ABSTRACT

The implementation of good corporate governance (GCG) is one of the significant efforts to escape from the economic crisis that happened in Indonesia. Oriented to show concern and responsibility towards the society, environmental disclosures contains the information about environmental responsibility in the financial statements instrument. Moreover, GCG mechanism and environmental disclosures implementation enables companies to increase their value by balancing the interests of both internal and external users. This research was intended to examine the effects of corporate governance mechanisms towards corporate environmental disclosures practice and to examine the effects of environmental disclosures practices on firm value. In conducting this research, the researcher defined firm size, profitability, and leverage as control variables. Meanwhile, the board of commissioner size, gender diversity (female directors), proportions of independent commissioners on the boards, the number of board of commissioners meetings, audit committee size, managerial ownership, and foreign ownership are the proxies of CGC mechanism. Furthermore, there are two dependent variables which are environmental disclosures and firm value. Environmental disclosures variables are used as dependent variable in the first research model and as independent variable in the second research model. Furthermore, environmental disclosures are measured by using Global Reporting Initiative's (GRI) G4. The research utilized secondary data which were taken by using purposive sampling technique and documentation technique. The research samples used in this study are 70 mining companies registered in Indonesia Stock Exchange (IDX) during 2015-2016. Afterwards, the data gathered were analyzed by using multiple linear regression method in SPSS Version 23. The results of this research showed that the board of commissioner size, gender diversity, foreign ownership, and profitability had a positive effects towards environmental disclosures level. Meanwhile, the board of commissioner meetings number, audit committee size, and managerial ownership had no significant effects towards environmental disclosures level. Then, environmental disclosures, firm size, and profitability also had no significant effects towards firm value. Moreover, leverage as control variable had a positive significant effects towards firm value.

Keywords: ***good corporate governance (GCG) mechanism, environmental disclosures, firm value***