# Determinants of environmental disclosure

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**[1]Iqfiyah Utami, [2*]Siti Nur Hadiyati**

*[1,2] Department of Accounting, Faculty of Economics and Business, Universitas Swadaya Gunung Jati - Indonesia*

**e-mail:**
[1] iqfiyah.122040096@ugj.ac.id
[2*] siti.nur.hadiyati@ugj.ac.id *(corresponding author)*

***ABSTRACT***

*This study aims to analyze the effect of Environmental Performance, Firm Size, Profitability, Institutional Ownership, and Firm Age on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange. This study uses a quantitative approach with secondary data analyzed through multiple linear regression. The results show that Environmental Performance, Firm Size, Institutional Ownership, and Firm Age have a positive effect on Environmental Disclosure, while Profitability has a negative effect. These findings indicate that company characteristics play an important role in improving environmental transparency as a form of accountability to stakeholders. However, this study is limited to specific subsectors and variables. Therefore, further research is recommended to add other variables and expand the research object in order to obtain more comprehensive results.*

***Keywords:*** *Environmental Disclosure; Environmental Performance;Firm Size; Profitability; Institutional Ownership; Firm Age*

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## INTRODUCTION

Environmental sustainability issues have increasingly gained prominence on the global agenda amid rising social inequality, ecosystem degradation, and accelerating climate change (Schandl et al., 2025). This study views environmental information disclosure asn important instrument for strengthening corporate transparency regarding its operational impacts while supporting the success of the sustainability agenda through improved information quality and strategic decision-making (Sarah, 2025). Various initiatives have been directed at harmonizing reporting Environmental Performance disclosure methods in the Association of Southeast Asian Nations (ASEAN) area include metrics including carbon emissions, energy usage, water use, and waste management, but still show a relatively low level of adoption. Companies with large asset scales generally display extensive disclosure due to adequate resource support and pressure from investors, while limited data availability, particularly on Scope 3 emissions, remains a major obstacle to comprehensive environmental reporting (Zhangshun, 2022).

Environmental Disclosure in Indonesia is gaining attention as part of the commitment to sustainable development. The government, private sector, and community are promoting the strengthening of environmental policies, the application of environmentally friendly innovations, and increased public awareness of the importance of environmental conservation(Environmental Control Agency, 2025). Financial Services Authority Regulation No. 51 of 2017 and Law No. 40 of 2007 both mandate that corporations publish information about their sustainability efforts, including any negative impacts on the environment (Cahyaningsih & Rahadiansyah, 2022). Sectors with high resource utilisation rates require continuous monitoring since these reporting procedures have not been adequately used.

Dewi et al. (2026) found the food and beverage sub-sector is a major polluter due to the amount of trash it produces and the amount of packaging it uses. Because of these effects, companies must disclose their environmental impacts as part of their accountability for their operations (Itan et al., 2023). Data from Indonesia reveals that, on average, only 47.97% of information is disclosed, which indicates less-than-ideal reporting standards (Hapsari et al., 2024). Subsector companies in the food and beverage industry have also been found to have inconsistent reporting methods among entities and to have not completely reported Global Reporting Initiative (GRI) indicators (Sukiswo et al., 2025).

Some businesses in the food and drink industry continue to have environmental management issues, according to data from the PROPER program for the years 2023 and 2024 (Ministry of Environment and Forestry, 2025). This discover revealed that famous brands still have a ways to go before they can effectively manage the negative effects of their operations on the environment. Providing jobs, goods, and services, as well as portion of the country's export revenue, the food and beverage industry is an important economic driver (Zulvia, 2025). Improving environmental deterioration may be a long-term consequence of increasing industrial capacity without sufficient support for environmental management

When looking at what variables affect Environmental Disclosure, prior research has found conflicting outcomes. Research by Wahyuningrum et al. (2022) and Suryarahman and Trihatmoko (2021) suggests a strong correlation among Environmental Performance and Environmental Disclosure, but other research have failed to find such a correlation. A number of studies have shown inconsistencies in the following areas: firm age, profitability, size, and institutional ownership (Hapsari et al., 2024; Hartikasari & Hariyanti, 2021; Maulana et al., (2021). This lack of consistency in

findings points to a knowledge vacuum that has to be filled, especially when applied to certain industries.

The food and beverage sub-sector is the subject of this study because of its substantial environmental effect and the lack of research on it within the framework of GRI-based Environmental Disclosure (Dewi et al., 2026; Sukiswo et al., 2025). Study aims to delve further into Environmental Disclosure practices by including many factors, including Environmental Performance, Firm Size, Profitability, Institutional Ownership, and Firm Age.

Businesses in Indonesia's food and beverage subsector are the focus of study, which seeks to identify the elements that impact Environmental Disclosure. The current level of Environmental Disclosure is low compared to prior results, and there are contradictions in the several factors that have been evaluated empirically, therefore we need to conduct future tests in a more targeted setting. Either theoretically or practically, study is expected to improve understanding of Environmental Disclosure practices as form of corporate accountability by concentrating on the food and beverage sub-sector, which has significant impact on the environment but has been relatively understudied.

## LITERATURE REVIEW

### Legitimacy Theory

According to Legitimacy Theory, businesses seek to sustain their social acceptance by ensuring that their operations are consistent with the norms and expectations of the communities in which they operate (Dowling & Pfeffer, 1975). Such acceptance is essential for the continuity of their business activities. The sustainability of a company is highly dependent on management's ability to maintain harmony among business actions and public expectations because the absence of legitimacy has the potential to cause economic and social pressures that disrupt company operations (Wahyuningrum et al., 2022).

Based on this framework, companies direct their disclosure policies and practices to remain within socially acceptable limits so that their business activities continue to gain legitimacy (Itan et al., 2023). The application of legitimacy theory is reflected in Environmental Disclosure, which communication information regarding company's Environmental Performance also impact as transparency also accountability to public. This serves as strategic communication tool to build image, maintain reputation, also gain stakeholder trust (Ardyaningsih & Oktarina, 2022; Maulana et al., 2021).

### Environmental Disclosure

To show that they care about sustainable development also are accountable to their stakeholders, companies should engage in sustainability disclosure practices, which include environmental disclosure (Monica et al., 2025). In order to disseminate information regarding the effect of operations on environmental conditions in a transparent manner to the public, study defines Environmental Disclosure as kind of corporate social responsibility. By demonstrating the business's actions also policies are consistent with societal standards also values, the primary goal of this strategy is to gain social legitimacy (Wahyuningrum et al., 2022). The purpose of environmental disclosure is twofold: first, to facilitate communication with stakeholders; also second, to demonstrate the firm's dedication to long-term environmental preservation also corporate sustainability (Suryarahman & Trihatmoko, 2021). Legitimacy theory explains that companies are encouraged to engage in Environmental Disclosure to gain public acceptance, strengthen their image, also maintain their reputation amid increasing

demands for sustainability (Itan et al., 2023). Increasing social pressure encourages companies, especially large ones, to present more extensive environmental information in response to public expectations (Maulana et al., 2021). This study measures the level also quality of corporate Environmental Disclosure through disclosure index compiled according 2021 GRI guidelines.

**Environmental Performance**

A company's Environmental Performance indicates how effectively it controls the ecological consequences of its operations and contributes to achieving broader sustainability goals (Dubey & Sharma, 2026). Businesses who care about the environment show it by following legislation also using eco-friendly methods (Maulana et al., 2021). Hapsari et al. (2024) state that companies with stronger environmental performance tend to disclose more comprehensive details about their environmental practices to gain public trust and maintain social legitimacy. One further way that companies are using positive environmental performance to win over stakeholders is by enhancing their credibility also reputation (Itan et al., 2023).

**Firm Size**

Firm Size describes the scale of business activities also financial capacity of an entity. Large-scale companies receive greater public attention also therefore face stronger social pressure to be transparent about the environmental impact of their operational activities (Ardyaningsih & Oktarina, 2022). Efforts to gain legitimacy also maintain public trust encourage large companies to provide more extensive Environmental Disclosures (Wahyuningrum et al., 2022). Large business scale also enables companies to have sufficient resources to bear reporting costs also meet global sustainability standards (Hapsari et al., 2024). The drive to maintain a positive reputation also image through Environmental Disclosure practices is strengthening in line with increasing Firm Size (Itan et al., 2023).

**Profitability**

As an important measure of financial success, profitability revealed how well a business can turn its operating expenses into profit. There is a correlation among a company's profitability also its capacity to disclose social also environmental information, as successful businesses often have the means to meet their social obligations (Wahyuningrum et al., 2022). Companies with strong bottom lines also tend to provide more detailed environmental reports, which the public views asn attempt to validate also trust these organisations (Hapsari et al., 2024). There is no guarantee that increased environmental disclosure will accompany high profitability; this is because entities often put a higher priority on investing their profits in new projects than on improving their environmental performance also being more transparent (Cahyaningsih & Rahadiansyah, 2022). Because of this need, it is clear that profitability may have a two-pronged effect on how environmentally transparent corporations are (Maulana et al., 2021).

**Institutional Ownership**

Meilanda et al. (2025) explain that institutional investors hold a portion of a company's shares and can contribute significantly to improving management oversight through their ownership. In order to lessen agency conflicts among shareholders also management, Institutional Ownership functions asn external control mechanism (Cahyaningsih & Rahadiansyah, 2022). An increase in the proportion of Institutional

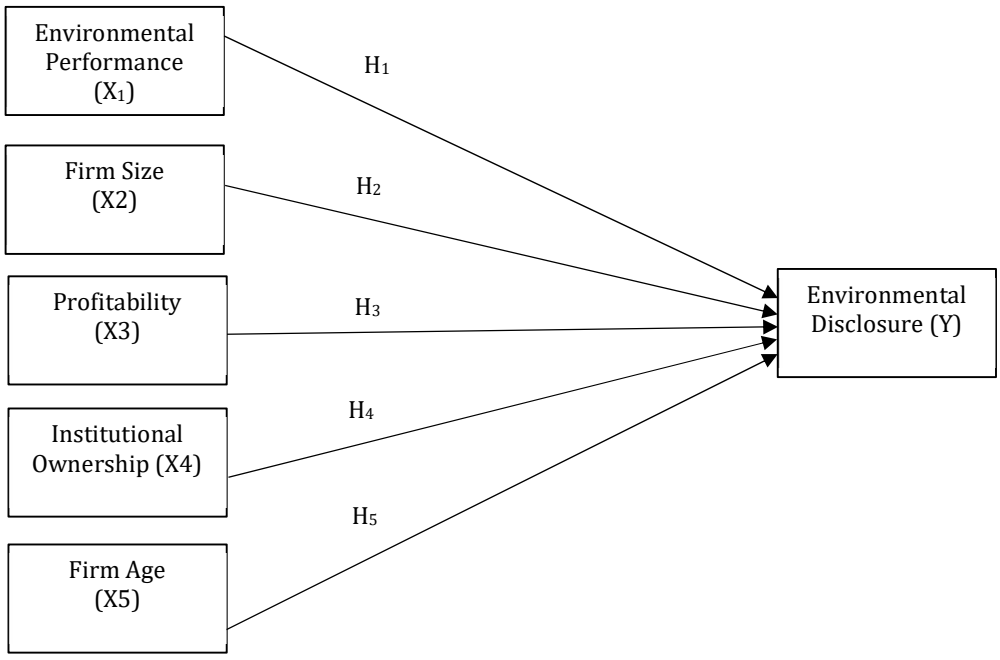
Ownership puts greater pressure on management to be transparent also accountable for the company's operational activities, including environmental aspects. Institutional investors encourage companies to demonstrate accountability and concern for sustainability in an effort to maintain legitimacy and public trust (Hapsari et al., 2024). In line with these conditions, research by Jubaedah also Setiawan (2023)revealed that ownership structure affects the degree of social also Environmental Disclosure of companies in Indonesia because the existence of institutional owners is able to exert stronger pressure on management to meet stakeholder demands through broader disclosure practices.

**Firm Age**

Firm Age indicates the length of time the company has been operating since its establishment until the time of the study (Mansikkamäki, 2023). Companies that have been operating for a long period of time generally have more established management and governance systems, enabling them to respond to public demands for transparency through the disclosure of environmental information (Wahyuningrum et al., 2022). Longer existence also places companies under greater pressure for legitimacy because their existence is widely known by public and stakeholders, thereby encouraging companies to present Environmental Disclosure more openly in order to maintain public trust (Hapsari et al., 2024).

**Research Framework**

The research framework was developed based on previous theories and studies explaining the correlation among variables, which are presented in Figure 1.




Source: Processed Data, 2026

**Figure 1**
**Research Framework**

**The Influence of Environmental Performance on Environmental Disclosure**

From the perspective of Legitimacy Theory, companies can foster social acceptance and maintain public trust by ensuring that their business operations align with prevailing societal norms and values (Suchman, 1995). Environmental Performance reflects a company's ability to manage the impact of its operations through the implementation of environmentally friendly business practices and compliance with applicable regulations, thereby demonstrating a strong commitment to sustainability.

For the sake of social legitimacy, High Environmental Performance advocates for more transparent disclosure of environmental information by businesses to their stakeholders via strategic communication. Companies may increase their public legitimacy via Environmental Performance, as shown by Itan et al. (2023). Wahyuningrum et al. (2022) demonstrate the extent of Environmental Disclosure is significantly affected by an increase in Environmental Performance. Further confirmation that environmentally responsible businesses are more forthcoming with relevant data comes from Cahyaningsih and Rahadiansyah (2022). Drawing on the preceding discussion, the following hypotheses are formulated :

*$H_1$: Environmental Performance has a significant positive effect on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange.*

**The Influence of Firm Size on Environmental Disclosure**

Legitimacy Theory suggests that maintaining public trust and securing social acceptance require companies to ensure their business operations reflect the values and norms accepted by society (Suchman, 1995). This alignment is reflected in the company's transparency and responsibility regarding the environmental impacts of its activities (Magnano et al., 2024). Firm Size reflects the level of resources and economic capacity owned by a company, enabling it to respond more effectively to social pressures through broader environmental disclosure. Large companies generally receive greater public attention and are therefore subject to closer scrutiny from investors and regulatory authorities (Akhter et al., 2023). This requirement pushes businesses to be more open about their impact on the environment so they can keep their social legitimacy.

Furthermore, empirical evidence suggests that environmental information is more extensively disclosed by large-scale corporations as public accountability measure (Wahyuningrum et al., 2022). Hapsari et al. (2024) found that when companies have access to sufficient resources, they are better able to satisfy the criteria for complete sustainability reporting. The extent to which stakeholders are informed about environmental disclosure is shown to be significantly affected by size of the firm (Ardyaningsih & Oktarina, 2022). Drawing on the preceding discussion, the following hypotheses are formulated :

*H2: Firm Size has a significant positive effect on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange.*

**The Effect of Profitability on Environmental Disclosure**

From a Legitimacy Theory perspective, companies can maintain public trust and secure social acceptance by ensuring that their business practices reflect prevailing societal norms and values (Suchman, 1995). Companies that generate higher profits may possess more resources to finance sustainability initiatives and fulfill their environmental responsibilities, potentially leading to more extensive disclosure practices (Deharlie & Aminah, 2024). This, in turn, may lead to more widespread disclosure practices. As a

means of preserving and enhancing their credibility in the public's view, High Profitability urges businesses to provide more comprehensive environmental information. Profitable businesses are more likely to be transparent about their environmental practices since they see this as public service (Hapsari et al., 2024). Since more financial flexibility allows for more responsiveness to public demands for openness, profitability is also shown to significantly impact the depth of Environmental Disclosure (Maulana et al., 2021). Drawing on the preceding discussion, the following hypotheses are formulated:

*H3: Profitability has a significant positive effect on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange.*

**The Influence of Institutional Ownership on Environmental Disclosure**

Legitimacy theory posits that corporations endeavor to achieve social approval and preserve public trust by demonstrating transparency and responsibility in their operational actions that affect the environment (Suchman, 1995). Institutional Ownership enhances monitoring and governance effectiveness, encouraging managers to improve information transparency and provide more comprehensive environmental disclosures (Li, 2026). There is more of a need for management to show they are responsible for the environment if they want to keep public support at higher levels of institutional ownership. The increasing public demand for openness and accountability from businesses is driving environmental disclosure efforts (Cahyaningsih & Rahadiansyah, 2022). So, companies are becoming more involved. Social and environmental disclosure levels are impacted by ownership structures, according to empirical research. This is because institutional owners are better able to monitor and enforce management transparency (Jubaedah & Setiawan, 2023). Drawing on the preceding discussion, the following hypotheses are formulated :

*H4: Institutional Ownership has a significant positive effect on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange.*

**The Influence of Firm Age on Environmental Disclosure**

Legitimacy theory regards companies as institutions that actively cultivate and sustain social acceptability by aligning their business operations with the values and norms that have been established in society, including environmental awareness (Suchman, 1995). In an attempt to preserve their public credibility, more environmentally conscious companies are disclosing their practices as they become older, which is a sign of organisational experience and stability (Wahyuningrum et al., 2022). Setiawan and Honesty (2022) found that long-standing companies are more likely to publish more environmental information because they are subject to higher stakeholder expectations and scrutiny. It is common practice for publicly reported companies to provide more detailed information about their environmental practices the longer they have been in business. Drawing on the preceding discussion, the following hypotheses are formulated:

*H5: Firm Age has a significant positive effect on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange.*

**METHOD**

This study adopts a quantitative approach using information obtained from companies' annual and sustainability reports as secondary sources. This study focuses on food and beverage companies included in the Indonesia Stock Exchange listing throughout the

2022–2024 observation period, which constitute the research population. Data consistency and applicability to the study's variables informed the selection of the population. Purposive sampling was utilized to choose the sample, which included firms that met particular criteria that were in line with the study aim (Sugiyono, 2023).

These criteria are presented in Table 1, which contains the requirements for companies to be included as research subjects. This approach aims to obtaining representative sample to support the accuracy of research analysis results.

**Table 1**
**Sampling Criteria**

| No | Criteria | Amount |
|---|---|---|
| 1 | Food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period | 82 |
| 2 | Companies that publish complete annual reports and/or sustainability reports during the 2022-2024 period | -14 |
| 3 | Companies that have PROPER rating data from the Ministry of Environment and Forestry (KLHK) | -41 |
| 4 | Companies that did not incur losses during the 2022-2024 period | -1 |
| 5 | Companies with Institutional Ownership during the 2022-2024 period | 0 |
| The number of samples used in the study and meeting the criteria | | 26 |
| Total observation data for 2022-2024 (x3) | | 78 |

Source: Processed Data, 2026

The research looks at 26 different organisations from 2022 to 2024 and draws 78 conclusions from their annual reports, sustainability reports, and PROPER evaluations. The required information was obtained by accessing and downloading corporate sustainability and annual reporting documents through the official website of the Indonesia Stock Exchange. The next step was to check whether the data was comprehensive and appropriate for the study's variables. The following step entailed the analysis of data by multiple linear regression utilizing SPSS version 27 software to evaluate the impact of Environmental Performance, Firm Size, Profitability, Institutional Ownership, and Firm Age on Environmental Disclosure (Ghozali, 2021). The purpose of the analysis was to provide factual descriptions of the correlations among the variables and to provide objective results.

Its measurement uses an index derived from the GRI Standards 2021 indicators, calculated by dividing the number of disclosed items by the total number of applicable items. There are a total of seven indicators that make up environmental disclosure according to GRI 2021. These are material, energy, water and effluent, biodiversity, emissions, waste, and supplier environmental evaluation. With a combined tally of thirty-one disclosure items, all of these indicators address distinct environmental concerns.

The PROPER program, administered by the Ministry of Environment and Forestry, serves as the basis for assessing Environmental Performance. Following Lestari et al. (2025), the color categories are assigned numerical values as follows: gold (5), green (4), blue (3), red (2), and black (1). Company size is determined by taking the natural logarithm (Ln) of its total assets. Meanwhile, Profitability is represented by Return on Assets (ROA), obtained by dividing net income by total assets. Institutional Ownership is calculated as the percentage of a company's outstanding shares held by institutional

investors. Meanwhile, Firm Age is determined by applying the natural logarithm (Ln) to the number of years elapsed since the company's establishment.

## RESULTS AND DISCUSSION

### Descriptive statistics

The descriptive analysis provides a summary of the data distribution for each research variable, covering the minimum and maximum values, mean, and standard deviation (Ghozali, 2021). Table 2 revealed the results of the analysis of 78 observations, where the dependent variable was environmental disclosure and the independent factors were firm age, profitability, size, institutional ownership, and environmental performance.

**Table 2**
**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Environmental Performance | 78 | 1.0000 | 5.0000 | 2.948718 | 0.6220501 |
| Firm Size | 78 | 7.6638 | 32.9379 | 28.804018 | 4.6552566 |
| Profitability | 78 | 0.0046 | 0.3319 | 0.097791 | 0.0671549 |
| Institutional Ownership | 78 | 0.1906 | 99.9936 | 78.013287 | 26.0813541 |
| Firm Age | 78 | 1.8300 | 4.7300 | 3.668846 | 0.5682463 |
| Environmental Disclosure | 78 | 0.0968 | 1.0000 | 0.554995 | 0.2372985 |
| Valid N (listwise) | 78 | | | | |

Source: Processed Data, 2026

Environmental Performance ranges from 1.00 to 5.00 with an average of 2.948718 and a standard deviation of 0.6220501, according to descriptive statistics. Firm size ranges from 7.6638 to 32.9379 with an average of 28.804018 and a standard deviation of 4.6552566, according to the same data. Profitability, on the other hand, recorded a minimum of 0.0046 and a maximum of 0.3319 with an average of 0.097791 and a standard deviation of 0.0671549. While the range of values for Institutional Ownership was 0.1906 to 99.9936, with an average of 78.013287 and a standard deviation of 26.0813541, the range of values for Firm Age was 1.83 to 4.73, with an average of 3.668846 and a standard deviation of 0.5682463. As a dependent variable, environmental disclosure may take on values among 0.0968 and 1.00, with an average of 0.554995 and a standard deviation of 0.2372985.

### Classical Assumption Test

Following Ghozali (2021) the regression model was evaluated for compliance with classical assumptions through normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The findings from these examinations are detailed in Table 3.

Since the data is more than the significance level of 0.05, the normality test concludes the residuals follow the assumption of normal distribution with an Asymp Sig value of 0.200. According to the results of the multicollinearity test, there is no multicollinearity among the independent variables since all tolerance values are above 0.10 and all VIF values are below 10.

The results of the heteroscedasticity test do not reveal any heteroscedasticity in the data, since all of the significance values are greater than 0.05. Since the residuals do not exhibit autocorrelation, the autocorrelation test yields a Durbin Watson value of

1.847. The findings show the regression model matches the classical assumptions and has sufficient level of validity and reliability.

**Table 3**
**Classical Assumption Test Results**

| | | | | |
|---|---|---|---|---|
| Normality Test (Kolmogorov- Smirnov) | Asymp. Sig. (2-Tailed) | 0,200 | | Normally distributed data |
| Multicollinearity Test | | Tolerance | VIF | |
| | Environmental Performance | 0.909 | 1.101 | Data free from multicollinearity |
| | Firm Size | 0.750 | 1.333 | |
| | Profitability | 0.692 | 1.446 | |
| | Institutional Ownership | 0.766 | 1.306 | |
| | Firm Age | 0.514 | 1.945 | |
| Heteroskedasticity Test (Glesjer) | | Sig | | |
| | Environmental Performance | 0.470 | | Data free from heteroscedasticity |
| | Firm Size | 0.519 | | |
| | Profitability | 0.137 | | |
| | Institutional Ownership | 0.337 | | |
| | Firm Age | 0.458 | | |
| Autocorrelation Test | Durbin-Watson | 1.847 | | Data free from autocorrelation |

Source: Processed Data, 2026

## Regression Results and Hypothesis Testing

The relationship between the independent variables and Environmental Disclosure was analyzed using multiple linear regression, following Ghozali (2021). Following Ghozali (2021), individual t-tests were applied to evaluate whether each independent variable has a statistically significant effect on the dependent variable. The results of the t-test are presented in Table 4.

**Table 4**
**Regression Results and Hypothesis Testing**

***Coefficients[a]***

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -0.386 | 0.100 | | -3.875 | 0.000 |
| | Environmental Performance | 0.073 | 0.029 | 0.244 | 2.539 | 0.013 |
| | Firm Size | 0.015 | 0.006 | 0.268 | 2.556 | 0.013 |
| | Profitability | -0.965 | 0.375 | -0.279 | -2.570 | 0.012 |
| | Institutional Ownership | 0.003 | 0.001 | 0.266 | 2.672 | 0.009 |
| | Firm Age | 0.183 | 0.063 | 0.351 | 2.887 | 0.005 |

a. Dependent Variable: Environmental Disclosure

Source: Processed Data, 2026

Based on the results of multiple regression data processing as presented in Table 4, the following multiple linear regression equation was obtained:

$$Y = \alpha + \beta1.X1 + \beta2.X2 + \beta3.X3 + \beta4.X4 + \beta5.X5 + e$$
$$ED = -0{,}386 + 0{,}073\ EP + 0{,}015\ FS - 0{,}965\ ROA + 0{,}003\ IO + 0{,}183\ AGE + e$$

The regression model yields the results presented in Table 4, evaluated at a significance level of 5% (α = 0.05). Environmental Performance has a positive and significant effect on Environmental Disclosure, suggesting that higher Environmental Performance leads to more extensive disclosure (β = 0.073; p = 0.013 < 0.05). ). Bigger organisations are more likely to provide more information about their environmental impact, as shown by positive and significant effect of firm size (β = 0.015; p = 0.013 < 0.05). A drop in the level of Environmental Disclosure is seen after a rise in Profitability, as shown by negative and significant impact of Profitability (β = −0.965; p = 0.012 < 0.05). Added to that, Environmental Disclosure was positively and significantly impacted by Institutional Ownership (β = 0.003; p = 0.009 < 0.05) and Firm Age (β = 0.183; p = 0.005 < 0.05). Because the direction of the link does not fit the stated hypothesis, H3 is rejected. Instead, H1, H2, H4, and H5 are accepted.

## Model Fit and Coefficient of Determination

The explanatory capacity of the regression model was assessed through the model fit and coefficient of determination ($R^2$), following Ghozali (2021). Table 5 provides the corresponding results.

**Table 5**
**Coefficient of Determination ($R^2$) Results**

***Model Summary[b]***

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .662[a] | 0.438 | 0.398 | 0.15844 |

a. Predictors: (Constant), Environmental Performance, Firm Age, Firm Size, Institutional Ownership, Profitability

b. Dependent Variable: Environmental Disclosure

Source: Processed Data, 2026

The regression model achieved an Adjusted $R^2$ of 0.398, as reported in Table 5. This means that 39% of the variation in Environmental Disclosure can be explained by Environmental Performance of Firm Size, Profitability, Institutional Ownership, and Firm Age all at once. This result demonstrates the used regression model adequately explains fluctuations in the amount of Environmental Disclosure by corporations. Extraneous variables account for the other 60.2% of the variance in Environmental Disclosure. Even though it doesn't cover all possible variation in Environmental Disclosure, the study model does provide a useful empirical account of what variables impact companies' Environmental Disclosure policies.

**The Effect of Environmental Performance on Environmental Disclosure**

The results demonstrate that Environmental Performance has a significant positive effect on Environmental Disclosure. Based on these results, it's clear that environmentally conscious businesses are the ones that are most forthcoming with information about their practices. Sharing this information helps the organization improve its reputation and revealed that it is committed to sustainable methods. It's also a way for them to be socially responsible.

The study's findings suggest that Environmental Performance fosters higher Environmental Disclosure, which is consistent with previous research by Cahyaningsih and Rahadiansyah (2022), Itan et al. (2023), and Wahyuningrum et al. (2022). Environmental Performance does not significantly affect Environmental Disclosure, according to studies by Suryarahman and Trihatmoko (2021) and Maulana et al. (2021), contrary to these results. There seems to be a correlation among industry traits and the degree to which corporations are cognisant of sustainability concerns, as these discrepancies in findings suggest.

Companies that demonstrate excellent Environmental Performance are more likely to be transparent about their environmental impacts, according to legitimacy theory, since doing so demonstrates to the public these businesses are acting in accordance with societal norms. For long-term company sustainability, Environmental Disclosure is a strategic tool for maintaining credibility.

**The Effect of Firm Size on Environmental Disclosure**

Environmental Disclosure is positively and significantly impacted by firm size, according to the study's conclusions. These results show that bigger asset businesses are more likely to provide detailed environmental disclosures. Companies that operate on a large scale are sometimes subject to more public scrutiny since their operations are more intricate and their potential environmental repercussions are greater. Businesses are feeling the heat and are considering increasing the openness of their environmental reports as social duty.

Ardyaningsih and Oktarina (2022), Hapsari et al. (2024), and Wahyuningrum et al. (2022) have all shown that Environmental Disclosure is positively impacted by firm size. Our results are consistent with these findings. These results contradict those of studies that found no substantial influence of firm size on environmental disclosure (Maulana et al., 2021; Sari et al., 2025). Both the industrial setting and the amount of legitimacy pressure that corporations experience impact the effect of firm size on environmental disclosure, as shown byse discrepancies in the findings.

Given the far-reaching effects of their operational operations on society and the environment, big businesses have greater legitimacy demands, according to legitimacy theory. A company's long-term viability and public perception may be enhanced by environmental disclosure as strategic tool.

**The Effect of Profitability on Environmental Disclosure**

A significant negative effect of Profitability on Environmental Disclosure was identified in the analysis. These findings show that companies with high profit levels tend to focus their policies on achieving financial performance and strengthening their market position, so that Environmental Disclosure is not yet a top priority in corporate reporting practices.

These research findings are in line with the results of studies by Aly et al. (2024) and Maulana et al. (2021), which show a negative correlation among Profitability and

Environmental Disclosure. These findings are not in line with the results of research by Hapsari et al. (2024), who found a positive correlation, and Rahmatika (2021) who stated that Profitability does not have a significant effect on Environmental Disclosure. These differences in results indicate the correlation among Profitability and Environmental Disclosure is highly dependent on the context of managerial strategy and the company's orientation towards short-term and long-term goals.

From the perspective of legitimacy theory, companies that have gained economic legitimacy through strong financial performance tend to consider their position relatively secure in the eyes of stakeholders. This condition reduces social pressure to increase Environmental Disclosure because companies view market legitimacy as having been achieved through high profits.

**The Effect of Institutional Ownership on Environmental Disclosure**

Institutional Ownership was found to have a significant positive effect on Environmental Disclosure.The results demonstrate that corporations are more likely to be open and honest when institutional investors are involved, especially when it comes to disclosing environmental information. This is because these investors often think in the long run and have more power to monitor management actions.

Results show that Institutional Ownership contributes to better Environmental Disclosure. In order to keep their legitimacy and the public's trust, institutional investors with long-term interests push management to disclose more extensive environmental information, according to the study's findings (Jubaedah & Setiawan, 2023). This is because ownership structure influences the level of social and environmental disclosure through stronger governance and oversight processes. This contradicts the findings of Wahyuningrum et al. (2022), who found no substantial impact, and is in agreement with the study of Cahyaningsih and Rahadiansyah (2022), which indicates that Institutional Ownership may positively affect Environmental Disclosure. The contrast among the two revealed the level of control and direction of oversight exerted by institutional investors define the function of institutional ownership in promoting environmental disclosure.

Legitimacy theory posits that corporations are prompted to conform their reporting rules and practices to societal norms and values when they under pressure from owners of institutional capital. For this reason, environmental disclosure is an effective long-term strategy for both public trust and the legitimacy of the corporation.

**The Effect of Firm Age on Environmental Disclosure**

Research outcome revealed company's age significantly enhances Environmental Disclosure. This finding points to the fact the longer a company has been operating, the greater its tendency to increase environmental information disclosure. Established companies typically possess greater experience, sophisticated reporting systems, and a deeper comprehension of the significance of environmental openness, thereby promoting more extensive Environmental Disclosure procedures than their newer counterparts.

The outcome align as studies actualized by (Setiawan & Honesty, 2022; Wahyuningrum et al., 2022), which demonstrated firm age significantly influences Environmental Disclosure. Nonetheless, these findings contradict previous studies (Nugrahanti & Natasya, 2023; Aly et al., 2024; Trimuryanti & Lindrawati, 2025), which indicated that Firm Age does not significantly influence Environmental Disclosure. The disparate findings suggest the impact of business age on Environmental Disclosure may

range across industry contexts and is shaped by organizational dynamics and external constraints encountered by firms.

According to legitimacy theory, stakeholder expectations for legitimacy are stronger for longer-running businesses because of their increased public visibility and the depth of their interactions with these groups. In order to keep the public's confidence, maintain social legitimacy, and ensure the long-term viability of businesses, this requirement pushes them to improve Environmental Disclosure.

## CONCLUSION AND SUGGESTION

This study analyzes the influence of Environmental Performance, Firm Size, Profitability, Institutional Ownership, and Firm Age on Environmental Disclosure in food and beverage companies listed on the Indonesia Stock Exchange for the period 2022-2024 using the Legitimacy Theory approach. The results of the analysis show that Environmental Performance, Firm Size, Institutional Ownership, and Firm Age can increase Environmental Disclosure, while Profitability actually decreases the level of disclosure. These findings illustrate that companies strive to strengthen environmental transparency as means of obtaininging and maintaining social legitimacy, supported by good Environmental Performance and effective external oversight. This study contributes to the development of environmental accounting studies by emphasizing that Environmental Disclosure not only reflects compliance with regulations but is also utilized as strategy to build stakeholder trust while maintaining business sustainability.

Further studies could broaden the analysis of Environmental Disclosure by examining other relevant variables. Leverage is worth examining, as highly leveraged firms may disclose environmental information to maintain legitimacy and foster relationships with creditors and other stakeholders (Akhter et al., 2023). Board Independence may offer another avenue for investigation, given its reported positive association with ESG disclosure and its potential role in strengthening corporate oversight and accountability in sustainability reporting (Sari & Fitriani, 2023). Green Innovation may also be considered in examining Environmental Disclosure, given its relevance to corporate environmental protection efforts and sustainable development (Lu & Li, 2023). Expanding the sample to include firms from sectors beyond food and beverages may further improve the generalizability of the findings.

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