

ABSTRACT

Environmental disclosure is information about the actions taken by the company to manage the environment. Companies as part of the environment are obliged to protect the environment around them by starting to carry out global policies to more detailed matters. Environmental performance, institutional ownership, and profitability are suspected of influencing environmental disclosure.

This research has two objectives. First, this study aims to investigate the main effect, namely examining the effect of environmental performance, institutional ownership, and profitability on environmental disclosure. Second, this study investigates the moderating effect, namely examining the role of profitability in moderating the effect of environmental performance on environmental disclosure and the role of profitability in moderating the effect of institutional ownership on environmental disclosure.

This study used a quantitative method, purposive sampling was used as a sample selection technique. 18 companies in the energy, raw goods, and primary consumer goods sectors were obtained for the 2019-2021 period, so total number of observation data in this study was 52 data. This study used secondary data type with data analysis techniques, namely panel data regression analysis and moderation regression analysis using Eviews 12.

The results show that environmental performance, institutional ownership, and profitability have a simultaneous effect on environmental disclosure. Environmental performance and institutional ownership positively affect environmental disclosure in contrast to profitability which does not affect environmental disclosure. This research finds that profitability weakens the effect of environmental performance on environmental disclosure. Other results show that profitability cannot moderate the effect of institutional ownership on environmental disclosure. This finding indicates that companies use excess resources to increase investment, not to improve environmental performance and disclosure.

Keywords: Environmental Disclosure, Environmental Performance, Institutional Ownership, Profitability.