Abstract

Indonesia is still in the level of lacking concern in sustainability if we try to look at so many cases of environmental pollution caused by mining industrial waste. Issues regarding environmental pollution caused by mining companies in Indonesia and the quality of environmental disclosures in environmentally-sensitive sectors regarding to the aspects of accountability and legitimacy has become the main focus of the research. The objective of the study are to find the extent, nature, and quality of environmental disclosures of the mining and coal companies in Indonesia, also the trends in the environmental disclosures of Indonesian mining and coal companies over the three-year period under investigation. This study is using longitudinal approach with descriptive quantitative analysis was undertaken of the annual reports of 20 mining and coal companies in Indonesia which are listed as members of Indonesian Mining Association over three-year period in 2010 until 2012, utilizing the Hackston and Milne (1996) disclosure index for extent of the disclosures and the Clarkson et al. (2008) disclosure index for nature and quality of the disclosures. The findings of this study posits that the extent of environmental disclosures in the annual reports of the 20 mining and coal companies in Indonesia is found to be in moderate to high level, compared to the prior study result, while the nature of environmental disclosures shows the scores sample companies achieved is slightly lower than Clarkson et al.’s, which means that mining and coal companies in Indonesia are providing environmental disclosures which are moderately hard in nature. For the overall quality of the disclosures, the research findings clearly show that the quality of disclosures is quite poor, regarding to the trends that proved lacking of objectively observable information.

Keywords: Indonesia, Mining and coal sector, Longitudinal study, Extent of environmental disclosures, Quality of environmental disclosure, Accountability, Legitimacy theory