosure in company}}{\text{Items of disclosurebin GRI}}$$

3.4 Data Collection Method

Data collection method used is library research. The research literature was conducted by searching and collecting the literature such as financial reports , books , articles , journals , theses, data from the internet , and legislation relevant to the research problem .The data obtained from the research literature is called the data Secondary, which is a common enterprise data natural resource based went public in 2010 – 2013 from Indonesia Stock Exchange (IDX).

3.5 Data Analysis Method

The data obtained will be processed using SPSS version 20 to obtain accurate results while the data analysis techniques used in this study using multiple regression analysis. But there are some classic assumptions needed to run multiple regression, such as Normality, Multicollinearity, Autocorrelation, and Heteroscedasticity. Multiple linear regression equations are:

$$\mathbf{Y1 = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon}$$

Where:

Y1 : Financial Performance
X1 : Environmental Disclosure
X2 : Company Growth
α : constanta
ε : Error
$\beta 1$, $\beta 2$, $\beta 3$: The regression coefficient that is indicative of change of the variables dependent based on the independent variable.

4. Result and Discussion.

4.1 Descriptive Statistic

Descriptive statistic show the total of data (N) that used in this research to show the maximum value, minimum value, and mean and also standard deviation from the variable that has been by object. The result of descriptive statistics are:

Table 4.1 Descriptive Statistics of Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	172	-61,85	292,58	11,8076	36,64625
COMPANY GROWTH	172	-78,75	93,17	11,4074	22,19812
GRI	172	,03	1,00	,3674	,34890
Valid N (listwise)	172				

The mean, minimum and maximum values with standard deviation of different variables in the model period of 2010 to 2013 are presented in the table 4.1. Natural resource based company has -78,75 as minimum value as company growth And natural resource based company has 93,17 values of company growth and 1 as maximum value of environmental disclosure (GRI). Natural resource based company on average (mean) has 11,4074 of company growth and 0,3674 of environmental disclosure (GRI) with standard deviation of 22,19812 and 0,34890 indicator GRI.

It means, the companies have an average (mean) about 11,8076 of financial performance (ROA) with standard deviation 36,64625 from 43 of natural resource based companies that give report about company growth and environmental disclosure (GRI).

4.2. Classical Assumption Testing

Classical assumption testing is performed before hypothesis testing. The testing is an important one in the process of the multiple regressions to convince the data is reliable. Classical assumption of normality testing, multicollinearity testing, heteroskedasticity testing, and autocorellation testing. The consideration of the data is normal if the dots are spread out follow the diagonal line. The data is assumed to be normal. The result of multicollinearity testing; the value of VIF for each independent variable is fulfilling the requirement of multicollinearity testing. The value of VIF should not greater tahn 10, the value of VIF are 1,062 and 1,062 which less than 10. The value of tolerance should close to 1. Tolerance of independent variable value are 0,941 and 0,941 which close to 1. So it means there are no corellation between independent variable.

Autocorrelation testing aims to test whether in a regression model, there is a correlation between errors factor in a period with errors factor in prior periods. Basis for making decision whether autocorrelation exist or not, could be seen from the value of Durbin Watson (DW) that should not less than -2 and should not more than 2 (-2<DW<2). Based on the test can be found that the value of durbin Watson is 1,469. Therefore, the value of DW obtained is in not less than -2 and should not more than 2. Sp it means there is correlation between dependent and independent variable.

In order to perform heteroskadesticity testing, Glesjer testing is used. The test shows the significant value for independent variables. First for company growth, the significant value is 0,697, environmental disclosure is 0,176. the all significant values of all independent variables are more than 0.05, so it assumed that all data are free of heteroskedaticity

4.3 Hypothesis Testing

a. Multiple Regression Analysis

To know about the inluence of independent variable to the dependent variable, it will be the following table.

Figure 4.2. Multiple Regression analysis

Coefficients[a]

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	6,662	1,188
COMP_GROWTH	-,017	,044
ENV_DISC	3,200	2,355

a. Dependent Variable: ROA

Multiple regression are the test that is used in order to know the influence of independent variable to the dependent variable. Multiple regressions should have more than one indipendent variables. The general form of model is as follows:

Y = 6,662 + -0,017**X1+** 3,200**X2**

Where: Y : Financial Performance, X1 : Environmental Disclosure
X2 : Company Growth

The following table shows that significant value of company growth and environmental disclosure are 0,000 and 0,224 respectively. Company growth is less than 0.05 and environmental disclosure is more than 0.05. the significant value of company growth is less than 0.05 and has T value 3,670. The significant value of environmental disclosure is 0,224 which is more than 0,05 and has T value 1,219. Therefore, the conclusion is company growth has positive and significant on financial performance, and environmental disclosure has positive and insignificant on financial performance.

Mean that the influence of environmental disclosure has a positive and insignificant towards financial performance and the company growth has a positive and significant towards financial performance

Table 4.3. t-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,015	1,495		1,348	,180
	COMP_GROWTH	,204	,056	,284	3,670	,000
	ENV_DISC	3,613	2,963	,094	1,219	,224

a. Dependent Variable: ROA

The following table shows that significant value of company growth and environmental disclosure are 0,000 and 0,224 respectively. Company growth is less than 0.05 and environmental disclosure is more than 0.05. The significant value of company growth is less than 0.05 and has T value 3,670. The significant value of environmental disclosure is 0,224 which is more than 0,05 and has t value 1,219. Therefore, the conclusion is company growth has positive and significant on financial performance, and environmental disclosure has positive but insignificant on financial performance.

Table 4.4. statistical F-test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3010,909	2	1505,454	9,098	,000[b]
	Residual	26310,776	159	165,477		
	Total	29321,684	161			

a. Dependent Variable: ROA

b. Predictors: (Constant), ENV_DISC, COMP_GROWTH

By looking at table above, F value is 9,098 and significant value 0,000 which less than 0.05. based on criteria of the research methodology it will be conclude that hypothesis (H3) is accepted. Therefore, the conclusion is the environmental disclosure and company growth has significant influence on the financial performance simultaneously.

The result of R square test in the regression will show in the following table:

Table 4.5 Determinant Coefficient (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,320[a]	,103	,091	12,86377

a. Predictors: (Constant), ENV_DISC, COMP_GROWTH
b. Dependent Variable: ROA

Table above shows that the value of adjusted R square for regression model is 0,091 or 9,1%. The capability of independent variable in describing dependent vaiable is not too high, because 9,1% < 50%. The conclusion is 9,1% of financial performance as dependent variable which explained by environmental disclosure and company growth as indipendent variable. The rest equal to 90,9% is describe by other factor are not included in the regression model.

The following table will show the summary of hypothesis testing.

Hypothesis	Result of t-testing and f- testing	Result
H1 There is a positive and significant influence of Environmental disclosure on financial performance	0,224	rejected
H2 There is a positive and significant influence company growth on financial performance	0,000	accepted
H3 There is significant influence of the environmental disclosure and company growth on the financial performance simultaneously	0,000	accepted

4.4. Discussion and Analysis

The main objective of the research are to find out the influence of environmental disclosure and company growth towards financial performance. The result of this research, environmental disclosure measured by GRI has positive and insignificant influence on the financial performance and company growth has a positive and significant influence on the financial performance.

The simultaneously testing provided in table 4.4.3 shows significant value of all independent variable in term of capability on the dependent variable. The ANOVA table shows the significant value is 0,000 which is less than α (0.05), it means that any significant influence between all independent variable that represent the environmental disclosure and company growth and financial performance as dependent variable.

4.4.1 Environmental disclosure and Financial Performance

Environmental Disclosure as a collection of information relating to environmental management activities by the company in the past, present and future measured by GRI. Environmental Disclosure is represented by 8 categories with 30 disclosures in annual reports and sustainability report. There are Materials, Energy, Water, Biodiversity, Emission, Effluent and Waste, Product and Services, Compliance, Transportation. The relationship of variables included in the analysis is presented in the table 4.3 which is calculated based on data of 43 company with 172 company years observations. The table show that environmental disclosure has a positive and insignificant influence on financial performance. So, the conclusion increasing of the value of environmental disclosure will be followed increasing of the financial performance. The result is also different with previous research. Although there are no previous research with the same variable with this variable.

The research Hai Yap Teoh (2002) proved that there are significant influence of environmental disclosure on financial performance. During the period the research using the classified into four themes of environmental disclosure. Because actually the measurement of environmental disclosure in this research by GRI.

Research conduct by Sarah (2002) the poor financial performance justification argument to explain why firms with weak financial performance would tend to provide more extensive pollution disclosures than firms with good financial performance. These firms were motivated to justify their weak financial performance by indicating that heavy pollution-related expenditures might have contributed to this result. Their study was based on a content analysis of pollution disclosure in the annual reports.

Eltaib (2012) found that different industries displayed different levels of social performance since the problems faced by different industries in a given social area could vary significantly. Industry effect should be controlled to take account of the overall differences in corporate social performance among different industries.

Companies that have high profitability is not necessarily doing more social activity because the company is more oriented to see profit. Management is more interested in focusing on the disclosure of financial information. Another argument is that the management feels no need to provide disclosure of the environment because it does not affect the position and compensation that he received. Principle describes the conventional policy; There is a surcharge argue that significant and will eliminate the profit acquisition opportunities to exercise social responsibility, so will lower the profitability.

4.4.2 Company Growth and Financial Performance

The empirical results of the research prove the hypothesis which state the company growth has a positive and significant influence on financial performance. Based on table 4.3, the research state there are positive and significant influence between company growth and financial performance. Company growth at this research measured by using the proportion of increase and decrease total assets of the company. The results of tests have a positive direction means that increasing growth of the company as measured by growth assets profitability will improve significantly.

This research is supported by research by Haruman (2007) that indicates investment high constitute a signal growth in the future. The signal has considered investors as good news that will influence the perceptions investors against of corporate financial performance.

The result of this research is similar to the research conducted by Dewa Kadek (2011) with result company growth has positive and significant influence to the financial performance. Its mean the research hypothesis will be accepted.

4.4.3 Environmental Disclosure, Company Growth and Financial Performance

In order to find out the influence of environmental disclosure and company growth on financial performance simultaneously, we use the F-test to see the relationship between both variable. By looking table 4.4 above, significant value is 0,000 which is less than 0.05. Based on criteria of the research methodology, it will be concluded that hypothesis (H3) is accepted. Therefore, environmental disclosure and company growth has significant influence on financial performance simultaneously. The hypothesis stated that any influence between environmental disclosure, and company growth on financial performance simultaneously.

4.4.4 R-Square Test

The value of R square in table 4.5 is not too strong for natural resource based company. The value is 9,1% which less than 50%, if capability is strong if the R square shows the value more than 50%. So, it can concluded the capability of independent variable to describe the dependent variable in the regression model is only 9,1% and the remaining of 90,9% is influenced by others factor that is not included in the regression model. Actually, even r square testing is low, the value of R square will decrease if any additional independent variable added to regression model, without considering whether the variable added could influence the dependent variable or not.

5. Conclusion

The research aim to get the empirical evidence about the influence of environmental disclosure and company growth towards financial performance on the firm value of natural resource based company that listed on the Indonesia Stock Exchange (IDX). The period of investigation is 2010 to 2013 by using 43 company with total 172 sample.

1. There is positive and insignificant influence between environmental disclosure on financial performance. It indicate if the risk profile will decrease, it can be looks by using the T-Test, the insignificant value of environmental disclosure is 0,224 and T value are 1,219.
2. There is positive and significant influence between company growth on financial performance . it can be looks by using T-Test the significant value of company growth is 0,000 which is less than 0.05 and T value are 3,670.
3. There is significant influence between environmental disclosure and company growth on financial performance simultaneously.it can be looks from the F-Test. Significant value is 0,000 which less than 0.05. based on the criteria of the research methodology. It will be conclude that hypothesis (H3) is accepted.

5.2 Limitation of the study

There are some companies don't publish GRI, so indicators in GRI calculated as manually
This research have limitation that will be considered for the next researcher to get the better result. The limitation of the resesarch is :
The result show that the determinant coeficient (R^2) is 9,1% which is influence of financial performance and there is 90,1% other factor which is not included in this research wich will influence the possibility of financial performance, so next researcher can add the independent variable in order to increase the value of determinant coeficient (R^2) thath will prove the strenght of financial performance

5.3 Implication

For the managerial firm, has a view that investment in environmental disclosure and company growth could be alternative of profitable investment. This study already shows that company growth has positive impact on financial performance that measured by ROA. Management has to use its resource effectively in order to increase performance of the company. While the implication for next research that this study can be used as a guideline for further research into the phenomena of environmental disclosure and company growth, its relationship to financial performance.

5.4 Suggestion

For next researcher, the number of samples that relatively small, it only taking samples for four years and only natural resource based companies makes testing becomes less strong. Future research may use longer observation period to derive a more clear findings regarding to the influence of Environmental disclosure and Company Growth on Financial Performance and also use another sectors of companies listed in Indonesian stock exchange.

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