

## THE EFFECT OF ENVIRONMENTAL COSTS, ENVIRONMENTAL PERFORMANCE AND COMPANY SIZE ON FINANCIAL PERFORMANCE WITH ENVIRONMENTAL DISCLOSURE AS AN INTERVENING VARIABLE

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### ABSTRACT

*This research is to prove and analyze the Effect of Environmental Costs, Environmental Performance, and Company Size on Financial Performance with Environmental Disclosure as an Intervening Variable. The samples are mining sector companies listed on the Indonesia Stock Exchange in 2019-2023. The direct test results produce evidence that environmental performance and company size directly affect financial performance, environmental performance affects environmental disclosure, while environmental costs and environmental disclosure do not affect financial performance, environmental costs and company size do not affect environmental disclosure. The indirect test results produce evidence that environmental disclosure mediates environmental costs, environmental performance and company size on financial performance. The results, was indicating several implications, including, for companies, they should start to manage the environment well, for example by carrying out environmental performance such as waste and waste management and disclosing environmental performance results as widely as possible in the annual report. This is able to provide important information for stakeholders and the community as additional references in decision making.*

### INTRODUCTION

The company is organization founded with objective for look for profit (Maryanti & Fithri, 2017). The company is considered own performance good if capable produce

high profit (Huang & Li, 2017). Ability company in produce profit the is matter main in evaluation performance finance (Setyaningsih & Asyik, 2016). Financial performance normal used by investors as measure measuring achievement success a company . If from results analysis show performance finance company good so will attract investors in to plant the capital.

Suyudi et al., (2020) disclose that in the practice often company only try increase profit in a way maximum, so that part company no think about impact environment from activity company. During This public assume that presence company can give profit for society, where company must can maximize profit so that it can give maximum contribution to society (Kinarsih et al., 2022).

Phenomenon about companies that have not notice impact environment not only happening in Indonesia, even in developing countries it still happens lots happened. Developing countries in disclose performance the environment still very limited. Because of still weakness sanctions laws applicable to those countries (Dewi, 2016). In the month February 2022, company PT. Gema Kreasi Wardana mine gets sanctions administrative in the form of termination temporary activity the miner because violating in conjunction with law 1 of 2014 which is firm forbid do mineral mining in areas that are technical and/or ecological and/or social and/or culture cause damage environment and/or pollution environment and/or harm public surrounding area. So that impact from the violations committed by PT. Gema Kreasi Wardana are: waste the damage reef coral that causes fisherman difficult get reef fish, octopus and tuna. Impact other that is the destruction source community spring on Wawoni Island consequence destructive mining the only one plains high flowing river below which is source main spring for the residents there. (Press Release, 2022).

The several existing phenomena the so company sued not only focus on performance measured finance with profit, but also must notice impact from activities carried out by the company to environment. Considering impact from the bad management an increasingly environment real in Indonesia, then various problem environment is important thing for quick overcome (Rafianto, 2015). The more tall activity economy a company, then will the more high impact cost environment caused (Burhany & Suwondo, 2020). Dewata et al., (2018) disclose that cost environment is costs incurred by the company because existence system management bad environment consequence from the production process company. Hansen & Mowen (2013) share cost environment become four group that is cost prevention environment, cost detection environment, cost internal environmental failures, and costs failure external environment.

Apart from the costs environment, one of the factor affecting performance finance company that is performance environment. One of them is supporting various regulation environment, especially Law No. 32 of 2009 concerning Protection and Management Environment (PROPER) which is regulated in Regulation of the Minister of Environment No. 3 of 2014. In Indonesia, the ranking performance environment company conducted by the Ministry of Environment and Forestry based on compliance to regulation that is through PROPER (*Program for Pollution Control, Evaluating and Rating*) (Burhany & Suwondo, 2020).

Activity management environment in company need costs that are not little,

company big with ability more finances good more it is possible for do activity the compared to more companies small. In addition, the company big operate in scale big business and have more influence also big on environment and also towards public (Burgwal & Vieira, 2014). According to Hasti et al (2022) size company is value that shows big small company.

## LITERATURE REVIEW

### Legitimacy Theory

According to Braam et al., (2016), theory legitimacy is an idea about “social contract” between companies and society Where company operating. Legitimacy theory lots used for explain background behind about disclosure voluntary work carried out by the company about information social and environmental. Lu & Taylor (2018) disclose that based on theory legitimacy, company will try do activity operational in accordance with prevailing expectations and norms in public where company the operating.

### Triple Bottom Line Theory

Elkington (1998) in his book use the terms profit, people, and planet as three lines. *Triple Bottom Line Accounting* emphasizes that performance company not only measured with indicator finance, but also using non-financial indicators. Heriyani et al., (2019) explain that the triple bottom line can concluded as draft disclosure consisting of from three pillars in measurement performance, *Economic, Environmental, Social (EES)* or term generally 3P (*Profit, People & Planet*). *Triple bottom line theory* give view that if company want to maintain continuity his life, then company must pay attention to “3P” namely (Elkington, 1998) : 1) *Profit* (advantage), is objective main and most important in every activity business. 2) *People* (society), are very important stakeholders for company. 3) *Planet* (environment), is a victim of action exploitation nature is done man.

### Development Hypothesis

#### Cost Environment and Financial Performance

Cost environment in a way positive influence performance finance, meaning the more big cost environment issued by the company so performance finance will the more good (Al-Mawali, 2021). This is in line with results study Oraka (2021) which reveals that participation active company oil and gas in Nigeria on activities environment in a way significant will increase performance finance company.

Research result Zainab & Burhany (2020), Amani et al. (2020) and Setiadi (2021) to explain that cost environment no influential to performance finance, this means the more big cost environment so will the more small performance finance.

#### H1: Cost Environment Influential to Performance Finance

#### Environmental Performance and Financial Performance

Environmental performance company influenced by several factors among them is customer or consumers who want more products clean without damage environment as well as friendly use and disposal environment (Zainab & Burhany, 2020). This matter in line with results study Huang & Li (2017), Zainab & Burhany (2020), Saputra (2020) and Tunggal & Fachrurrozie (2014) show that performance environment influential

positive to performance finance.

Different results shown by the results study Catrina et al., (2021), Putri & Herawati (2017) and Setyaningsih & Asyik (2016) who stated that that performance environment (PROPER) no influential positive to performance finance .

## **H2: Environmental Performance Influential to Performance Finance**

### **Size and Financial Performance**

In stakeholder theory, investors do decision investment sometimes also see of total assets owned company or often called with size company (Sugiono & Christiawan in Meiyana & Aisyah, 2019 ). Size more companies big can give more information good for interest investment, because big company will more noticed by the public so that in do reporting will more be careful (Aprianingsih & Yushita, 2016) .

Research result Fajaryani & Suryani (2018) and Kurniawati et al. (2020) who concluded that size the company being measured with big small assets not influential to performance finance. Different with results research revealed by Jekwam & Hermuningsih (2018 ) which shows size company influential to performance finance.

## **H3: Company Size has an effect on Financial Performance**

### **Disclosure Environment and Financial Performance**

The company considers that disclosure a more environment wide cause height cost the environment that is issued company and become reason down profit company. Research results Saputra (2020), Tahu (2019) and Mumtazah & Purwanto (2020) that disclosure environment done for increase legitimacy company for stakeholders where company should not only look for profit however must notice environment around.

Different research results shown by the results study Ethika et al., (2019), and Daromes & Kawilarang (2020), show that disclosure environment influential to performance environment.

## **H4: Disclosure Environment influential on Financial Performance**

### **Cost Environment and Disclosure Environment**

consistent company allocate cost environment is form concern in effort to overcome damage environment, so that build trust society and impact on legitimacy company (Adyaksana & Pronosokodewo, 2020). Form concern company to environment through disclosure environment the will give positive impact and make legitimacy increase as well as impact good for term long company (Fashikhah et al., 2018).

Research result the Adyaksana & Pronosokodewo (2020) prove that cost environment not influential to disclosure information environment. In research mentioned, it is explained reason cost environment not influential to disclosure environment is efforts made company for manage impact environment tend monoton from year to years, so that company only disclose same information each year.

## **H5 : Cost Environment influential to Disclosure Environment**

### **Environmental Performance and Disclosure Environment**

Companies that have performance good environment and implement policy or healthy environmental strategies possibility prepare disclosure environment (Daromes &

Kawilarang, 2020).

Research result Saputra (2020) disclose that performance environment influential positive to disclosure environment, which proves that the PROPER program issued by the Ministry of Environment and Forestry about concern environment company in a way direct and indirect direct influence mark company.

#### **H6: Environmental Performance influential to Disclosure Environment**

##### **Company Size and Disclosure Environment**

Legitimacy theory close the relation to size company and age company. Big company do more lots activities and have more influence big also against society. Companies in convincing society and other parties really need this an action published environment, so that company the will always pushed for disclose activity the environment they are in do (Ciriyan & Putra, 2016).

Research result Julianto & Sjarief (2016) show that size company influential positive to disclosure environment. In other words, big size the company being measured using total assets company impact on increasing disclosure information about environment. Research results Widiastuti et al., (2018) and Yovana & Kadir, (2020) that the more big asset company so the more the disclosure is also extensive reported environment.

#### **H7: Company size has an effect to Disclosure Environment**

##### **Cost Environment and Financial Performance with Disclosure Environment as intervening variables**

The size cost the environment that is issued company it turns out No ensure the amount activity disclosure environment that is carried out company. This is as expressed by Saputra (2020) that cost environment to performance finance not mediated by disclosure environment.

Research result Habib Siregar & Miraza (2022) show that disclosure environment not capable mediate influence cost environment to performance finance. So that companies budget cost environment show they take care of problem management environment, such as cost prevention, cost pollution environment, as well as cost countermeasures pollution environment consequence activity production company. Activities production company will leave waste, especially in companies mining.

#### **H8: Costs Environment Influential on Financial Performance with Disclosure Environment as Intervening Variable**

##### **Environmental Performance and Financial Performance with Disclosure Environment as Intervening Variables**

Based on theory legitimacy, company will do activities that are viewed beneficial to the community for get trust. Informed environmental performance to public will produce a positive image for company. Investors tend to will do taking decision with see factors that according to they will produce mark plus when investors invest in a company.

Research result Son (2018) show that performance environment not influential to performance finance and influence disclosure environment nature direct to performance finance not mediate connection performance environment to performance finance. Research result Meiyana & Aisyah, (2019), Saputra (2020) that Environmental



Performance Impact on Financial Performance mediated by Disclosure Environment . According to the theory that supports namely stakeholder theory.

### **H9: Environmental Performance influential on Financial Performance with Disclosure Environment as Intervening Variable**

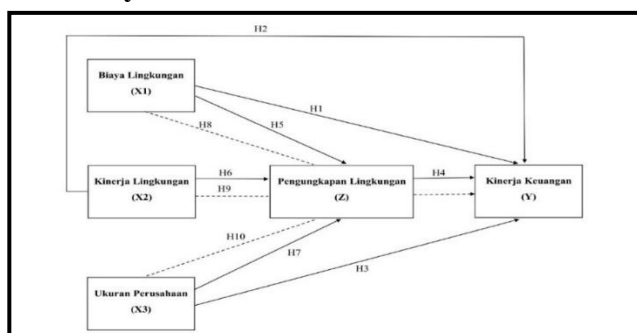
### **Size and Financial Performance with Disclosure Environment as Intervening Variables**

Based on theory legitimacy, that company sued for give extensive information related disclosure environment. Companies that are more big often have superiority competitive that can produce performance more finances good. Therefore that, companies big must capable give information related disclosure more environment much for the existence company the can fulfil expectation public (Julianto & Sjarief, 2016).

Research result Meiyana & Aisyah, (2019) and Aprianingsih & Yushita, (2016) disclose that company big will also get attention more by stakeholders. With thus stakeholders will see that company the not only interesting company from aspect financial but from aspect social and environmental the company also provides his concern. The results of the study Jekwam & Hermuningsih (2018) also showed that disclosure environment capable to moderate influence size company to performance finance company.

### **H10: Company size has an effect on Financial Performance with Disclosure Environment as Intervening Variables**

### **Framework Analysis**



## **RESEARCH METHOD**

Types of research used in study This that is analysis descriptive quantitative, according to Sugiyono (2019) quantitative data is method research based on positivity (concrete data), research data in the form of the numbers that will be measured use statistics as test counting tool, related with the problem being studied for produce a conclusion.

Samples used in study namely Financial Data of Mining Companies listed on the Indonesia Stock Exchange for 2019-2023 and published Report Sustainable.

### Definition Operational Variables

No	Variables	Variable Types	Indicator	Scale
1	Cost Environment (X1)	Independent	$BL = \frac{\text{Komponen Biaya Lingkungan}}{\text{Laba Bersih}}$	Ratio
2	Environmental Performance (X2)	Independent	Score based on Color Levels Gold & Green = 1 Blue, Red, Black = 0	Ordinal
3	Company Size (X3)	Independent	Company Size = LN (total assets)	Ratio
4	Financial performance (Y)	Dependent	$ROA = \frac{\text{Laba Bersih}}{\text{Total aset}}$	Ratio
5	Disclosure Environment (Z)	Intervening	$\frac{\text{Pengungkapan Lingkungan} = \text{Jumlah item yang diungkap}}{\text{Jumlah seluruh item pengungkapan}}$	Ratio

## RESEARCH RESULTS AND DISCUSSION

### Research Sample

Method of retrieval sample in research this use method *purposive sampling*, namely use method taking sample based on criteria certain so that samples obtained via the website [www.idx.co.id](http://www.idx.co.id) as many as 15 companies.

**Table 1: Research Sample**

No	Sample Criteria	Number of Companies
1	Population of Mining Companies listed on the IDX in 2019-2023	320
2	Mining companies listed on the IDX and not publish report sustainability for 5 years last (2019-2023).	(100)
3	The company is registered with the Ministry of Environment and is not participate in the 2019-2023 Company Performance Rating Performance Assessment Program (PROPER) .	(80)
4	Companies that do not disclose standard environment based on the GRI G4 format 2019-2023 .	(65)
5	Total Companies that meet the Criteria for 2019-2023.	75

Source : Processed data researcher, 2024

### Statistics Descriptive

As for the statistics descriptive in study this served in the following this table:

**Table 1.2: Statistics Descriptive**

Variables	Minimum	Maximum	Mean	Standard Deviation
Cost Environment	-0.347	0.389	0.1 65	0.274
Company Size	13,180	22,280	18,682	3,071
Financial performance	- 0.098	0.454	0.073	0, 091
Disclosure Environment	0.029	0.824	0.439	0.209

Source : Secondary data processed researcher, 2024

Based on Table 4.2 above, it shows results descriptive statistics in the form of minimum, maximum, average and standard values deviation obtained from 75 samples. The average value of the variable cost environment is of 0.165 which shows that the average company emit cost the environment by 16% of profit net resulting company. Standard value the deviation or statistical data distribution of 0.274.

Size value company as big as that is 13,180 and the value the maximum as big as 22,280 . The average value of the variable size company is as big as 18,682 and the value standard deviation or statistical data distribution variable size company as big as 3,071 and n value standard more deviation small from the average value shows that mark variable size company from company that is made sample This varies.

Furthermore results statistics descriptive variable performance measured finance with *Return On Asset* (ROA) used for see how much big ability company for produce profit operation company. Statistical results show average value of variable performance finance as big as 0.073 which shows that the average company can produce profit as big as 7.3% of total assets owned. Standard value the deviation or statistical data distribution as big as 0,091.

Furthermore results statistics descriptive from variable disclosure information measured environment with GRI G4 category format environment used for see how much wide disclosure information related environment that is carried out company. Statistical results show mark standard deviation or statistical data distribution of 0.209. The minimum value of the variable disclosure information environment of 0.029, while mark maximum disclosure information environment of 0.824.

Whereas For calculation statistics descriptive performance environment that uses variable *dummy*, can seen in Table 4.3 below:

**Table 1.3: Statistics Descriptive Environmental Performance Variables**

PROPER Value	Number of Companies	Percentage (%)
Gold and Green	59	78.67
Blue, Red and Black	16	21.33
Total Company	75	100

Calculation results evaluation performance environment can seen in Table 4.3. Calculation results from variable performance measured environment with PROPER level used for see how much big the rating held by the company related with his concern to environment with variable *dummy*. Where when get Gold and Green ratings are rated 1, while Blue, Red and Black colors are rated with number 0. Based on results assessment, there are 59 companies that received Gold and Green values, while the rest only 16 Companies got it Blue, Red and Black values. It means that variable performance environment that is used sample in study this is the average company with performance good environment namely by 78.67%.

### Statistical Test Results t

t -statistic test was performed for show how much far one independent variables individual in to explain variable dependent. The t-test was performed for testing hypothesis 1 to with Hypothesis 7. Test results partial can seen in the following table:



**Table 1.4: t-Test Results**

Influence Variables	Coefficient	t	Sig.	Information
Cost Environment on Financial Performance	0.067	0.741	0.464	H 1 Rejected
Environmental Performance on Financial Performance	0.037	5,167	0,000	H 2 Accepted
Company Size on Financial Performance	-0.040	-4.994	0,000	H 3 Accepted
Disclosure Environment on Financial Performance	-0.005	-0.036	0.971	H 4 Rejected
Cost Environment to Disclosure Environment	0.022	0.303	0.763	H 5 Rejected
Environmental Performance to Disclosure Environment	0.013	1,929	0.007	H 6 Accepted
Company Size to Disclosure Environment	-0.003	-0.497	0.660	H 7 Rejected

*Source: Secondary data processed researcher, 2024*

### Path Analysis Test Results

Test results Hypothesis 8, 9 and 10 were tested with using equation model regression analysis track for see how much big influence not direct and sobel test for see significant or whether or not influence mediation.

**Table 1.5: Influence Value between Variables**

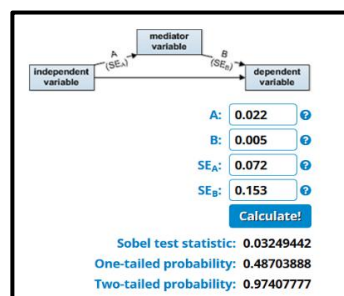
Influence Variables	Influence Direct (PL)	Influence No Direct ( PtL )	Total Influence (PL + PtL )	Information
Cost Environment to Financial performance through Disclosure Environment	0.022	$0.022 \times -0.005 = -0.000$	0.022	Mediating
Environmental Performance to Financial performance through Disclosure Environment	0.013	$0.013 \times -0.005 = -0.000$	0.013	Mediating
Company Size vs. Financial performance through Disclosure Environment	-0.003	$-0.003 \times -0.005 = 0.000$	-0.003	Mediating

*Source: Secondary data processed researcher, 2024*

### Test Results

For test strength influence not direct from intervening variables that mediate variable free disclosure environment so the Sobel test was carried out and calculated with method multiply track.

### H8: Influence Cost Environment on Financial Performance with Disclosure Environment as Intervening Variables



The image shows a screenshot of a Sobel Test Calculator. It features a diagram of a mediation model with an independent variable, a mediator variable, and a dependent variable. Below the diagram, there are input fields for the following values:

- A: 0.022
- B: 0.005
- SE<sub>A</sub>: 0.072
- SE<sub>B</sub>: 0.153

A "Calculate!" button is present. Below the button, the results are displayed:

- Sobel test statistic: 0.03249442
- One-tailed probability: 0.48703888
- Two-tailed probability: 0.97407777

### Test Results Hypothesis 8

From the calculation on use calculator sobel test, obtained mark statistics For influence disclosure environment as intervening variable between cost environment to performance finance of 0.4870. Because *the Sobel test statistic*  $> \alpha = 0.05$ , with thus can concluded that **H8 rejected**.

### H9: Impact of Environmental Performance on Financial Performance with Disclosure Environment as Intervening Variables

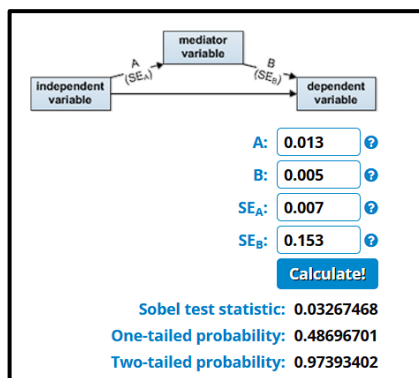


Diagram showing the relationship between independent variable, mediator variable, and dependent variable. The path from independent variable to mediator variable is labeled A (SE<sub>A</sub>), and the path from mediator variable to dependent variable is labeled B (SE<sub>B</sub>).

Input values:

- A: 0.013
- B: 0.005
- SE<sub>A</sub>: 0.007
- SE<sub>B</sub>: 0.153

Calculate!

Results:

- Sobel test statistic: 0.03267468
- One-tailed probability: 0.48696701
- Two-tailed probability: 0.97393402

### Test Results Hypothesis 9

From the calculation on use calculator sobel test, obtained mark statistics for influence disclosure environment as intervening variable between performance environment to performance finance of 0.4869. Because *the Sobel test statistic*  $> \alpha = 0.05$ , with thus can concluded that **H9 rejected**.

### H10: Influence Company Size on Financial Performance with mediated Disclosure Environment

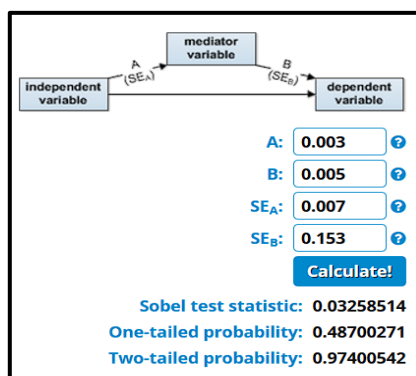


Diagram showing the relationship between independent variable, mediator variable, and dependent variable. The path from independent variable to mediator variable is labeled A (SE<sub>A</sub>), and the path from mediator variable to dependent variable is labeled B (SE<sub>B</sub>).

Input values:

- A: 0.003
- B: 0.005
- SE<sub>A</sub>: 0.007
- SE<sub>B</sub>: 0.153

Calculate!

Results:

- Sobel test statistic: 0.03258514
- One-tailed probability: 0.48700271
- Two-tailed probability: 0.97400542

### Test Results Hypothesis 10

From the calculation on use calculator sobel testf, obtained mark statistics for influence disclosure environment as intervening variable between performance environment to performance finance of 0.4870. Because *the Sobel test statistic*  $> \alpha = 0.05$ , with thus can concluded that **H10 rejected**.

## Discussion

### Cost Environment on Financial Performance

Research result this show that not there is influence between cost environment to performance finance. This is means that cost the environment that is issued company no own impact to performance finance. This is show that results study this not in line with theory *stakeholders* who stated that company in operate his activities can give benefit to environment surrounding area.

It means that not quite enough answer company to problem the environment with emit cost many environments not always compared to straight with performance finance. Although company try for fulfil not quite enough answer the environment, will but not always reflected in improvement performance finance company.

Research result this in line with study previously conducted by Zainab & Burhany (2020), Evita & Syafruddin (2019) who revealed that cost environment influential in a way significant to performance finance.

### Environmental Performance on Financial Performance

Research result This show that performance environment influential positive to performance finance. This is means that companies that have performance good environment will capable increase performance his finances.

Research result this in line with theory *stakeholders* that companies that have performance good environment will increase trust customers, improve investor confidence so that increase performance finance. Companies that have management good environment naturally will get great support from *stakeholders*, especially investors and the community so that will increase income that will be impact good to performance finance company.

Research result this support research conducted by Fitriani (2013), Zainab and Burhany (2020) and Saputra (2020) which revealed that performance good environment will influence investors to be interested to plant its capital in the company so that capable increase performance finance company.

### Company Size on Financial Performance

Research result This show that size company influential positive to performance finance. This is means that companies that have large total assets will capable increase performance his finances.

Research result This in line with theory *stakeholders*, where investors in do decision investment sometimes also see of total assets owned company or often called with size company. Size more companies big can give more information good for interest investment, because big company will more noticed by investors so that in do reporting company will more be careful.

Study this support study previously that is research conducted by Setiadi (2021) state that size company own influence positive and significant to performance finance, results study Huang & Li (2017) also showed that size company own positive influence to performance finance, and results study Yudiartini (2016) shows existence influence significant between variable size company with performance finance.

### **Disclosure Environment on Financial Performance**

Research result this show that disclosure environment not influential to performance finance. This is means that disclosure environment not give impact to performance finance company. So that results study this not in line with theory *triple bottom line* which states that company in make decision strategic must consider three aspect main, namely aspect finance, aspects social and aspects environment. If the cost this not balanced with benefit clear financial, then disclosure environment can considered as the burden that is not contribute to performance finance.

Research result this in line with results research conducted by Saputra (2020) which states that disclosure environment not influential positive to performance finance. Then results research by Mumtazah and Purwanto (2020) which states that disclosure environment not influential to performance finance.

### **Cost Environment to Disclosure Environment**

Research result this show not there is influence between cost environment to disclosure environment. This is means cost the environment that is issued company not always compared to straight with disclosure environment that is carried out company.

One of reason cost environment not influential to disclosure environment is efforts made company tend monoton from year to years, so that company only disclose same information every year. This is what causes big small allocation cost the environment that is issued company not influence disclosure information environment.

Research result this in line with results research that has been conducted by Tunggal & Fachrurrozie (2014) who stated that cost environment allocated by the company in concern to social and environmental not ensure in a way wide to disclosure the environment in which he does it , then results study Saputra (2020) to reveal that not found significant influence between variable cost environment to disclosure environment, and results study Adyaksana & Pronosokodewo (2020) also proved that that cost environment not influential to disclosure information environment.

### **Environmental Performance to Disclosure Environment**

Research result this show that performance environment influential positive to disclosure environment. So that results study this support theory *stakeholders* who stated that company must maintain trust *stakeholders* with responsible answer to environment and provide transparent information.

Research result this support research conducted Saputra (2020) stated that that performance environment influential positive to disclosure environment, things This prove that the PROPER program issued by the Ministry of Environment and Forestry (KLHK) concerning concern environment company in a way direct and indirect direct influence mark company . The same research results were also shown in results research conducted Artamelia et al. (2021) that performance environment influence positive and significant to disclosure environment .

### **Company Size vs Disclosure Environment**

Research result this show that size company not influential to disclosure environment. This is can happen because disclosure environment often determined by

applicable regulations, not by size company. Good company big and also small required for comply standard disclosure environment. Compliance to regulation more influential than size company that myself. So that company various size can own level disclosure similar environment if comply the same regulations.

Research result this in line with results I Nyoman's research (2017) stated that that size company not own significant influence to disclosure environment. Then matter similar can also be seen in research conducted by Karjono (2021) which states that size large companies or small, no can influence total asset value companies owned by the company. However, investors will evaluate more in various aspect like notice to performance company as seen on the balance sheet company, reputation good company and policies dividend before decide for invest the funds are in the company.

### **Cost Environment on Financial Performance with Disclosure Environment as Intervening Variables**

Research result this show that disclosure environment not influence connection between cost environment to performance finance. This is means that disclosure the environment that is issued company not always compared to straight with cost environment in influence performance finance company. Although company try for fulfil not quite enough answer the environment, will but not always reflected in disclosure the environment.

Research result this in line with results research conducted by Saputra (2020) which revealed that cost environment to performance finance not mediated by disclosure environment. So that company that shows disclosure big environment show not capable influence cost environment to performance finance.

### **Environmental Performance on Financial Performance with Disclosure Environment as Intervening Variables**

Research result this show that disclosure environment not influence connection between performance environment to performance finance. In terms of this disclosure environment play role important in connect performance environment with performance financial. Disclosure environment that is carried out company it turns out not can give information to *stakeholders* about effort they in manage impact environment. In other words, when company try disclose performance environment they, not means they show commitment to issues environment.

So that results study this not in line with theory legitimacy, which states that company will do activities that are viewed beneficial to the community for get trust. Informed environmental performance to public will produce a positive image for company. Investors tend to will do taking decision with see factors that according to they will produce mark plus when investors invest in a company.

Research result this in line with results study Son (2018) which shows that performance environment not influential to performance finance and influence disclosure environment nature direct to performance finance not mediate connection performance environment to performance finance.

## Company Size on Financial Performance with Disclosure Environment as Intervening Variables

Research result this show that disclosure environment not influence connection between size company to performance finance. Large companies and also small tend do disclosure comprehensive environment. With do more disclosure good about impact environment and initiatives sustainability, it turns out no can affect investors and not can increase reputation in a way significant. Even though good reputation can interesting investor attention, which in turn can increase performance finance.

Study This in line with results research conducted by Meiyana & Aisyah, (2019) which shows that size company not influential to performance finance with moderated by disclosure environment. This is because of big company considered capable produce high profit. Then results study Jekwam & Hermuningsih (2018) shows that disclosure environment not capable to moderate influence size company to performance finance company.

## CONCLUSION

Base on general theoretical study this can enrich literature about sustainability with show How cost and performance environment interact with size company for influence performance finance. This is can help in understand underlying mechanisms connection between variables. With make disclosure environment as intervening variable, research this can give outlook new about importance transparency in report environment and how matter This can influence investor perceptions and performance corporate finance.

Research result can used by managers company for formulate a better strategy good in management cost environment and improvement performance environment. With understand influence positive from performance environment to performance finance, company can more focus on initiatives sustainability. Investors and stakeholders interest other can use findings this for make decision more investment good. Disclosure good environment can become indicator positive for performance finance company, so that increase investor confidence. Study this can also be give input for maker policy in formulate regulations that encourage company For more transparent in disclosure information environment, which in turn can increase performance finance in a way overall.

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