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PROPER ASSESMENT AND CORPORATE FINANCIAL PERFORMANCE: CORPORATE SOCIAL RESPONSIBILITY AREA DISCLOSURE AS INTERVENING VARIABLE

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Abstract

This research aims at testing the influence of PROPER assesment on Financial Performance with Corporate Social Responsibility (CSR) Area Disclosure as intervening variable. This PROPER was measured using score given to color ratings issued by PROPER, financial performance was measured using Economic Value Added (EVA), and CSR Area Disclosure was measured by giving scores suitable with the types determined.

The population in this research was manufacturing companies listed in Indonesia Stock Exchange (ISE) and participated in PROPER in the year 2009-2011. The samples were 20 companies obtained using purposive sampling method. The secondary data used were analyzed using regression analysis

The results showed that environmental performance influenced significantly positive on Financial Performance and significanly positive on CSR Area Disclosure, and CSR Disclosure influenced significantly on financial performance

Key words: Environmental Performance, Corporate Social Responsibility Area Disclosure, Financial Perfoemance, Economic Value Added

1. Background

A company is an institution which conducts the production process of goods or services, whose primary goal is to produce a maximum profit. The Company also has an important role in society, namely their products are used and exploited to meet the needs of the community. So it will happen symbiosis mutualism between company and society, where people can enjoy the goods and services produced by the company, while the company's gets the profit from the sale. Companies that have a large income will certainly try to improve their image, for example by providing assistance to the community in the form of scholarships, school construction, aid to victims of natural disasters, and so forth. So that people also assume that the firm is an institution that provides many benefits for them. Over time, the community is now facing with the social impact caused by the company in its operations, such as air pollution, waste pollution, untreated waste and so forth. So the government and the people were demanding that the company can pay more attention to the social impact of its operations. The government itself has set regulation regarding environmental sustainability, such as the TAP MPR No. II/MPR/1998 about the guidelines, stated "Policy Environment sector, among others, about environmental development directed to the environment continue to function as a support and buffer the life of ecosystemand the realization of balance, harmony and dynamic harmony between ecological systems, socio-economic, social and cultural order to ensure sustainable national development (Guidelines, 1998). According to Rakhiemah (2009, 2), Up the above condition arose a new accounting concept that replaces traditional accounting concepts, where the traditional accounting firm limelight limited to stockholders and bondholders, which directly contribute to the company, while the other side is often overlooked. Corporate Social Responsibility (CSR) is a concept in which the new accounting disclosure transparency on social activities or social activities undertaken by the company, the transparency of the information disclosed not only the financial information company, but the company is also expected to disclose information about the social and environmental impacts resulting from company's activities. Since 2002 the Ministry of Environment (MOE) held a PROPER (Performance Rating Program in Environmental Management) in the field of environmental impact management to improve the company's role in environmental conservation program. PROPER through corporate social responsibility is measured by using colors, ranging from the best gold, green, blue, red, black to worst and then announced to the public on a regular basis so that people can determine the level of environmental management on corporate structuring by just looking at the color of existing. Result of the enactment of regulations - the regulations to date implementation is still far from expectations, as evidenced from the number of companies in Indonesia which are members of the black PROPER get ranked in the period 2010 - 2011 which means that the company deliberately did not perform as well as the environmental management efforts required and the potential to pollute the environment. This illustrates there are many companies contributed to the problem of environmental pollution in Indonesia. Hence the necessary arrangements are more specifically about the environmental management problems. And of course, it is proper company that willing to present a report to reveal how they contribute to various social problems that occur in the vicinity. Research on the area of CSR disclosure has also been carried out by researchers prior to being one of the authors in this reference, research conducted by Patricia Everaert, Lies Bouten, Luc Van Liedekerke, Lieven De Moor and Johan Christiaens (2007). In this study they used CSR disclosure area where the focus areas they use are environment, labor practices and decent work, product responsibility, human rights and society. Additionally another study that references the author is research conducted by Dahlia and Siregar (2008). The first research results which indicate that the disclosure of corporate social responsibility has a positive effect on ROE but research results failed to prove the positive influence between corporate social responsibility disclosures by CAR. Besides, this reseach also replicates the research conducted by Ala Rahmawati (2012) with the dependent variable using the return on investment (ROI). Rakhiemah (2009) did not find a positive and significant relationship between environmental performances to financial performance, but to variable environmental performance and CSR disclosure together (simultaneously) have a significant positive effect on financial performance. Both variables reinforce each other so that the impact have significant influence. This is presumably due to the behavior of the actors in the Indonesian capital to be very careful in determining investment decisions so that the performance of the environmental variables did not have a huge effect. CSR disclosures can thus functioning as an intervening variable in the indirect effect of environmental performance on financial performance. In accordance with Sudaryanto (2011) research which makes CSR disclosure as an intervening variable that indirectly affects the environmental performance of the financial performance has a positive and significant relationship. This study measures the extensive disclosures with respect to the type of CSR disclosures made by the company. Each type of disclosure made by the company will be given a score to calculate the area of disclosure. CSR disclosure is extensive measurements that can give an idea of how broad the CSR disclosures made by the company. Authors are using Economic Value Added (EVA) to see its effect on a company's CSR activities if the company managed to maximize the value added. In addition, the calculation of Economic Value Added (EVA) is used independently without the need for comparable data, such as industry standards or other corporate data as a valuation concept. Application of the Economic Value Added (EVA) is easily shown that the concept is a practical size, easy to calculate, and easy to use so that is one consideration in accelerating business decision making. Environmental performance (Corporate Social Responsibility) when directly connected to the financial performance does not affect the amount of a company's Economic Value Added. Thus, the associated CSR Disclosure Area as indirect influence between environmental performances to financial performance. Because CSR will be a revealer of environmental performance to the public and investors that CSR as interrupters or a third party will affect the company's financial performance. Based on the above, the research problem can be formulated as follows: (1) Is the environmental problems can affect the performance of corporate social responsibility disclosure? (2). Is the environmental problems can affect the performance of corporate financial performance?, And (3). Is the disclosure of corporate social responsibility disclosure has a certain effect on corporate financial performance?

2. Literature Review and Hypothesis Development

a. Legitimacy Theory

Some learning about social and environmental disclosure has been done using the theory of legitimacy as a basis to explain the practice. Dowling and Pfeffer (1975) in Ghozali and Chariri (2007; 56) explains that legitimacy theory is very useful in analyzing the behavior of the organization: "Because legitimacy is important for the organization, the constraints imposed by the norms and social values, and the reactions to the restrictions encourage the importance of organizational behavior analysis with respect to the environment". Due to the influence of the public can determine the allocation of financial resources and other economic resources, companies tend to use performance-based environment and disclosure of environmental information to justify or legitimize the company's activities in the public eye. Unlike the stakeholder theory which states that the company and its management to act and make a report in accordance with the wishes and power of different stakeholder groups, legitimacy theory focuses on the interaction between the company and the community. Dowling and Pfeffer (1975: 122) give a logical reason about the legitimacy of the organization and said the following: The organization seeks to create harmony between the social values inherent in the activity with behavioral norms that exist in a social system in which the organization is part of the system. During these two value systems are aligned, we can see it as a legitimate company. When misalignment occurs between the actual or potential value of the two systems will eat no threat to the legitimacy of the company. Underlying the theory of legitimacy is the social contract that occurs between companies and the communities in which it operates and the use of economic resources. Shocker and Sethi (1974: 67) provide an explanation of the concept of the social contract as follows: "All social institutions are no exception company operates in society via a social contract in which either explicitly or implicitly survival and growth based on (1) The final result (output) which can be given to socially wider community, and (2) Distribution of economic benefits, social or political to the group according to the power they have.

In a dynamic society, there is no source of institutional power and the need for permanent care. It is therefore an institution must pass the test of legitimacy and relevance by demonstrating that society does need the services of companies and groups that benefit from the receipt of the award actually received public approval. Deegan and Rankin (1997) in (Rahmawati 2012, 17) revealed legitimacy theory is not only organization should look into account the rights of investors in general but also should pay attention to the rights of the public. In an effort to gain legitimacy, corporate social and environmental activities that have implications on the reporting of accounting and disclosure in the annual report of the company through social and environment reporting published. Deegan (2004) in Anggraeni (2011: 18) states, legitimacy theory asserts that the company continues to strive to ensure that they operate within the framework and norms that exist in the community or the environment in which the company is, where they are trying to ensure that their activities (the company) accepted by outsiders as a "legitimate". Legitimacy of the organization can be seen as something that is given to the company and the community something to be desired or sought from the public company (O'Donovan et al, 2002: 17) reveals.

Thus, legitimacy can be regarded as a benefit or a potential source for the company to survive. Therefore, this theory emphasizes the legitimacy of the company in conducting its activities need to consider alignment of norms and social values in order to be recognized and accepted in their environment. It is important to maintain the existence of a company.

b. Signalling Theory

This theory emphasizes the importance of information to the decision issued by an investment company parties outside the company. Information is an important record of a company in the past, today and in the future. Signaling theory suggests the existence of asymmetric information between corporate management and interested parties with the information and suggested in how companies providing signals to users of financial statements. Information published as an announcement will give a signal to investors in making investment decisions. If the notice contains a positive value, it is expected that market participants will react at the announcement time and accepted by the market participants. The signal can be either promotional or other information that states that the company is better than another company (Jogiyanto, 2000: 20). If a company has a high financial performance, it can give a positive signal to investors or the public through financial statements or annual reports to be disclosed.

c. Hypothesis Development

Performance is a concept of stakeholders. According to Waddock and Graves (1994) in Zuraedah (2010: 45), there are three groups that could explain the relationship of CSR and financial performance (a) Negative Correlation, (b) There is no correlation, and (c) The positive correlation.

Stakeholder theory view social responsibility as an investment not a cost. There are 2 sub of this theory, namely (1) Slack resources. This sub-group found that high corporate financial performance will make the company have a great advantage and excess funds to invest. The fund can be invested in environmental management as a form of social responsibility to the firms, and (2) Good Management. This sub-group believes that the ability of management to address the interests of all stakeholders be seen as a good reputation that will enhance the company's image and gain a cost advantage over other companies comparability.

The traditional view of the firm argues that the company's obligation is to make a profit and meet the needs of shareholders. Meanwhile, according to the company pick socioeconomic found liable not only for shareholders, but also to protect the public. This is what underlies the theory of stakeholders. Stakeholder theory argues that there are others that should be considered by companies, such as communities, governments, competitors, political parties and so on. According to Freeman et al (2004) in Indrawan (2011:11, stakeholders theory is a theory of organizational management and business ethics that considers the moral and value in the management of an organization. Companies are securing resources for the business activities of the outside environment. Therefore, it is important for companies to comply with the rules that have governed the government in terms of environmental performance. According to this approach, an organization will strive to meet the demands of environmental groups such as employees, suppliers, and investors as well as society (Robbins and Coulter, 1999) Indrawan (2011: 12). CSR disclosure by Nuryana (2005) in Rahmawati (2012: 40) gives the definition of CSR as an approach whereby companies integrate social concerns in business operations and in their interaction with stakeholders hands (stakeholders) based on the principle of voluntary and partnership. CSR Disclosure Area is a form of corporate responsibility to some areas that have been determined. CSR itself has an important role for the community in which the companies through it's programs try to influence people's perception of their operations. Thus, the first hypothesis of this study is

H1: Environmental Performance positively effects Corporate Social Responsibility Disclosure Area.

Performance is one concept of Triple Bottom Line. Triple Bottom Line concept was first introduced by John Elkington in 1994. Tripple bottom line consists of social equity (people), economic property (profit), and environmental protection (planet). The concept of the triple bottom line with stakeholder theory, the firm is not only be focus on stakeholders, but also society. In connection with the concept of stakeholders, then triple bottom line is a medium that is appropriate to discuss the relationship environmental performance and financial performance of the company. According to Elkington (1997) in Zuredah (2010: 33), the company that wants to survive in the long term (sustainability), in addition to pursuing economic (profit) companies also have to pay attention and be involved in fulfilling the welfare of stakeholders (people), and actively contribute protecting the environment (planet). Where it is described as follows:

• Profit (profit). Financial incentives in the form of profit are paramount and the main goal in any business activity. So the main focus of activity of the company is to make a profit or increase the value of the company as high, either directly or indirectly, resulting in increased returns for shareholders and push up the company's stock price. This is a form of company's responsibility which is most important for the shareholders as stakeholders.

• People (stakeholders). The existence of stakeholders is crucial for the survival of the company. According to Elkington (1997) in Rahmawati (2012: 34), there are two types of stakeholders, namely: traditional stakeholders and stakeholder emergening. Shareholders, lenders and the government are included in the traditional stakeholders. Employees, consumers, organizations, academia, associations, traders, community, future generations and the Earth are the emergening stakeholders. According to the concept of tripple bottom line, long-term benefits (sustainability) can be achieved when companies consider the interests between the two stakeholders.

• Planet (environment). As a form of accountability to stakeholders, the company is required to perform social responsibility in preserving the environment.. In carrying out its activities as container companies require environmental advocates and facilitators. Therefore, companies are required to preserve the environment. Conclusions of the theory of the triple bottom line is a company always rely on traditional, emergening stakeholders and environmental conditions in achieving economic profit. The process of increasing the value of the company should be in accordance with applicable law and ethics and should be in line with the interests between the two stakeholders. According to (Almilia and Vitello (2007) in Aldilla (2011: 17), there is a significant difference between environmental performance with economic performance. Companies use their annual report to describe the impression of financial responsibility and the environment, so that they are accepted by society. With the acceptance of the public, it is expected to increase the value of the company, thus increasing company profits. Thus the second hypothesis of this study is:

H2: Environmental performance has a positive effect on financial performance.

Influence of Corporate Social Responsibility (CSR) Disclosure Of Financial Performance Areas (EVA).

Relationship between CSR to financial performance can be attributed to signaling theory which gives the signal information from the results of the performance of the company to the outside community. Provide information about the performance of the companies listed in the financial report that the results of the company’s performance are better than other companies. With this, the company expects the signal was responded by the people and the capital markets. Lajili and Zeghal (2006) found that companies disclose more human capital (which is part of CSR) have better financial performance than companies that are slightly revealing such information. Thus, the third hypothesis of this study is:

H3: Corporate Social Responsibility Disclosure Areas has a positive effect on financial performance (EVA)

d. Research Framework

This study used two research conducted variables, namely independent and dependent variables. Where the independent variable is the environmental performance and the dependent variable is corporate social responsivility (CSR) disclosure and financial performance of a company.

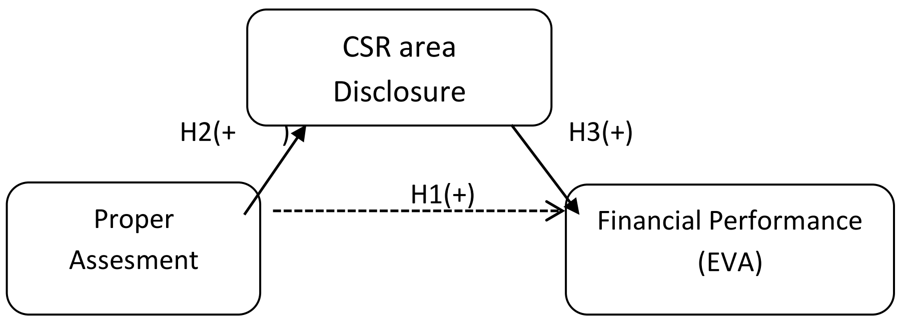

Figure 1: Theoritical Framework

3. RESEARCH METHODOLOGY

a. Population and Sample.

Population is the complete group of elements, which is usually a person, object, transaction, or occurrence in which we are interested to learn or become the object of study (Kuncoro, 2009: 118). The population in this study are all manufacturing companies that have been listed on the Stock Exchange (Indonesia Stock Exchange) 2009-2011. Chooses an industry group manufacturing industry as a population that is intended for the manufacturing industry is more closely related to direct production so that the effects of waste that can pollute the environment and surrounding communities greater, and in addition it has the largest number of manufacturing firms than other sectors .. The sampling method used was purposive sampling in order to obtain a representative sample in accordance with the specified criteria. Sample selection criteria used are as follows:

1. Companies engaged in manufacturing that went public and was listed on the Indonesia Stock Exchange during the years 2009-2011.
2. Manufacturing company in the field of basic industry, and chemicals listed in Indonesia Stock Exchange in 2009-2011
3. Company manufactures basic chemicals industry, and who has followed the Performance Rating Program in Environmental Management (PROPER) 2009-2011. The following assessment criteria are already in the elimination samples in accordance with the analysis in the study.

Company which is the basic industry sector and the chemicals listed in the Indonesia Stock Exchange (IDX) is numbered 52 companies, while the manufacturing companies in the fields of basic chemicals industry, and who have followed PROPER during the analysis was 20 companies.

b. Definition of Research Variables

The independent variable in this study is the environmental performance of the company. Environmental performance is measured from the achievements of the company to follow the PROPER program. This program is one of the efforts made by the Ministry of Environment (MOE) to encourage compliance of companies in environmental management through information instruments. PROPER Assessment Criteria contained in the Minister of Environment No. 5 of 2011 on Corporate Performance Rating Program in Environmental Management. In general, the performance ratings PROPER divided into 5 colors, namely Gold: It is excellent, score = 5, Green: Good, Score = 4, Blue: Average, Score = 3, Red: Poor, Score = 2, and cBlack: Very Bad, Score = 1. CSR used in this study is the area of CSR disclosure, disclosure of CSR area seen from the annual reports of manufacturing companies and industry fields of chemicals listed on the Stock Exchange Indonesia. Disclose of corporate social responsibility expressed by the company related to its social activities include economic, environmental, labor practices and decent work, human rights, society and product responsibility. Extensive corporate social disclosure was measured by the method of content analysis (content analysis). Extensive disclosure of social and environmental responsibility in question is the level of compliance and full disclosure of the extent of social and environmental information by the type of attention enterprises.With disclosure made by each firm sampled in this study, then search disclosure and responsibility social and environment will be carried out in view of the type of company's annual report disclosures. Each disclosure be scored to calculate the area of each type. Score for 0,1,2,3, and 4.Skor 0 (zero) is given if the company does not disclose information about corporate social responsibility, a score of 1 (one) if the company revealed it descriptive/narrative alone, a score of 2 (two) awarded if the company revealed in a narrative that has the value/number (descriptive quantitative non-monetary), a score of 3 (three) granted if the companies disclose the value of the narrative that comes with money (monetary quantitative descriptive), and a score of 4 (four) awarded if the company revealed in descriptive quantitative monetary equipped with tables or graphs (Rhisma, 2012: 38). The scoring is consistent with the explanation of which is expressed by Harold. D.Lasswell as a pioneer of the content analysis, it is written in a book called Content Analysis.

The dependent variable is the variable that is affected by the magnitude of the independent variable. The dependent variable in this study is the financial performance of companies listed on the Indonesia Stock Exchange. In this study, the dependent variable is the firm's financial performance, measured by Economic Value Added (EVA) (Y). Economic Value Added (EVA) is a measure of financial performance by measuring the difference between the return on capital firm with capital costs.

c. Data Collection Techniques

Data used in this study is secondary data that the company's annual report 2009-2011. The data obtained from the Indonesian Capital Market Directory (ICMD) which listed in IDX. Other supporting data obtained through the official website of the Indonesia Stock Exchange in http://www.idx.co.id. Then the data is required in financial statements that can be processed to obtain the value of EVA companies. While data on the environmental performance variables obtained from the database of the Ministry of Environment. Data collection methods used in this study is the documentary method, because the data collected in the form of secondary data in the form of financial statements of companies that serve as research subjects. While data collection techniques is using purposive sampling to search for all the annual reports of companies that have issued by each company in accordance with the availability of the data reported in IDX annually available. So these are 20 samples in this study, the sample companies in this study to be attached in the appendix.

d. Analysis Thecnique

Multiple regressions is a regression which involves two or more independent variables (Asngari, 2011: 31). The test results will provide the results of the rejection or acceptance of the research hypothesis. Equations to test the overall hypothesis in this study are as follows:

$$\mathbf{Y = \beta 0 + \beta 1X1 + \beta 2X2 + e}$$

Description:	Y	= CFP
	(X1) Environment Performance	= PROPER
	(X2) CSR	= CSR
	β0	= constant
	β1, …, β3	= coefficient
	e	= Error

Linear regression analysis and path analysis used to test this hypothesis. Path analysis is an extension of multiple regression analysis, or in other words, path analysis is the use of regression analysis to estimate the causal relationships between variables that have been previously defined by the theory. The equations include the following:

CSR = a + b PROPER + e1
CFP = a + b PROPER + b2 CSR + e2

4. FINDING AND DISCUSSION

Descriptive analyzes were undertaken in order to provide an overview of the variables used in the study. This study used two independent variables namely PROPER Assessment and Corporate Social Responsibility (CSR) Disclosure Area. The dependent variable in this study is using a proxy Financial Performance with Economic Value Added (EVA). The data used in this study for each of the variables obtained from 20 samples of the company multiplied observation period (3 years ie 2009-2011) obtained the amount of data as much as 60. This sample of 20 broad CSR 2009-2011 smallest is 1 and the largest scale is the scale of 4. The average of the broad CSR disclosure is 2 with its standard deviation is equal to 0.78041 at. As for the variable and EVA Proper each have an average of 3:08 and 15:02, the standard deviation for the two variables are respectively 0.76 and 265.98. To analyze the effect PROPER Assessment and Corporate Social Responsibility (CSR) Disclosure on Financial Performance (EVA) on the companies listed on the Stock Exchange 2009-2011 conducted multiple regression analysis. Financial performance will be used as the dependent variable (Y) which is influenced by PROPER Assessment and CSR (X1, X2). The regression equation is as follows

Y= -0,289 + 0,295 (PROPER) + 0,325 (CSR) + e

Description:

Y = Financial Performance
(X1) = PROPER (Environmental Performance)
(X2) = CSR

The equation shows that the value of the company was affected by the judgment PROPER and CSR. Based on the results of the linear regression equation above, it can be concluded that the Environmental Performance (variable X1) affect a positive influence on EVA (variable Y) where each increment X1 (Assessment PROPER) will result in an increase in the variable Y (Financial Performance). Similarly, for the area of CSR disclosure (variable X2) also has a positive effect on market structure, where each increment variable X2 (CSR) will result in an increase in the variable Y (Financial Performance). Is the constant value of - 0289, meaning that if there is no PROPER assessment and the company does not undertake CSR, then the value is equal to -0,289. Financial assuming other variables that can affect the considered fixed. In the regression equation that an increase PROPER 0295, meaning that the bulls PROPER Assessment of units will increase the value of Financial Performance for 0295. Similarly to CSR for 0325 CSR means that the increase of the unit will increase the value of Financial Performance for 0325. To test how far the ability of our model in explaining the dependent variable (good of fit), ie by calculating the coefficient of determination (adjusted R^2). The larger the adjusted R^2 an independent variable, it shows the dominant influence on the dependent variable independent variavel. Of the test data obtained that equation 1 Adjusted R2 values for 0057. This means that the overall structure is influenced by variations PROPER Assessment by 5.7%. While the remaining 94.3% is explained by factors other than the independent variable. Testing data is obtained that equation 2 Adjusted R2 value of 0.176. This means that the overall variation is influenced by variations in the structure of the two independent variables PROPER Assessment and

CSR amounted to 17.6%. While the remaining 82.4% is explained by factors other than the independent variable. Multiple linear regression equation to equation 1 as follows:

CSR = 1,015 + 0.269 (PROPER)

Multiple linear regression equation based on the regression coefficient of 0.269 PROPER coefficients indicates a positive relationship between the variables PROPER towards CSR From the results, it can t be discussed that environmental performance has positive influence on Corporate Social Responsibility Dsiclosure Area. Berdaasarkan Test - t obtained significant level 0.037. Due to a significantly smaller rate of 0.05, and the value of t is positive, then the variable Proper positive significant effect on CSR. Thus H1 is accepted.

Multiple linear regression equation of equation 2 as follows:

CFP = -0289 + 0.295 (PROPER) + 0.325 (CSR)

Based on the multiple linear regression equation above PROPER regression coefficient of (+) 0.295 coefficient indicates a positive relationship between the variables PROPER on financial performance. CSR regression coefficient is (+) 0.325. The coefficient indicates a positive relationship between the variables of CSR to financial performance. From the test results, it can be discussed the proposed hypothesis as follows?

1. Corporate environmental performance has a significant value of 0.003. Significant value is greater than 0.05. With t is positive. Based on this it can be concluded that the environmental performance of a significant positive effect on financial performance. Then H2 is accepted.
2. CSR Disclosure area has significant value 0.004. Significant value is greater than 0.05. With t is positive. Based on this it can be concluded that CSR Disclosure Areas has positive significant effect on financial performance. Then H3 is accepted.

CSR = 1,015 + 0.269 (PROPER)

CFP = -0289 + 0.295 (PROPER) + 0.325 (CSR)

Effect of mediation shown by multiplication coefficient (ab) needs to be tested with Sobel test. By using web applications Sobel Test Calculators, a score is t = 1.730. Therefore t = 1.730 is greater than t table with a significance level of 0.05 is equal to 1.672, it can be concluded that there is a mediating effect of corporate social responsibility (CSR) disclosure Area in relation to the environmental performance of corporate financial performance (CFP). In this study the authors encountered some difficulties in testing the results, but after making changes to the data in the form of log the problems of SPSS can be resolved. There are 2 results in SPSS hypothesis testing in this study, except for a statistical test - f. This is done in order to explain the relationships of these three variables. Model 1 in hypothesis testing is used to describe the relationship of CSR Disclosure Areas for Assessment PROPER, and model 2 is used to describe the relationship PROPER Assessment Area and CSR Disclosure on Financial Performance.

Influence Assessment Area PROPER on CSR Disclosure

CSR is a way to set the company's business processes to produce a positive impact on the community. Mutualistic relationships can be created so that not only the company that lucky because the ultimate goal is reached that is making a profit, but also the community and the environment will benefit from the existence of the company, so that the public and the environment are willing to accept the existence of the company even care for ensuring the sustainability of the company. According Verrechia, (1983) in Rahmawati (2012: 61) with his theory of discretionary disclosure as to say they believe that good environmental performance by revealing their meaning describes good news for market participants. Therefore, companies with good environmental performance should express the quantity and quality of environmental information better than companies with a worse environmental performance (Sudaryanto, 2011: 29). This relationship is based on the theory of legitimacy, the social contract between companies and communities where it operates. Dowling and Pfeffer (1975) in Ghozali and Chariri (2007; 56) explains that legitimacy theory is very useful in analyzing the behavior of the organization: "Because legitimacy is important for the organization, the constraints imposed by the norms and social values, and the reaction to the restrictions encourage the importance of organizational behavior analysis with respect to the environment". Information which has been issued by the Ministry of Environment regarding the environmental performance of companies which although directly or indirectly will affect the company, the capital market would be showing a response to any such information. Environmental performance of companies that disclosed by the Ministry of Environment will be a major driver of the company to disclose in CSR. Major influence on the environmental performance of CSR has influence rate 5.7%. The research findings support previous studies such as Al-Tuwaijri, et al (2004) and Sudaryanto (2011) who found a significant positive relationship between environmental performances with CSR disclosure. In addition, research conducted Suratno et al (2006) obtain the same result, namely Environmental performance is a significant positive effect on environmental disclosure

Influence PROPER Assessment on the financial performance (EVA)

Based on the theory of legitimacy influence wider society to determine the allocation of financial resources and economic resources, companies tend to use performance-based environment and the disclosure of environmental information to justify or legitimize the activities of the company in the public watching. Legitimacy theory asserts that the company continues to strive to ensure that they operate within the framework and norms that exist in the community or the environment in which the company is, where they are trying to ensure that their activities accepted by outsiders as "legitimate" (Deegan, 2004 in Anggraeni 2011: 18). Legitimacy theory with regard to the environmental performance of the CFP is the case when the misalignment between corporate value system and the value system of society (legitimacy gap), then the company may lose its legitimacy which would further threaten the survival of the company (Lindblom, 1994 in Rahmawati, 2012: 43). Legitimacy is important to the organization, therefore the constraints imposed by the norms and social values, and the reaction to the restrictions encourages analytical importance of organizational behavior with respect to the environment. Companies use their annual report to describe the impression of financial responsibility and the environment, so that they are accepted by society. With the acceptance of the public is expected to increase the value of the company, thus increasing company profits. This provides an explanation that gives the company's environmental performance due to the financial performance as reflected by the level of Economic Value Added (EVA) per company know. These results indicate that the information has been issued by the Ministry of Environment regarding the environmental performance of the company will directly affect the economy of a company as measured Economic Value Added firm. The research findings support previous research that indicates the environmental performance affects the company's financial performance, such as Al-Tuwaijri, et al et al (2004) and Suratno et al (2006) which showed a significant effect between environmental performances to financial performance. The environment performance will affect to increase economic value of a company. Almilia and Vitello (2007) found that a significant difference between environmental performance to financial performance.

Effect of CSR Disclosure area of financial performance (EVA)

Disclosure of the financial performance of the company performance is good news for market participants. Therefore, companies need to disclose information and the quality of the environment that the company is said to have good environmental performance. From an economic perspective, the company would disclose information if such information would increase the value of the company (Verecchia, 1983 in Suratno, et al, 2006: 37). The company is expected to gain social legitimacy, and maximize long-term financial strength by implementing CSR (Kiroyan 2006 in Sudaryanto, 2011: 47). This suggests that companies are implementing CSR would expect a positive response by market participants. Based on the theory of legitimacy by having a high environmental performance will be higher then the disclosure, the disclosure will be listed in the annual report to the public and capital markets will determine the performance of the company (Listyanti 2011 in Rahmawati, 2012: 46). The information in the financial statements of the company have a very important role in the capital markets, both for individual investors and for the market as a whole. For investors, information important in making an investment decision, while utilizing market information to achieve a new equilibrium price. Investors not only include profit as the only consideration, but investors are beginning to see disclosure of corporate social responsibility to the environment. Relationship between CSR to financial performance can be attributed to signaling theory which gives the signal information from the results of the performance of the company to the outside community. Provide information about the performance of the companies listed in the financial report that the result of the company’s performance is better than other companies. With this, the company expects the signal was responded by the people and the capital markets. Companies disclose more human capital (which is part of CSR) have better financial performance than companies that are slightly revealing such information. These results indicated that the company would reveal the internal report to external parties to incerase economic activities that can improve the company's economic value added company. This study also supports research last year Al-Tuwairi et al (2004) which stated that corporate social responsibility disclosure by the corporate have significant positive effect of corporate financial performance. But this study does not support the research last year research and Agustian Rakhiemah (2009) which states there is no significant relationship between corporate social responsibility disclosures in corporate financial performance.

CSR Disclosure Area as Intervening

Iintervening variables are variables that theoretically affect the relationship between the independent variables and the dependent variable being indirect relationship and can not be observed and measured. This variable is a variable interrupters/between the dependent and independent variables, so that the independent variables do not directly affect the change or the onset of the dependent variable. Results of this study indicate that CSR disclosure area can serve as an intervening variable in the indirect effect on the performance of financial PROPER Assessment, proved the value of t = 1.730 is greater than t table with a significance level of 0.05 is equal to 1.672, it can be concluded that no effect mediation of corporate social responsibility (CSR) disclosure Area in relation to the environmental performance of corporate financial performance (CFP). This study supports the research conducted by Noor Aldilla Rakhiemah (2009) which states that CSR disclosure can serve as an intervening variable in the indirect effect of environmental performance on financial performance. In addition, this study also supports research conducted by Ala 'Rahmawati (2012) which states that CSR disclosure serves as an intervening variable between environmental performance against Cororate Financial Performance.

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. Results of data analysis showed that the Environmental Performance has significant positive effect on CSR Disclosure Area. These results show that the information has been issued by the Ministry of Environment regarding the environmental performance of the company which, although directly or indirectly, will affect the company, the capital market would show a response to any such information. Environmental performance of companies that disclosed by the Ministry of Environment will be a major driver of the company to disclose in CSR.
2. Data analysis showed that the effect of the company's environmental performance has a significant positive impact on financial performance. These results indicate that the information has been issued by the Ministry of Environment regarding the environmental performance of the company will directly affect the economy of a company as measured Economic Value Added firm.
3. Data analysis showed that the area of CSR Disclosure has a significant positive effect on financial performance. These results indicated that the company would reveal the internal report to external parties to increase economic activities that can improve the company's economic value added company.
4. Results of this study indicate that CSR disclosure area can serve as an intervening variable in the indirect effect on the performance of financial PROPER Assessment, it can be concluded that there is a mediating effect of corporate social responsibility (CSR) disclosure area in relation to the environmental performance of corporate financial performance (CFP).

Limitations of Research

1. The sample used only industrial companies listed on the Indonesia Stock Exchange (IDX) making it less representative for the entire company in Indonesia.
2. The sample used in this study only three variables: environmental performance, corporate social responsibility and corporate financial performance disclosure so that these variables are not fully explain the relationship with the company's financial performance.
3. This study only sees the media reporting of corporate social responsibility in determining the annual report disclosure.
4. Observations period are limited to only three years 2009-2011, so it may not be able to describe the real situation regarding disclosure practices and CSR

Suggestion

1. Conduct another investigation in the future by adding sample, as examples of companies mining and oil and gas industries are also regulated environmental disclosures in IAS.

2. The future research is suggested to perform retesting using financial ratio variables, firm size, and whether the investment is a category of foreign direct investment (FDI) or domestic investment (DCI) as a control variable. Companies with investment category of foreign investment (PMA) allegedly more concerned about corporate responsibility for the environment around compared to the category of companies with domestic capital investment (DCI).
3. Looking for additional media besides the annual report to measure the level of disclosure of Corporate Social Responsibility for media companies to disclose in other publications such as corporate websites.
4. CSR measurements can be carried out using more than 2 Panelists so as to minimize subjectivity CSR assessment.
5. Then also further research can increase the number of samples studied both years of observation and type of company, thereforet the results obtained can be better.

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