Social And Environmental Accounting: A Response To The Company's Operational Externalities

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Abstract: Conventionalaccountinghas limitationsin responding tothe impact ofexternalitiesgenerated bythe operations ofthe company. This was the background of social and environmental accounting study. Externalitiesthat are notrespondedpositivelywillaffect thelegitimacy ofthe business, so thatthe continuity ofthe company's operationsdisturbed. Therefore, notonlyfinancial informationis neededbutmore comprehensiveinformation. Inthis research, thedisclosure-scoring methodologybasedoncontent analysistomeasure thesecondary data obtainedfromannual report.As for theunitof analysisisthe top eightoil and gascompaniesarethe largestproducerof oil and gasproductionin Indonesia.The results ofthe measurementofsocialand environmentaldisclosure, socialand environmentalperformance, environmentalexposure,andenvironmentalcontent, using disclosure-scoring, usedfordescriptiveandstatisticalanalysisto determine the relationshipand its effect oneconomicperformance. The research provesthat theimpact ofthese externalitiescanaffect thesocialandenvironmentalperformance, social and environmental disclosureandeconomic performance.

Keywords: socialandenvironmentalperformance, externalities, economic performance, socialandenvironmentalaccounting, social and environmental disclosure, environmental exposure, environmental content.

1. Introduction

Natural resources have been exploited on a large scale but it did not generate the level of welfare as expected. Phenomenon is strengthened by the increasing growth of GDP (Gross Domestic Product) in Asia and the Pacific countries that exceed the GDP growth rate, indicating growth in transition economies. However, paradoxically, these countries are still experiencing slow economic growth. Almost all the country faces serious environmental problems. The fact is that a high level of socio-economic development is not always followed by a high environmental sustainability. (Rae Kwon Chung, 2010, p.1). Rae Kwon Chung (2010, p.14) argues on the stage of economic development, to improve the environmental performance is not enough to control pollution, but also must be addressed by improving the eco-efficiency of production and consumption as well as an increase in income that exceeds the level of economic development. This also denied reports published UNESCAP (United Nations State of the Environment (SOE) in Asia and the Pacific) in 2005 which stated that sustainable development can be achieved by improving the environmental performance of the short-term contains an error. Problem-solving process is only just at the end-of-pipe will not suffice. Like if only emphasizes the development environment that is associated with economic growth alone. Eco-efficiency and resource productivity is a concept used to determine the effectiveness of using environmental resources more broadly (Elkins,P. andTomei,J., 2010, p.7). It not only can be applied to the macro-economic sector but also in the micro sector, ie companies as one of the country's economic wheel.

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Externalities impacts of corporate activities to make the scope of social and environmental accounting changes. The company's main goal as a producer profit as possible for the benefit of shareholders to be questioned again. This is not apart of the externalities that have been neglected. From an economic perspective, externalities, is the impact of a company's activities to other parties not included in the cost of goods or services produced by the company. The traditional accounting unnoticed because the problem identification, and measurement. Accounting report only transactions that affect the account assets, liabilities, equity, revenue and expense that have a monetary value, while the externalities that have an impact on the five accounts were not disclosed due to difficulties in the identification and measurement. But whether because of those two factors make it neglected important information. Though these factors have a significant impact on the survival of a company. Therefore social and environmental accounting emerged as a business language media are more holistic than traditional accounting. Accounting model used in this study involved a framework that incorporates the concept of eco-efficiency into the three-dimensional concept of sustainable development, namely the dimensions of ecological, social, and economic, which is further broken down into several factors measurement performance. So this study will examine the influence of social variables and environmantal disclosure as the medium used to convey information about the social and environmental performance, as the second variable to variable economical performance. The concept of eco-efficiency will be included as one of the indicators of the variable social and environmental performance and economic performance.

2. Review of Literature

The concept of accounting for sustainability formula ted by Grayetal., (BebbingtonandGray, 2001), (Gray, 1996). identifiesthreemethods usedinaccountingforsustainability:

1) accounting for natural inventories
2) the calculation of sustainable cost
3) input–output analysis.

Inthis researchusedaconcept ofeco-efficiencyinto threedimensionsof sustainable development, namelythe dimensions ofecological, social, and economic, which isfurtherbroken down into severalfactorsmeasurementperformance. (Al-Tuwaijri et al, 2004)Soitwillexamine the influence ofsocial andenvironmentaldisclosureas a mediumtoconveyinformationaboutthe socialand environmentalperformance, to theeconomicperformance. The concept ofeco-efficiencywillbe includedas one of theindicators ofthevariablesocialand environmentalperformance andeconomicperformance. At the present time, social and environmental accounting as a meaningful addition further expands disclosures, such as providing information about employees, products, community service, and the prevention or reduction of pollution. However the social and environmental accounting is used to describe a more comprehensive form of accounting that includes account externalities (cost to be borne by public sector organizations from private organizations) as well as private costs are common. Non-traditional accounting has revealed problems externalities in the annual report. The type and extent of disclosure has been investigated by Guthrie and Mathews, (1985), (Gray, Owen and Maunders,1987). However social measures in the annual report, can not be separated from the nature of the analyst's subjectivity. Companies use the disclosure to create or maintain its position in the environment in which they operate. Subjectivity is still an ongoing issue, but have tried to find a solution by developing a uniform content analysis (Guthrie and Mathews, 1985). Nevertheless, the development of narrative reporting and non-traditional in the annual report has increased to more extensive and can no longer be ignored by the modern accountant. Reporting of social and environmental performance of a business entity or enterprise, not only contains qualitative information, but includes quantitative information. This quantitative information is closely related to financial performance (narrowly) or economic performance (broadly). It can be seen from the description of sustainability reporting guidelines that express the purpose of an sustanability report, namelySustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. Sustainability reporting is “a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts (e.g.,triple bottom line, corporate responsibility reporting, etc)”. (GRI,2006, p. 3) Unity is the center of attention of accounting is a joint venture activities involve various stakeholders as part of the economic activity. All participants (managers, employees, shareholders, creditors, customers, governments, and communities) to bear all aspects of joint activity. Company serves as the center of activity. This becomes relevant when the company becomes very large (large corporation). This view is based on the idea that large companies function as social institutions that have broad economic effects and complex, so can be prosecuted social accountability. The motives for companies engaging in social responsibility initiatives can be legitimacy (image building), sustainability (altruism) or bottom line (profitability), (Bronn and Vidaver-Cohen, 2009). However, as they found in their study, legitimacy motives, which include “improve our image”, “be recognized for moral leadership” and “serve long-term company interests”, have emerged as the most important consideration. Solomon and Lewis (2002) found enhancing corporate image as the main reason for corporate environmental disclosure, and the predominance of studies utilizing legitimacy theory to explain the reporting practice. Based on this evidence, we can pull the conclusion that environmental legitimacy as the aim of the organization in its environmental endeavours. Environmental legitimacy is “the generalized perception or assumption that a firm’s corporate environmental performance is desirable, proper, or appropriate” (Bansal and Clelland,2004,p.94). Further assert that an organization earns legitimacy when its environmental performance conforms to the stakeholders” expectations, including those of managers, customers, investors, and community members (stakeholders).

2.1. Social and Environmental Performance

Social and environmental performance is defined by Wartick and Cochran (1985) is as a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships.

2.2. Social and Environmental Disclosure

Social and environmental disclosure are defined broadly using the term corporate social disclosure is defined as the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large.(Gray, Owen and Adams, 1996, p. 3).Meanwhile, more specifically defined as Provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports. (Guthrie and Mathews, 1985, cited in Hackston and Milne, 1996, p. 78). Social and environmental disclosure is a process of communication as social and environmental impacts caused by the economic activity in the company's annual report or in a separate report, and it is her responsibility. What are expressed and measured in social and environmental disclosure revealed by JA Hall (2002) are: *Corporate social disclosure is measured (in terms of number of sentences disclosed) in the areas of theme (environment, product, energy, community, employee health and safety, employee other and general) and evidence (monetary quantitative, non-monetary quantitative and declarative).* So what was revealed about the social and environmental affected due to the company's operations include environmental issues, products, energy use, community around the company, health and safety personnel, other personnel issues of a general nature, and evidence both quantitative (monetary), non-monetary quantitative and declarative.

2.3. Economic Performance

Research on the environment associated with the measurement of economic performance using accounting measurement bases (accounting-based) and the market (market-based). As with any research conducted Bragdon and Marlin (1972) using the measurement basis of accounting, the Earning Per Share (EPS) and Return on Equity (ROE), while Spicer (1978) using the measurement basis of accounting and measurement basis of the market, the profitability and price-earnings ratio. One of the limitations in the use of various measures of economic performance is the tendency to focus narrowly on just one aspect of the company's economic performance. Net income measures the profitability of a company without considering the scale of the company. This shortcoming can be addressed by using return on assets (ROA), as well as perform basic scaling on the profitability of the investment assets of the company (Al-Tuwaijri, 2004). However this measurement will be biased, if the samples come from a variety of industries with different levels of fixed assets used, and there is a systematic difference between the type of industry in the age of the assets it uses.

2.4. Environmental Exposure

Environmental exposure is an explanation or description of the environmental costs that may occur in the future (future environmental cost). Operationalization of this variable by measuring the amount of toxic waste produced divided by the amount of revenue generated by the company.

2.5. Environmental Concern

There is a perspective that is based on a stakeholder analysis that states the existence of a tension between the explicit costs (eg payments to bondholders), and implicit costs to other stakeholders (eg, product quality costs, environmental costs). This theory predicts that a company is trying to suppress the implicit cost actions that are not socially responsible, will lead to explicit costs are higher due to competitive disadvantage. Based on these reasons, there is a positive relationship between social and environmental performance with financial performance (SA Waddock and SB Graves, 1996). Expressed a view that this argument is a normative basis, but there is an emphasis to build a strategy that has significance importance of the core values of employees and other stakeholders are interconnected. This meaning-making is often called strategic intent (Hamel and Prahalad, 1989) referenced by Waddock and Graves (1996). He also explained that in some cases, the position of which is accompanied by a strategy of social management and other normative behavior therein provide a position of competitive advantage. New ideas on the strategic management has meant that attaches the purpose of social activities in a strategic position with regard to the way the results are positive strategies. In other words, this will have a positive impact on financial performance.

3. Hypothesis:

H1: *Environmentalexposuremoderate the relationshipbetweensocialand environmental performance, socialand environmentaldisclosureandeconomicperformance.*
H2: *Environmentalconcernsmoderate the relationshipbetweensocialand environmentalperformance, socialand environmentaldisclosureandeconomicperformance.*
H3: *Socialand environmentalperformance, socialand environmentaldisclosure, environmentalexposure, environmentalconcernhas a positive effectoneconomicperformance.*

4. Research Methods

This research isdescriptiveand verification. Descriptive researchisresearchthat aimstoobtaina description ofthe characteristics ofsocialand environmentaldisclosurevariables, socialand environmentalperformance.Environmentalexposure,environ mentalconcerns, andeconomicperformance. Whileverificationstudybasicallyusedto test the truthofa hypothesisthat iscarriedthrough the collectionof datafromfield.(Nasir, 1999: 78). Inthis study, theunit ofanalysis is thecompanythat operatesproducingoil and gasfromupstreamto downstream. Theobservationunitisthe largestoil and gasproducer(foreign private companies, nationalprivate companiesandstate-owned enterprises), which contributed more than90percent ofIndonesia'soil and gasproducts. Thus, the population istenlargestoil and gascompaniesthat produceoil and gasforthe benefit ofIndonesiamorethan90percent. The sampleisoil and gas companiesofthe 8 largest companiesthatpublishsustainableCSRreportingorreportinga s a mediumtoobtain dataasa secondarydata source.

1) *Social and Environmental Disclosure*)-ENVDISC

Inthis study, thedisclosure-scoring methodologybasedoncontent analysisby streamlining thedisclosure offourkey indicatorsofthe environment, namely(1) the totalamountof toxic wastegeneratedanddivertedor recycled, (2) financialpenaltiesfor violation ofrules set, (3) PotentiallyresponsibleParty(PRP), which isdefined responsibilitiesto cleanareasaffected byhazardouswaste, and (4) reportthe presenceof oilandchemicalspills(AlTuwaijri, etal.,2004). The highest standard (+3) for the quantitative disclosures relating to the four indicators above. The second standard (+2) is set to a non-quantitative disclosure but the information is specific and related to these indicators. Qualitative disclosures generally receive the standard value (+1). While the company did not disclose the indicator gets the default value (0). When a companyhasto take actionsagainst the negative impactson the environmentcaused byits activities, butdid notdisclose itinthe annualreport, thenumeratordisclosurescoresunchanged(0), while thedenominatordisclosurescoresincreased(+1), resulting ina decrease indisclosurescoresoverall. Totalqualityscores(minimum =0, maximum=+12) is thesumofthefour activities, thenthe measurementofthe totalamountof activitythat causespollutionto connectwiththecompany's productionprocess, resulting in scores(minimum =0, maximum=+4). Soscoresof socialand environmentaldisclosure(ENVDISCL) rangingfrom0to +3. (Al-Tuwaijri, et al., 2004).

2) *Social and Environmental Performance*)-ENVPERF

The Quantitativemeasurementswereusedtomeasure thesocialand environmentalperformanceisthe calculation ofthe ratioof toxic wastethathas been recycledon the total amountof toxic wasteproduced bythe company(ENVPERF). Ifacompanyintroducesapollutionabatementprocess, the total amountof toxic wastethat isgeneratedas the denominator decrease and ENVPERFincrease. Orif thecompanyadoptstherecyclingof toxic waste, then thenumeratorincreases, thusincreasingENVPERF. Sothe higher theratioover thetoxic wastethat is recycledto the overall waste, the better thecompany'ssocialand environmentalperformance. AlTuwaijrietal.,(2004).

3) *Environmental exposure (ENVEXP)*

Environmentalexposure(ENVEXP) is measuredas theamountof toxic wastegeneratedbyaimpartialcompanywithtotalrevenues. Amountof toxic wastethatgeneratesperdollarof U.S.salesthat indicatepollutionintensityofproductionprocessesof the company.This sizeis expectedto be positively correlatedwithfutureenvironmentalcosts.

4) *Environmental Concern (ENVCON)*

The first characteristicisusedbyAl-Tuwaijri et al., (2004)is acommittee, which isanindicatorvariablethat has a codeone(1) ifthe companyhas aCorporate EnvironmentalCommittee/CEPor departmentgiven the responsibilityto monitorthe impact ofcorporate activityon the environment, otherwisecodedzero(0). The secondcharacteristic, reports, environmentalreportsmeasuring thefrequencypublicitystand-aloneorapartfromthe annualreport. Reportwill be coded(1,0) ifthe reportis publishedeachyear, (0.5) ifthe reportis publishedevery two years, (0.33) ifthe reportis publishedevery three years, and(0) ifthere is noreportpublished. The third characteristic, the program, isadiscretevariablethatmeasures thecompany's participation intheprogramis voluntarydefinedsocialdepartmentandother relevant departments. Due tomanagement's decision toimplementthese three activitiesis entirelyvoluntary, thenthese variablesprovideevidence ofmanagementawarenessof the importance ofprotecting the environment. As disclosedAl-Tuwaijri et al., (2004) predictedthatENVCONderivedfromthe analysis ofthe factorsthathave a positive relationshipwith thesocialand environmentalperformanceandsocialand environmentaldisclosure.

5) *Economic Performance (ECPERF)*

Measuring economicperformanceusediseconomicperformancesuggestedbythe GlobalReporting Initiative(GRI), which isthe economicvaluegeneratedanddistributeddirectlyincludingrevenues, operatingcosts, employeecompentation, donationsand othercommunityinvestments, retained earnings, andpaymentstocapitalproviders andgovernments.

5. Result

5.1. Descriptive Analysis

Table 1
Data Summary of ENVDISC, ENVPERF, ENVEXP and ENVCON

Name	ENVDISC			ENVPERF	ENVCON					ENVEXP
	(1)	(2)	(3)	(%)	C	R	Program			($/lb)
							(1)	(2)	(3)	
BP plc	3	10	0.33	98	1	1	7	21	3	1.30
Chevron	3	11	0.27	88.4	1	1	7	21	3	1.32
Conoco	3	11	0.27	91	1	1	7	21	3	1.08
ExxonMobil	3	11	0.27	88	1	1	7	21	3	1.07
Medco	3	10	0.33	65	1	1	7	21	3	0.58
Total	3	11	0.27	75.3	1	1	7	20	3	1.32
PetroChina	3	11	0.27	82	1	1	7	20	3	1.20
Premier Oil	3	11	0.27	72	1	1	7	21	3	0.65
Mean	3	10.8	0.29	82.46	1	1	7	21	3	1.07
Max	3	11	0.33	98	1	1	7	21	3	1.32
Min		10	0.27	65				20		0.58

1) The number ofsocialandenvironmentaldisclosurescoreorthe presence ofenvironmentalconcern
2) Totalscoresof socialandenvironmentaldisclosurequalityorexistence ofthe program(part of theenvironmentalvariablesare concerned)
3) The finalscoresofsocialandenvironmentaldisclosureorprogram.

In Table1the socialand environmentalquality ofdisclosurehasan average scoreof 10.75is ahigh scorebecause ofapproachingthe highest scoreof12. Thismeansthat thequality of thedisclosure ofmorequantitative, so avoid the disclosure ofqualitativeandallegedlyvery subjective. Thequality ofqualitativedisclosuresonlyon theindicatorexplanation ofthe existence ofa section ordepartmentthat is responsibleforcontrollingthe impact of wastethat are notexpressed inquantitativeform. Totalscoreson thesocialand environmentaldisclosureby an average of0.285. Is themaximumscoresof 0.33andthe lowestscoreis0.27. The total scoreiscalculatedbased onthe sumscore ofthe existence ofsocialandenvironmentaldisclosureindicatorsdivided bythe sumscore ofthe quality ofsocialandenvironmentaldisclosure.

Thismeansthat thelevel ofdisclosure ofinformation relating to theimpact ofexternalitiesis quitehigh, above themagnitude ofthe average scoredisclosure. Althoughwhen viewedin Table1islifted by ascore oftwooil and gascompanies, one of which is anational privateoil and gascompany(MedcoEnergy), theseindicationsshowtheirseriousnesstodisclosesuch informationastheiraccountabilityto the negative impactsthat occur. Onenvironmentalconcernis measuredbyindicatorswhich includecommittees, reportsandprograms. Of theeight sampleseachpublisha reporteveryyearon the impact ofexternalitieson thesocialandenvironmentalcompanies, so thatthe value ofthe average scoreis1.The programisthe minimumnumber of programsset bythe EPAis alsoreferencedby theMinistry of Social Affairsand theMinistry of Environmentwhichconsistsofinfrastructure constructionprogramsfor thepublic interestaroundthe company operates, greeningandenvironmental conservationprograms, public healthprogramsandenvironmentalimprovement, socialdevelopmentprograms,cultureandeducation, localeconomicempowermentprograms, energy efficiencyprograms, alternative energydevelopmentprogramorrenewableenergy. Valueisthe average scoreof 3, so it canbe saidthatthey plannedprogramrunningeffectively. The weaknessinthis studyneeds to beconductedin-depth researchabout the typeandquality ofeach programas well ascontinuity. Environmentalexposureis measured bythe amountof wasteproduced bythe companyto the amount ofrevenue generated. Its average valueisU.S.$ 1.112foreachrevenue generatedissued1poundof waste. WhenseeninTable1, the highest valuewasU.S.$ 1.32/poundand the lowest wasU.S.$ 0.58/pound. Forthe lowestvaluereached byoil and gas companiestend toseekgasrather thanoil.

Table 2
Economic Performance Analysis

Name	Revenue	Opr.Cost	Div. interest	taxes	(2)/(1)	(3)/(1)	(4)/(1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
BP plc	301,397	270,240	21,154	10,475	90	7	3
Chevron	221,848	170,111	65	33,876	77	0	15
Conoco	197,839	167,988	1,644	28,346	85	1	14
Exxon	397,499	69,765	8,215	27,171	18	2	7
Medco	1,010	637	31	111	63	3	11
Total	193,250	163,048	15,565	1,134	84	8	1
PetroCh	131,989	83,872	640	16,770	64	0	13
Premier Oil	618	162	38	121	26	6	20
Mean	180,681	115,723	5,919	14,750	63	3	10
Max	397,499	270,240	21,154	33,876	90	8	20
Min	618	162	31	111	18	0	1

(1), (2), (3) in million dollar US
(4), (5), (6) in %

InTable2, the analysis ofeconomicperformanceindicatorsis representedbyrevenue, operatingcosts, paymentstocapitalproviders (dividends andinterest)andpaymentto government(taxes), GRI(2006). The highestrevenueachievedbyExxonMobil(397 499) while the lowestwas obtainedbyPremierOil(618, 17). This does notmeanthatExxonMobilbetter becauserevenueinformationwould be meaninglessif notcompared tohow muchthe companyinvestedin fixed assetsthatthey use. Revenueinformationusedas the basisof analysisof efficiencyandrevenuedistributiontootherstakeholders. The magnitude ofthe lowestpercentageofoperatingcoststorevenuewas17.55% achievedbyExxonMobil, while the highest89.65% achievedbyBritish Petroleum(BP), meaningthat theoil companyExxonMobilisthe eighthmost efficientofthese companies. However,whencompared to thelevel ofthe finalwasteproduced by the companyto the amount ofrevenue generated(environmental exposure), ExxonMobilproduce1poundof wasteforeveryU.S.$ 1.07of its revenue. MedcoEnergyas the onlynational privateoil and gascompaniesthat representthe targetpopulation, theoperatingcostsof its revenuereached63.11% are close to theaverage of63.25%. WhenlinkedwithitsENVEXPvalueof U.S.$ 0.58, meaningthat in order toget revenue58centsU.S., MedcoEnergyproduce1poundof wasteandthis valueis thelowestvalueofthe eightcompaniesintothe sample. Thedistribution ofthe largestrevenueforproviders of funds(dividends andinterest) that isTOTALof8.05%andthe smallestcompanyChevron(0.03%). While thedistribution ofthe largestrevenueforthe government(taxes), which isPremier Oil(19.50%) and the lowest is theTOTAL(0.59%). MedcoEnergypositionis3.06% (ranked fourth out ofeightcompanies) forproviding the fundsand10.95% (ranked fifthout ofeight firms) togovernment(taxes).

5.2. Hypothesis test Result

Table 3
Correlation between variables

Variable	Correlation	M1	X1M1	X2M1	Y
M1	Spearman's rho	1	0.922	0.976	0.635
	Sig. (2-tailed)		**0.001**	**0.000**	0.091
	N	8	8	8	8
X1M1	Spearman's rho	0.922	1	0.850	0.738
	Sig. (2-tailed)	**0.001**		**0.007**	**0.037**
	N	8	8	8	8
X2M1	Spearman's rho	0.976	0.850	1	0.539
	Sig. (2-tailed)	**0.000**	**0.007**		0.168
	N	8	8	8	8
Y	Spearman's rho	0.635	0.738	0.539	1
	Sig. (2-tailed)	**0.091**	**0.037**	0.168	
	N	8	8	8	8

In the table only indicates that there is a correlation variable

Testing the first hypothesis is statistically proven that there are five relationship or correlation between variables with X1M1 M1, M1 with X2M1 variable, the variable X1M1 with X2M1, X1M1 with variable Y, with the M1 variable Y. each one individually, so that the null hypothesis (Ho) is accepted. It can be concluded that there is a relationship between environmental exposure variables (M1) with variable economic performance (Y). There is a relationship between environmental exposure variables (M1) with other independent variables, such as social and environmental performance variables (X1) and variable social and environmental disclosure (X2) that interact with environmental variables such as exposure variables X1 and X2 M1 M1,. There is a relationship between social and environmental performance variables that interact with environmental exposure variables with social and environmental disclosure variables that interact with environmental exposure variables. This suggests that environmental exposure variables, namely the disclosure of future environmental costs are calculated by comparing the waste generated an impartial company with total revenue, is directly related to social and environmental performace, social and environmental disclosure and to economic performance. Result of testing the first hypothesis can be interpreted that the company's performance with regard to their responsibility towards the social and environmental impacts will be associated with externalities. Externalities impact is measured by the amount of future environmental costs contained in the concept of environmental exposure. Future environmental costs that arise will affect the company's ability to generate profits in the future, thus affecting the financial (economic) performance. The second hypothesis testing, where the null hypothesis (H0) is the correlation between the independent variables (X1, X2, M2, and X2M2 X1M2) with the dependent variable Y, statistically rejected for the five independent variables were not significantly correlated with the dependent variable. This means that the environmental concerns variable not related the social and environmental performance, social and environmental disclosure and economic performance. On oil and gas companies are fixing the selling price based on the market price, then the explicit costs arising from the existence of the committee, publication of reports and programs for community are not affected. This is possible because of the amount of costs incurred for this relatively small compared to the amount of revenue.The programs established by the government to be run by the company, so that is mandatory. The programs are funded from the net income allowance (2%) of the company. Most of these programs are short term and are philanthropic.

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791[a]	.626	-.311	.31362

a. Predictors: (Constant), X2M2, X1, M2, X2, X1M2

On the basis of hypothesis testing the regression of social and environmental performance (X1), social and environmental disclosure (X2), environmental exposure (M1), environmental concerns (M2), economic performance (Y) and the variables interact with each other (X1M1, X1M2, X2M1, X2M2) obtained the result that the social and environmental performance variables (X1), and social and environmental disclosure (X2), which interacts with environmental exposure (M1) respectively or environmental exposure variables (M1) and economic performance variable (Y) has a significant relationship with one another. However, if the variables associated with environmental concern (M2), there was no correlation with these variables. Regression hypothesis test results did not prove there is the influence of the independent variables on economic performance (Y). This supports previous studies that only happens correlational relationship between the variables (X1, X2, M1, and Y).

6. Conclusion

Social and environmental performance in the ten highest producer of oil and gas companies in Indonesia, have an average value of 81.837%. This meansthat most of the waste generated from the company's operations have been carried recycle and reuse..As for therest of the wastethat is notrecycledordisposed ofordinaryburntafter processingtoachievesafe limitsin accordancewith theprescribed rulesthatwasteKLHminimal impacton the environment. Socialand environmentaldisclosurequalityhavean average scoreof 10.75is ahigh scoreas it nears thetop scoreof12. Thismeansthat thequality of thedisclosure ofwhich ismorequantitative, so avoid thedisclosure ofqualitativeandallegedlyvery subjective. Hypothesis test resultsindicatethatthere are onlyrelationships betweensocialand environmentalperformance, socialand environmentaldisclosure, andeconomicperformance withthemoderating variableenvironmentalexposure. Butforthe regressionrelationshipwas not proventhere isthe influence oftheindependentvariableson theperformanceof economicvariables. Thissupportsprevious studiesthatonly happenscorrelationalrelationshipbetweenthese variables. The hypothesis test results that only the future environmental costs are associated with social and environmental performance as well as that disclosure, and economic performance. The programs launched by the government to support social and environmental performance of the company to gain legitimacy from community are not seeing. On the basis ofthe results ofthe descriptiveanalysisandthe analysis ofhypothesis testing, the externalityfactorshave an influence onthe socialandenvironmentalperformance, andeconomic performance.

7. Suggestion

Suggestions forfurther researchisdeepeningtheconcept ofenvironmentalconcern. Deepeningof thedeterminationandimplementation of theprogram can be doneby submitting aquestionnaire, ordirectobservationtodeterminethe typeandquality ofeach programas well ascontinuity. It is expected tostrengthen theconcept ofenvironmentalconcernmeasuresusefulin analyzingthe relationshipor influencewiththe concept ofsocialand environmentalperformance, socialand environmentaldisclosure, as well aswitheconomicperformance. Suggestions for theregulator(government) is necessary to establishprogramsfor themedium and long termso thatthe programsimplemented byoil and gascompaniesare not merelyphilanthropicusedas a propaganda tool, orgreenwash.

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