

ABSTRACT

The purpose of this study is to analyze the effect of sustainability performance on sustainability disclosure quality, and provides an empirical evidence for their correlation based on voluntary disclosure theory and legitimacy theory. The measurement of sustainability performance as independent variable is based on environmental and social performance indicators by Global Reporting Initiative (GRI). Furthermore this study presents measurement scheme for sustainability disclosure quality as dependent variable that integrates environmental and social dimension of sustainability. The measurement scheme for sustainability disclosure is closely linked to the reporting requirements defined by GRI. Level of the internal organizational units focused on sustainability corporate, external assurance, firm size, leverage, and industry group are used as control variable in this study.

The sample of this study is companies listed in Indonesia Stock Exchange which published sustainability report in the period 2014. The sampling method in this study is purposive sampling. In addition multiple linear regression analysis is used as analysis technique in this study.

The result reveals sustainability performance has significant positive effects on high quality sustainability disclosure, this shows that superior sustainability performers choose high quality sustainability disclosure consistent with voluntary disclosure theory. Moreover sustainability performance has significant negative effects on low quality sustainability disclosure based on legitimacy theory which indicates that poor sustainability performers prefer low quality sustainability disclosure.

Keywords : Sustainability performance, sustainability disclosure quality, environmental and social dimension, Global Reporting Initiative (GRI).