



The Effect of Company Reputation, *Listing Period*, Profitability and Independent Auditors on Environmental Accounting Disclosure in Indonesia

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Abstract

Issue of climate change and environmental damage as a consequence of company activities is becoming more urgent. Demands for accountability and social responsibility from companies are increasing in Indonesia. *Disclosure accountancy environment* is still limited, although it provides a positive and profitable image. This research aims to test and prove the influence of company reputation, listing period, profitability, and independent auditors on *disclosure accountancy environment* both partially and simultaneously. This research is motivated by the fact that *disclosure accountancy environment* still presents a significant opportunity for further research, especially in Indonesia, where studies remain limited. A quantitative approach was used with secondary data collected through www.idx.co.id. Data were analyzed using multiple linear regression with the aid of Eviews 10 software. The findings indicate that company reputation has a significant influence on *disclosure accountancy environment*. However, listing period, profitability, and independent auditors were not found to have a direct influence on *disclosure accountancy environment*. Additionally, simultaneously, the independent variables collectively have a significant influence on *disclosure accountancy environment*.

Keywords: environmental accounting disclosure; independent auditor; period *listing*; profitability; reputation.

INTRODUCTION

Climate change, which has become a general issue in global society, is the cause of many natural disasters occurring around the world today. Companies today are required to *disclose information environment* in their operations. Through *disclosure accountancy environment*, companies can project a positive image, gain benefits in maintaining sustainability efforts, and generate profit, as well as offer potential advantages for accountants in reporting. The phenomenon of *disclosure accountancy environment* has become increasingly widespread in recent years. This is driven by several factors, among others, the growing public awareness of environmental issues, which leads to greater demand for companies to be more responsible and accountable toward the environment (Anggreni K et al., 2022). Protection of the environment and engagement of accountants in environmental matters have become a common conversation among accountants worldwide (Ja'afar et al., 2021).

Another phenomenon observed in some studies mentions that in the Asian region, research about sustainability reporting is still limited, whereas in developed countries, it has been extensively conducted. This motivates studies focused on *disclosure accountancy environment* in the form of sustainability reports in developing countries such as Indonesia (Meutia et al.,

2021; Friendly & Anita, 2022).

Environmental problems that have occurred in Indonesia, related to industrial growth, have caused major environmental issues. This results in increased demands for company accountability and social responsibility in business practices. Concern from stakeholders regarding sustainable environment means that mere company statements are insufficient to address environmental issues or improve reputation (Dewi, 2020). Older companies are also said to participate more in and report *social and environmental practices* because the costs incurred are considered cheaper than those for smaller companies (Friendly & Anita, 2022).

Previous research by (de Villiers et al., 2011) shows a positive connection between company reputation and *disclosure accountancy environment*. According to (Friendly & Anita, 2022a), listing period has a positive effect on *disclosure accountancy environment*. Differences also occur in the relationship between profitability and *disclosure accountancy environment*: research by (La Soa et al., 2017) shows profitability positively influences *disclosure accountancy environment*, which contrasts with (Udosen, 2022), who finds no influence of profitability on environmental disclosure.

Audit firms with reputable and professional capacity in environmental accounting tend to support companies in evaluation, consultation, and fulfilling needs. Thus, companies are more likely to choose Big 4 audit firms, which is considered beneficial for increasing information transparency (Nguyen et al., 2020). However, research conducted by (Chand et al., 2022) states that auditor independence does not significantly influence *disclosure accountancy environment*, as companies using Big 4 or non-Big 4 auditors do not differ significantly in environmental disclosure.

The object of this study is companies in the basic materials sector listed on the Indonesia Stock Exchange. This sector is chosen because basic materials companies are directly related to material processing, which can result in waste and environmental damage, such as deforestation and harm to local communities' livelihoods. Therefore, companies must provide responsible social responses that cannot be ignored. From the benefits perspective, this contributes to becoming sustainable companies, improving connections with government and regulatory bodies, and enhancing reputation.

The motivation for this study arises from the fact that *disclosure accountancy environment* still presents a significant opportunity for further research, especially in Indonesia, where such studies remain limited (Abu, 2020). Due to differences in previous research findings, this study aims to examine the influence of company reputation, listing period, profitability, and independent auditors on *disclosure accountancy environment* in Indonesia.

METHOD

This research focused on companies within the basic materials sector.

This sector comprised companies that supplied standard materials to other industries, such as construction materials, chemicals, metals, minerals, and forestry and paper products.

The research method used was quantitative, meaning it utilized numerical data. This study employed a cross-sectional data type, meaning data covering one or more variables were collected at a specific point in time. The research was conducted on basic materials companies listed on the Indonesia Stock Exchange (IDX) using data from the 2020–2024 period.

The population for this study consisted of 59 basic materials companies listed on the Indonesia Stock Exchange. The sampling method employed was purposive sampling, aiming to find samples consistent with the research objectives. A total of 32 basic materials companies were selected, covering a five-year period, resulting in 160 data points for analysis. A quantitative approach was used, with secondary data collected through www.idx.co.id.

The study analyzed data using classic assumption tests such as the Normality Test, Multicollinearity Test, and Heteroscedasticity Test. Following these, Multiple Linear Regression Analysis, Coefficient of Determination (R²), and Hypothesis Tests (t-test and F-test) were performed with the aid of Eviews 10 software.

RESULTS AND DISCUSSION

This study includes three classic assumption tests: the normality test, multicollinearity test, and heteroscedasticity test.

The normality test results show a probability value of 0.000000, which is less than 0.05. Therefore, it can be concluded that the data is not normally distributed. However, based on the Central Limit Theorem, if $N > 30$, it can be assumed that the data meets the normality assumption. The amount of data in this study is 160, which is greater than 30, so it can be concluded that the data is normally distributed (Febriyanto dkk., (2023); Napitupulu dkk., (2021)).

The multicollinearity test results in this study indicate that the correlation coefficient between variables is less than 0.90. Thus, it can be concluded that there is no multicollinearity, or the data passes the multicollinearity test. The heteroscedasticity test results show the residual value is between 2 and -4, meaning it does not cross the limits of 500 and -500 ($2 < 500$ and $-4 > -500$). This indicates that the residual variance is consistent. Therefore, it can be concluded that no heteroscedasticity symptoms occur, or the data passes the heteroscedasticity test (Napitupulu et al., 2021).

Multiple linear regression analysis aims to determine the magnitude and direction of each independent variable—namely company reputation (RP), listing period (PL), profitability (PF), and independent auditor (AI)—on the dependent variable, environmental accounting disclosure (ENVI). Below is the information generated from the multiple linear regression analysis using the Eviews 10 program, namely:

Table 1 Analysis Multiple Linear Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.482281	0.280814	-5.278512	0.0000
RP	0.190435	0.067652	2.814917	0.0057
PL	0.102010	0.014017	7.277765	0.0000
PF	0.004236	0.004414	0.959656	0.3391
AI	0.401997	0.162861	2.468347	0.0149
Effects Specification				
Cross-section fixed (dummy variables)				

Based on results analysis regression in table 1 above, found equality multiple linear regression as following:

$$Y_{it} = 0.588712 + 0.171114 X_{1it} + 0.001537 X_{2it} - 0.001442 X_{3it} - 0.060239 X_{4it} + e_{it}$$

Hypothesis Testing

Efficiency Test (Adjusted R2)

The coefficient of determination in this study shows an Adjusted R2 value of 0.041738. This value indicates that the independent variables, consisting of Company Reputation (RP), Listing Period (PL), Profitability (PF), and Independent Auditor (AI), can explain 4.1738% of the dependent variable, Environmental Accounting Disclosure (ENVI). The remaining 95.8262% (100% - Adjusted R2 value) is explained by other variables not included in this research model. Other variables that could influence environmental accounting disclosure, based on previous research, include company size, leverage, etc.

Partial Test (T-Test)

The Partial Test (T-Test) was conducted to observe the individual influence of each independent variable on the dependent variable. The results of the T-test for the regression model in this study are as follows:

Table 2 Hypothesis Test Partial Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.588712	0.060458	9.737474	0.0000
RP	0.171114	0.052080	3.285603	0.0013
PL	0.001538	0.002203	0.698183	0.4861
PF	-0.001443	0.003857	-0.374161	0.7088
AI	-0.060239	0.078580	-0.766602	0.4445

Based on mark probability in Table 2, the RP has influence significant to disclosure accountancy environment. Meanwhile that PL, PF and AI are not influential significant to disclosure accountancy environment.

Test in Simultaneous (F-Test) basically show whether all the independent variable in question in study have influence in a way simultaneously (together) against variables dependent. From the results F test obtained as following:

Table 3 Simultaneous Hypothesis Test Result

R-squared	0.065845	Mean dependent var	0.703125
Adjusted R-squared	0.041738	SD dependent var	0.318718
SE of regression	0.311996	Akaike info criterion	0.539096
Sum squared residual	15.08790	Schwarz criterion	0.635196
Log likelihood	-38.12772	Hannan-Quinn criter .	0.578119
F-statistic	2.731355	Durbin-Watson stat	1.148860
Prob(F-statistic)	0.031117		

Based on mark probability of F count of $0.031117 < 0.05$, It means reputation company, listing period, profitability and independent auditor influential in a way simultaneous to disclosure accountancy environment.

Discussion

Based on results analysis of the data above, results testing against 5 (five) hypotheses study are as follows.

Influence of company reputation to environmental accounting disclosure

Research results show that company reputation matters positively and significantly to *disclosure accountancy environment*, meaning that companies with a better reputation tend to be more transparent in disclosing information related to the environment. These findings align with legitimacy theory, which states that companies strive to maintain their social image to operate while fulfilling the expectations of the community and stakeholders (Deegan, 2002). Companies with high reputation tend to increase *disclosure environment* to avoid threats to their reputation, such as criticism from the media, and to build an image as responsible entities that provide appropriate responses.

This is consistent with research by Wahyuningsih et al. (2024), which found that companies listed on higher sustainability indexes actively disclose their environmental performance. Thus, these results encourage companies to integrate *disclosure accountancy environment* practices into their corporate communication strategies. In the Indonesian context, where public awareness of environmental issues is increasing, companies with good reputations are more likely to respond to social pressure by enhancing transparency in environmental disclosure.

However, this influence of reputation also indicates that companies might be more motivated by the need to protect their image rather than by intrinsic commitment to sustainability. This can be critical because *disclosure environment* carried out solely to meet external expectations may not reflect substantial environmental practices.

Influence period *listing* to environmental accounting disclosure

Research results show that listing period has no significant influence on *disclosure accountancy environment*. Although companies with longer listing periods have greater access to capital markets, stakeholder pressure may not be strong enough to compel *disclosure environment*, or variations in listing length may not always correlate with *disclosure accountancy environment* practices. Some previous studies have found a significant effect of listing period due to strict capital market regulations. However, these findings differ from several other studies which state that listing period does not always correlate with *disclosure environment*, due to variations in stakeholder pressure or capital market regulations that are not strict enough (Marhawati et al., 2022).

In the context of this study, the significant influence of listing period (PL) may be attributed to increasing awareness of environmental regulations in Indonesia, such as OJK Regulation Number 51/POJK.03/2017, although its implementation is not yet fully consistent.

Influence profitability to environmental accounting disclosure

Research results show that profitability has no significant influence on *disclosure accountancy environment*. Companies with high profitability tend to focus more on shareholder interests than environmental issues. This is partly due to the pandemic, which affected almost all companies and created a need to prioritize recovery to achieve greater profits.

Companies with high profitability tend to prioritize shareholder interests, such as dividends or financial growth, rather than environmental issues, which are often perceived as less urgent. The research period (2020–2024) covers the COVID-19 pandemic, during which many companies focused more on financial recovery than investments in *disclosure environment* (Febriyanto et al., 2023). In the basic materials industry, pressure to disclose environmental information may not be as strong as in other industries, such as energy or mining, which have a more significant environmental impact.

Some studies state that profitability becomes significant only when accompanied by investor pressure or consumers prioritizing the environment. This difference may also be caused by variations in industry context or regulations (Febriyanto et al., 2023). The gap in findings may be due to differing industry contexts or the lack of strict regulations requiring *disclosure environment* in Indonesia during the study period.

Influence of independent auditors to environmental accounting disclosure

The results show that there is no significant influence between independent auditors and *disclosure accountancy environment*. Independent auditors may focus more on the quality of financial reports than on non-financial aspects, indicating the need for special audit standards for

sustainability reporting.

Although independent auditors primarily focus on financial reports, they can encourage companies to comply with non-financial reporting standards, including *disclosure environment*, as part of good corporate governance. Independent auditors often work with international standards, which have begun incorporating sustainability elements into the audit process. This encourages companies to increase *disclosure environment* to meet auditors' expectations.

In contrast, legitimacy theory explains why companies engage in *disclosure accountancy environment* to protect their corporate image, while stakeholder theory clarifies who influences decisions. In this research, company reputation as a legitimacy factor is more dominant than listing period, profitability, and independent auditor as stakeholder factors, indicating that the company's primary motivation is reputation rather than external pressure.

The findings strengthen legitimacy theory, which states that companies disclose environmental information to protect a positive image and fulfill societal expectations. Corporate Reputation (RP) as a legitimacy factor exerts a more dominant influence compared to stakeholder factors such as Listing Period (PL), Profitability (PF), and Independent Auditor (AI). This indicates that the company's main motivation in *disclosure environment* is to maintain social legitimacy, not merely to respond to external pressure from stakeholders.

From the stakeholder theory perspective, companies are influenced by various stakeholder interests, including investors, regulators, and society. However, in this study, stakeholder factors such as PL and AI show significant influence only in the FEM model, while PF is not significant. This suggests that stakeholder pressure in Indonesia is not yet strong enough to consistently push for *disclosure environment*, especially amid the current lack of strict regulations.

The gap with previous studies may be influenced by Indonesia's regulations, sample characteristics, and research periods. During the 2020–2024 research period, environmental regulations, such as OJK Regulation Number 51/POJK.03/2017, were not yet fully effective. Many companies in Indonesia may not have been fully aware of or subjected to strict environmental regulatory pressure. Additionally, the 2020–2024 period includes the pandemic, which may have influenced company priorities, causing *disclosure environment* to be less of a main focus.

CONCLUSION

This research found that company reputation significantly influences *disclosure accountancy environment* when examined individually, while listing period, profitability, and independent auditors did not show significant individual effects. However, collectively, these variables exerted a significant

impact on environmental accounting disclosure. Based on these findings, it is recommended that companies in the basic materials sector strengthen their commitment to *disclosure accountancy environment* not only to protect reputation but as a core part of long-term sustainability strategies. Regulators such as the OJK should enhance existing regulations by implementing clearer and mandatory disclosure standards and consider offering incentives, like tax relief, to encourage active environmental reporting. Future research could expand by including other factors such as company size, leverage, or media pressure, as well as broadening the sample to different sectors or longer periods to gain a more comprehensive understanding of the determinants of *disclosure accountancy environment*.

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