

Corporate Governance, Internal Control And Voluntary Disclosures Of Environmental Accounting To Company Performance : Evidence From Hospital Industries In Indonesia

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Abstract

Purpose – To examine the relationship of corporate governance, internal control and voluntary disclosures and their impacts to the hospital industries performance in Indonesia.

Design/methodology/approach – A conceptual model including dimensions of good corporate governance, internal control, disclosures of environmental accounting and its relationship to performances in hospital industries as the empirical research setting, this study concerns forty four hospitals in Indonesia. The survey instrument is a questionnaire form which designed to achieve the research objectives. A total of 78 items questionnaire (attributes) were identified to be the most relevant.

Findings – Government Hospitals, teaching hospitals and general hospitals has above-average in implementing good corporate governance, internal controls and below in voluntary disclosures of Accounting environmental.

Critical implications – The result can be used by the hospitals and ministry of health to creatively reengineer and redesign their quality in good corporate governance, internal control and higher in voluntary disclosure of environmental accounting.

Originality/value – In this research, the study is described involving a new instrument and a new paradigm in public sector industries to measures its good corporate governance, internal control and voluntary disclosures of environmental accounting and its impact to performances by using four perspectives of balanced scorecard.

Keywords: corporate governance, internal control, voluntary disclosure of environmental accounting, company performance

1. . Introduction

Indonesia's participation as member of the World Trade Organization (WTO) in 1995 is set to be transparent, so that the competition can be conduct with fair and professional. By becoming a member of the WTO, means that Indonesia has to open the door for other industrial countries. The hospitals is in the service industries that regulated through the General Agreement on Trade in Service (GATS). GAT makes the regulation of trade in services including hospital and medical professional services. In situations such as this global competition, the implementation of good corporate governance is a necessity in order to build a strong state and sustainable company. Implementation of good corporate governance can effectively improve the quality of financial reporting (Sarbanes-Oxley Act of 2002).

Since June 2010, UNEP facilitated a meeting of international negotiations on legally binding instrument for mercury. A convention that regulates the use, trade, and disposal of waste containing mercury and mercury which are planned to be signed by 170 countries in 2013. Indonesia is one of the countries to follow the negotiations from the beginning. Mercury is a liquid metal at room temperature, the use of mercury in products and processes is very knowledgeable in various fields. In the health sector, the mercury used in dental clinic for treatment, in the form of dental amalgam, thermometers and sphygmomanometers (blood pressure measuring devices). The use of mercury-containing equipment is very close and exposure to risk. Hospitals contribute to a healthy environment with a significant impact, both in the upstream and downstream sectors of public services, through the use of natural resources and products are consumed, as well as through waste generated. There are limited numbers of parameter that we can use to measure the impact of environmental pollution and destruction of the health sector. National Health Service (NHS) in UK calculated the carbon footprint in the health sector, more than 18 million tons of CO₂ every year represents 25% of the total emissions of the public sector (NHS, 2009). Brazil uses more energy, more than 10% of the total energy consumption for the commercial sector (CHP, 2004).

In United States, healthcare sector is the largest user of chemicals, most of them are the cancer-causing chemicals. In China, the construction of health spending exceeds \$ 5.3 trillion, or about US\$ 639 per person per

year, or about 8 to 10% of Gross Domestic Product (GDP) of the world (WHO, 2010). In public sector areas, especially in developing countries. So many problems could lead the institution like hospital being bad in corporate governance, weakness of internal control and did not rely the effect of information disclosure. Although a growing number of companies have voluntarily disclose their environmental accounting (voluntary disclosure) and in addition to the other information that has been made by the company, but the information is not presented in a form that has been standardized (Ilinitch et., al 1998).

Ling (2007) stated that although there has been a rapid growth in the number of companies that make environmental accounting disclosure, but the disclosure does not follow certain standards so that there are variations in terms of venue, content, shape and length of the information disclosed. Information disclosure programs lead to reductions in pollution are varied and still being studied (Konar and Cohen 2000; Maxwell et al. 2000; Stephan 2002; Dasgupta et al. 2006). Depending on the context, consumers may decide to reduce or withdraw from consuming the product of a firm that is a high polluter. Despite these presumed benefits, information disclosure programs are not free. As with any government policy, they should be subject to the scrutiny of a cost-benefit analysis. The benefits are obvious – improvements in the environment that are presumably valued by some members of society. On the cost side, information disclosure requires some amount of government rule-making along with data collection, verification, and dissemination.

Firms also incur the costs of collecting and disseminating data and presumably incur the costs of any voluntary pollution reduction. Consumer groups and other non-governmental groups that exert pressure on polluting firms to reduce their emissions also incur costs – the cost of collective action, lobbying, litigation, etc. These costs substitute to some extent for the savings from reduced government monitoring and enforcement. Finally, there is another potential cost associated with information disclosure programs – the opportunity cost of foregone pollution reduction benefits outside the industry/pollutant subject to information disclosure. To date, virtually all of the literature on information disclosure has been empirical – either demonstrating the aggregate effect of information disclosure program on emissions or attempting to characterize the mechanisms by which information disclosure leads to these emission reductions. Examples include Hamilton (1995), Konar and Cohen (1997, 2000), Khanna et al. (1998), and Maxwell et al. (2000).

Recent evidence by Oberholzer-Gee and Mitsunari (2006) also suggests that disclosure of environmental information can affect property values – suggesting that the public uses this information in important ways. In spite of this growing literature on information disclosure, no attempt has been made to analyze theoretically the potential costs and benefits of information disclosure programs in a formal way. In order totally up the costs and benefits, one must first characterize the behavioral changes induced by information disclosure.

2. Literature Review and Conceptual Framework

The principles of corporate social responsibility according to Ernst and Ernst (1976) in Gray, Kouhy, and Lavers(1995) consists of environment, energy, fairbusiness practices, human resources and products. While Carroll(1996) divides social responsibility into several principles of energy and mineral resources, human resource management, environmental protection, and consumer protection. Anggraini (2006) stated that the charges against the company to provide information that is transparent, accountable organizations as well as good corporate governance (GCG) forcing companies to provide information about their social activities. Disclosure of the responsibility to accommodate environmental information becomes voluntary or voluntary. Economic impact on economic performance is reflected by some environmental costs (environmental costs) incurred by the company becomes a form of environmental responsibility (Palmer et al., 1995). Interest in environmental issues in economic decision making by investors led to the need for environmental disclosure in the financial statements become increasingly important (Berthelot et al., 2003). Vence (1975) in Belkaoui and Karpik (1989) has the opposite view, that the corporate social disclosure it provides a competitive disadvantage (competitive disadvantage) because the company has to spend an extra fee to disclose social information.

One form of Corporate Social Responsibility (CSR) is not only reflected in social actions but more to accommodate possibilities that the voluntary nature becomes mandatory as a manifestation of the application of the principles of good corporate governance by integrating the five principles of good corporate governance, namely fairness, transparency, accountability, responsibility, and independency harmoniously. There are fundamental differences between these four principles (Supomo, 2004). The first three principles tend to be share holder-driven, because it paid more attention to the interests of shareholders of the company. For example, fairness can be a fair treatment of minority shareholders; Transparency refers to the presentation of financial statements is accurate and timely; while accountability is realized in the form of functions and authority of the GMS, commissioners, and directors should be accountable. Meanwhile, the principle of responsibility better reflect stakeholder-driven, because he prefers the interested parties to the existence of the company. Stakeholders may include company employees and their families, customers, suppliers, local communities and society at large, including the government as regulator. Here, the company is not only required to be able to create added value

(value added) products and services for the company's stakeholders, but also to be able to maintain the continuity of the creation of added value (Supomo, 2004).

Sarbanes-Oxley Act of 2002 requires each public company must disclose (disclose) the internal control report, statement of need for enforcement of internal control effectively the operational activity of the company is done with the response to the response from the public as a result of accounting scandals associated with internal control. The case of Enron, Tyco International, Adelpphia, Peregrine Systems and the latter is the case of Worldcom. Effective internal control provide a positive impact on the company's policy to disclose information that is voluntary (voluntary). The results obtained Salomon and Lewis, 2002 stated that the company is losing sensitivity in the control of their activities tend not to be able to clearly reveal undetected items in the presentation of information to the public.

Accommodative approach towards corporate disclosure of environmental information with a favorable approach can provide guidance to stakeholders in policy making and activity (Dye, 2001; Verrechia, 1983). Control environment as one part of the internal control became a central focus in the disclosure of environmental accounting. Corporate environment that promotes transparency, accountability and independence in the presentation of the report are positively related to environmental performance and voluntary environmental disclosure (Al-Tuwajri et al., 2004; Clarckson et al., 2008).

Deegan (2002) stated that the main motivation to develop environmental accounting is to provide a basis for improving environmental performance and financial performance at the same time. With the improvement of the financial performance of the company's overall performance can be increased. The information generated by the accounting environment, especially the environmental cost information can help management to control costs in order to generate cost savings that can ultimately improve financial performance (Burritt, 2002).

Polluting companies pay three times that for non-product output in the form of waste and emissions. First, the company pays the cost of the purchase of such materials; fuel, labor and infrastructure, which also produces waste and emissions. Third, the company pays for the cost of waste disposal so as not to exceed the allowed limit. A fee of it makes in efficient enterprises and by it self will lower earnings (Gale, 2006; Porter and Vander Linde, 1995). By implementing environmental accounting, the company can control the environmental costs that might previously difficult to control because it is hidden in the overhead.

Environmental accounting allows environmental costs can be identified, measured and allocated appropriately to the process or product related to making it easier for managers to control and cost savings. For example, the cost to process and clean up the waste so that efforts to reduce the cost of it can be done easily and precisely (United Nations Divisions for Sustainable Development, 2001). With the cost control based on accounting information provided by the environment, cost efficiencies can be achieved to improve the company's financial performance (Dascalu et al. 2010). US Environmental Protection Agency, 1998 in Bosshard (2003) stated that an important function of environmental accounting is to bring to the attention of environmental costs so that manager scan direct managers in determining the proper way to reduce or eliminate the economic costs to be incurred (if environmental aspects are ignored) and at the same time can also reduce damage to the environment in other words increase the environmental performance of the company. This can be done by removing the environmental cost of the overhead and allocate it appropriately with related accounts. By allocating environmental costs to products or processes that produced it, the company can motivate managers and employees to find alternative creative pollution prevention costs lower so as to increase profits (Environment Agency Japan, 2000).

Research by Ditz and Ranganathan (1996) found that the environmental cost information generated by environmental accounting can help increase the performance of the company due to the existence of the information manager that responsible for the resulting costs and trying to make an effort to reduce these costs. Research Larrinaga and Bebbington (2001) found that by implementing environmental accounting, companies can make cost savings that increased financial performance. Likewise Elewa (2007) who found that the application of environmental accounting can increase profit growth through reducing annual costs. Meanwhile, Hayden (1989) in De Beer and Friend (2006) adds that in addition through cost reduction, environmental accounting can also be used to demonstrate the potential of environmentally beneficial investment to generate significant financial benefit through an environmental ability avoidance.

3. Methodology

3.1 Population and Sample

Population in this study are all hospitals that implementing good corporate governance, internal control and follow the survey by PROPER 2010-2011. There are 42 hospitals that survey by PROPER 2011. Majority of them listed in red and black status, poluted environmental and has no waste installation.

3.2 Variables

Operationalization of variables is the process of operational is ing the concept of avariable so that the variable can be measured, which is formulated based on the dimensions of the concept owned and then

categorized the elements that can be measured (Sekaran, 2003:152). In the operationalization of variables, each variable operational definitions out lined. The operational definition of each of the variables of this study areas follows:

Variable X1: Good Corporate Governance

Variable X1: Variable Good Corporate Governance

Good corporate governance has five dimensions:

X1.1 Dimensions: Responsibility (Responsibility)

Accountability is a fit between the management company with the legislation in force in the principles of a healthy company.

X1.2 Dimensions: Accountability (Accountability)

Accountability is a function of clarity and accountability of directors or board of trustees and directors so that the management company to run effectively.

X1.3 Dimensions: Fairness (Fairness)

Fairness is fairness and equality in meeting stakeholder right arising under the agreement and the rules and regulations applicable per undang-undang conducted by the management of the organization.

X1.4 Dimensions: Transparency (Transparency)

Transparency is transparency in the decision making process and openness in expressing material and relevant information about the company.

Dimensionsx1.5: Independence (Independency)

Self-reliance is a state in which a professionally managed company with no conflict of interest and the influence of pressure from any party with legislation in force and the principles of healthy corporate.

VariableX2: Internal Control (Internal Control)

X2: Variable Internal Control (Internal Control)

Internal control has five dimensions:

X2.1Dimensions: Lingkungan Pengendalian

X2.2Dimensions: Penaksiran Risiko

X2.3Dimensions: Aktivitas Pengendalian

X2.4Dimensions: Informasi dan Komunikasi

X2.5Dimensions: Monitoring

Variable Y: Disclosure of Environmental Accounting

Disclosure of Accounting Environment Variables marked with a symbol (Y) is the delivery of financial information about a company in the financial statements, usually in the annual report (annual report) company (Hendriksen and VanBreda; 2002:439-444), namely; financial forecasts, accounting policies, changes in accounting and disclosure of events after the report. Environmental disclosure is the disclosure of information relating to the environment in the company's annual financial statements (Patten, 2002). Measurement of the spectrum of the environmental costs of conventional cost starts with, potentially hidden costs, contingent costs, relationship costs, and societal costs (EPA, 1995). In this study using a 5 (five) dimensional measurement for variable Y as mentioned above.

This measurement uses the questionnaire questions regarding Disclosure Accounting-related environmental measurements using indicators of environmental accounting (EPA, 1995a) in Rusmana (2003). Disclosure of Environmental Accounting with 18 questions. The scale assessment questionnaire is a five-point scale model of Multiple List Rating Scale (Cooper and Schindler, 2003:255). Each alternative answers were scored with range of 1-5.

Variable Z: Corporate Performance

Performance of the company in question here is what has been achieved by the company in accordance with the standards of the company or plan. Dimensions of corporate performance consists of non-financial performance and financial performance. (Northon and Kaplan, 1996).

Dimension Z1: Financial Perspective

Dimension Z2: Consumer Perspective

Dimension Z3: Internal business process perspective

DimensionZ4: learning and growth perspective

3.3 Results and Analysis

Description of study variables was obtained from the score, on average, percentage, and categories for each of the variables, dimensions, and indicators. Variables Application Principles of Good Corporate Governance (X1), Effectiveness of Internal Control (X2), Disclosure of Environmental Accounting(Y), and Performance Hospital Balanced Scorecard (Z) was rated by 150 respondents from 30 hospitals that follow PROPER 2010-2011. Description This variable is also seen from the average per hospital and categories. By using the terms range (r) =5.00 to 1.00 (the highest average score minus the lowest average score), and many

criteria (k) = 5, obtained class length (p) = $r/k=4/5=0.8$. Clearer picture of the criteria average scores shown in the table as follows:

Tabel 4.1
Average Score Criteria

Average Score	Criteria
1,00 – 1,80	Very Low
1,81 – 2,60	Low
2,61 – 3,40	Fair
3,41 – 4,20	High
4,21 – 5,00	Very High

3.3.1 Description of Variables Application of the Principles of Good Corporate Governance

Variables Application Principles of Good Corporate Governance consists of five dimensions, namely (1) Responsibility, (2) Accountability, (3) Fairness, (4) Transparency, and (5) independency. The responses of 150 respondents from 30 hospitals based on the average performance value, percentage, and categories can be presented in the following table.

Tabel 4.2
Average Achievement, Percentage, and Category for Every Item on Each Dimension for Variables Application on Principles of Good Corporate Governance

Dimension	Mean	Percentage	Category
Responsibility	3.8644	77.29	High
Accountability	3.7947	75.89	High
Fairness	3.7978	75.96	High
Transparancy	3.8156	76.31	High
Independency	3.9600	79.20	High
Application on Principles of Good Corporate Governance (GCG)	3.8379	76.76	High

Source: Primary Data Processing (2013)

The tables and figures show that in general the average performance variable Applying the Principles of Good Corporate Governance 3.8379 (from the interval 1,000 - 5,000) with a percentage of 76.76% achievement, which includes the high category. This means that the principles of good corporate governance has been well implemented by the hospital. In detail, the average achievement, percentages, and category for each item on each dimension can be seen in the following table.

Tabel 4.3
Average Achievement, Percentage, and Category for Every Item on Each Dimension for Variables Application on Principles of Good Corporate Governance

Item	Mean	Percentage	Category
i01	3.6667	73.33	High
i02	3.8667	77.33	High
i03	3.9200	78.40	High
i04	3.9400	78.80	High
i05	4.0267	80.53	High
i06	3.7667	75.33	High
Accountability	3.8644	77.29	High
Item	Mean	Percentage	Category
i07	3.9533	79.07	High
i08	3.9067	78.13	High
i09	3.6533	73.07	High
i10	3.7333	74.67	High
i11	3.7267	74.53	High

Accountability	3.7947	75.89	High
Item	Mean	Percentage	Category
i12	3.7600	75.20	High
i13	3.9200	78.40	High
i14	3.7133	74.27	High
Fairness	3.7978	75.96	High
Item	Mean	Percentage	Category
i15	3.9467	78.93	High
i16	3.7200	74.40	High
i17	3.7800	75.60	High
Transparancy	3.8156	76.31	High
Item	Mean	Percentage	Category
i18	3.9200	78.40	High
i19	4.0000	80.00	High
Independency	3.9600	79.20	High

Source: Primary Data Processing (2013)

Based on the results of the study found, some hospitals as RS Dr. Ramelan, Dr.Sardjito, and RSP Unhas implement of good corporate governance is not adequate. Dimensions of responsibility, accountability, fairness, transparency and independence that is at the low results found in hospital A and hospital type IA class is dominated by government hospitals. Poor medical care because of inadequate support facilities, the professionalism of the doctors and nurses as well as a lack of consistency in the government's guidance to government hospitals has contributed to the lack of application of the principles of good corporate governance. RS Dr.Ramelan, RSP UNHAS, and RS. Dr.Sardjito point to the fact weak implementation of the principles of good corporate governance in government hospitals.

3.3.2 Description of Variables Effectiveness of Internal Control

Variable Effectiveness of Internal Control consists of five dimensions, namely (1) Control Environment, (2) risk assessment, (3) Activity Control, (4) Information and Communication, and (5) monitoring. The responses of 150 respondents from 30 hospitals based on the average performance value, percentage, and categories can be presented in the following table.

Tabel 4.4
Average Achievement, Percentage, and Category for Every Dimension
on the Effectiveness of Internal Control Variable

Dimension	Mean	Percentage	Category
Control Environment	3.6600	73.20	High
Risk Assessment	3.5633	71.27	High
Control Activities	3.6947	73.89	High
Information and Communication	3.7960	75.92	High
Monitoring	3.6560	73.12	High
Effectiveness of Internal Control	3.6765	73.53	High

Source: Primary Data Processing (2013)

The tables and figures show that in general the average achievement of Internal Control Effectiveness variable is 3.6765 (from the interval 1,000 - 5,000) with a percentage of 73.53% achievement, which includes the

high category. This means that the internal control has been done effectively by hospitals. In detail, the average achievement, percentages, and category for each item on each dimension can be seen in the following table.

Tabel 4.5
Average Achievement, Percentage, and Category for Every Dimension
on the Effectiveness of Internal Control Variable

Item	Mean	Percentage	Category
j01	3.8667	77.33	High
j02	3.6867	73.73	High
j03	3.6000	72.00	High
j04	3.6267	72.53	High
j05	3.5067	70.13	High
j06	3.5133	70.27	High
j07	3.7467	74.93	High
j08	3.7333	74.67	High
Control Environment	3.6600	73.20	High

Item	Mean	Percentage	Category
j09	3.5667	71.33	High
j10	3.5800	71.60	High
j11	3.5600	71.20	High
j12	3.5467	70.93	High
Risk Assessment	3.5633	71.27	High

Item	Mean	Percentage	Category
j13	3.9533	79.07	High
j14	3.6800	73.60	High
j15	3.6800	73.60	High
j16	3.6533	73.07	High
j17	3.5067	70.13	High
Control Activites	3.6947	73.89	High

Item	Mean	Percentage	Category
j18	3.7200	74.40	High
j19	3.9133	78.27	High
j20	3.7933	75.87	High
j21	3.9000	78.00	High
j22	3.6533	73.07	High
Information Communication	3.7960	75.92	High

Item	Mean	Percentage	Category
j23	3.6467	72.93	High
j24	3.6400	72.80	High
j25	3.7000	74.00	High

j26	3.6400	72.80	High
j27	3.6533	73.07	High
Monitoring	3.6560	73.12	High

Source: Primary Data Processing (2013)

3.3.3 Description of Variables Disclosure of Environmental Accounting

Disclosure of Accounting Environment Variables consists of five dimensions, namely (1) Cost of Conventional, (2) Potential Hidden Costs, (3) Contingent fee, (4) Cost Liaison, and (5) Social Cost. The responses of 150 respondents from 30 hospitals based on the average performance value, percentage, and categories can be presented in the following table.

Tabel 4.6
Average Achievement, Percentage, and Category for Every Dimension
in Variable Disclosure of Environmental Accounting

Dimension	Mean	Percentages	Category
Conventional Cost	3.5733	71.47	High
Potential Hidden Cost	3.4222	68.44	High
Contingency Cost	3.4450	68.90	High
Connecting Cost	3.4578	69.16	High
Social Cost	3.5227	70.45	High
Disclosures of Environmental Accounting	3.4863	69.73	High

Source: Primary Data Processing (2013)

Bar chart of average achievement for every dimension in disclosure of environmental accounting can be presented as follows:

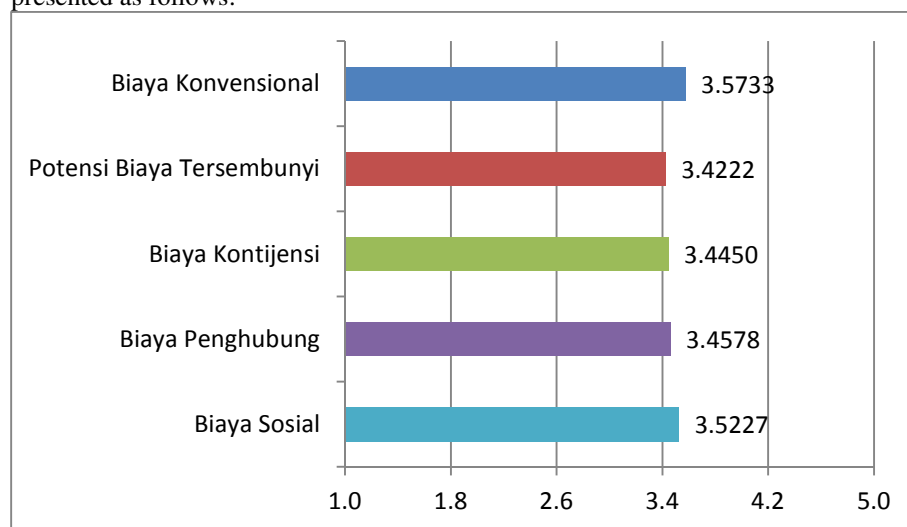


Figure 4.3. Bar chart of average achievement for every dimension in disclosure of environmental accounting

The tables and figures show that in general the average achievement of Environmental Accounting Disclosure variable is 3.4863 (from the interval 1,000 - 5,000) with a percentage of 69.73% achievement, which includes the high category. This means that the relative environmental accounting disclosure has been made by the hospital. In detail, the average achievement, percentages, and category for each item on each dimension can be seen in the following table.

Based on the results of the study found some hospital Dr.Ramelan, Dr.Sardjito, and RSP Unhas inadequate in expressing an environmental accounting. Cost of conventional dimensions, Potentially hidden costs, contingent costs, relationship costs, and societal costs to obtain low yield sand are found in hospitals and hospital type A class IA-dominated government hospital, hospital and teaching hospital official. Poor management of medical waste as supporting facilities in adequate sewage treatment, lack of human resources in the management of hospital waste and not specifically sanction given by the government to the government hospital has

contributed to the lack of disclosure of environmental accounting. Hospital Dr.Ramelan, RSP UNHAS, and RS. Dr.Sardjito showed weak facts disclosure of environmental accounting at the hospital.

3.3.4 Description of Variables Hospital Performance Balanced Scorecard Variables Hospital Performance

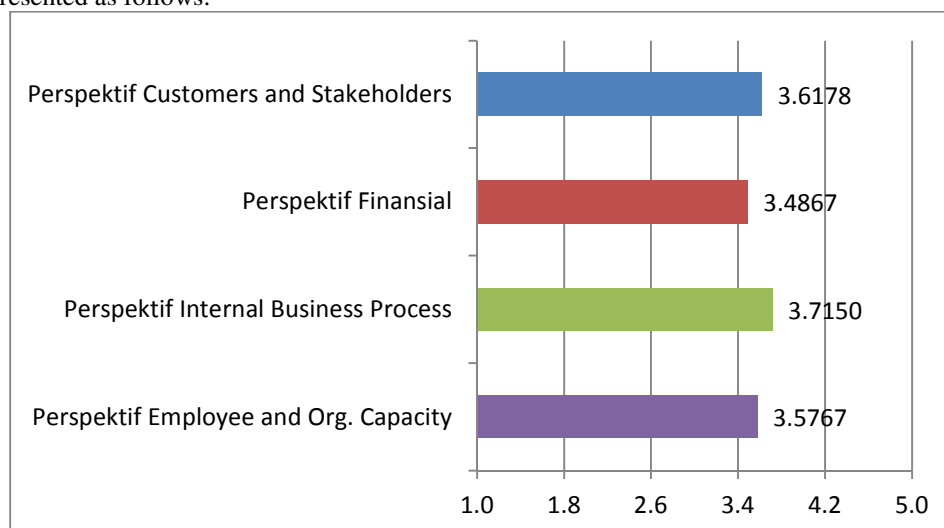
Balanced Scorecard consists of four dimensions, namely (1) Customers and Stakeholders Perspective, (2) Financial Perspective, (3) Internal Business Process Perspective, and (4) Employee and Organizational Capacity Perspective. The responses of 150 respondents from 30 hospitals based on the average performance value, percentage, and categories can be presented in the following table (table 4.14).

Tabel 4.7
Average Achievement, Percentage, and Category for Every Dimension on Hospital Performance Variable with Balanced Scorecard

Dimensi	Mean	Percentage	Category
Customers and Stakeholders Perspective	3.6178	72.36	High
Financial Perspective	3.4867	69.73	High
Internal Business Process Perspective	3.7150	74.30	High
Employee and Org. Capacity Perspective	3.5767	71.53	High
Hospital Performance with Balanced Scorecard	3.5978	71.96	High

Source: Primary Data Processing (2013)

Bar chart of average achievement for every dimension in hospital performance with balanced scorecard can be presented as follows:



Gambar 4.4. Bar chart of average achievement for every dimension in hospital performance with balanced scorecard

The tables and figures show that in general the average achievement variable Hospital Performance Balanced Scorecard is 3.5978 (from the interval 1,000 - 5,000) with a percentage of 71.96% achievement, which includes the high category. This means that the hospital has a high performance based onbalanced scorecard. In detail, the averageachievement, percentages, and category for each item on each dimension can be seen in the following table.

Tabel 4.8
**Average Achievement, Percentage, and Category for Every Dimension on
 Hospital Performance Variable with Balanced Scorecard**

Item	Mean	Percentage	Category
101	3.7533	75.07	High
102	3.6400	72.80	High
103	3.4600	69.20	High
Customers and Stakeholders Perspective	3.6178	72.36	High

Item	Mean	Percentage	Category
104	3.4867	69.73	High
105	3.5800	71.60	High
106	3.3267	66.53	Fair
107	3.5533	71.07	High
Financial Perspective	3.4867	69.73	High

Item	Mean	Percentage	Category
108	3.5867	71.73	Tinggi
109	3.7800	75.60	Tinggi
110	3.7733	75.47	Tinggi
111	3.7200	74.40	Tinggi
Internal Business Process Perspective	3.7150	74.30	Tinggi

Item	Mean	Percentage	Category
112	3.5600	71.20	High
113	3.5533	71.07	High
114	3.6067	72.13	High
115	3.5867	71.73	High
Employee and Org. Capacity Perspective	3.5767	71.53	High

Source: Primary Data Processing (2013)

Based on the results of the study found some hospital RS Dr.Ramelan, Dr.Sardjito, and RSP UNHAS has the principles of good corporate governance is low, inadequate internal controls and low environmental accounting disclosure would adversely affect the achievement of the performance. This is consistent with research and Ditz, Ranganathan (1996) found that the environmental cost information generated by environmental accounting can help increase the performance of the company due to the existence of the information managers more responsible for the resulting costs and trying to make efforts to reduce the cost.

Larrinaga and Bebbington (2001) found that by implementing environmental accounting, companies can make cost savings that increased financial performance. Likewise Elewa (2007) who found that the application of environmental accounting can increase profit growth through reducing annual costs. Meanwhile, Hayden (1989) in DeBeer and Friend (2006) adds that in addition through cost reduction, environmental accounting can also be used to demonstrate the potential of environmentally beneficial investment to generate significant financial benefits through avoidance of environmental liability.

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