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THE EFFECTS OF CORPORATE GOVERNANCE STRUCTURE AND FIRM CHARACTERISTIC TOWARDS ENVIRONMENTAL DISCLOSURE

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ABSTRACT

This study aims to obtain empirical evidence about the effect of corporate governance structure and firm characteristic towards environmental disclosure of firms in Indonesia. Prior research review show that there is no consistency and have variety results. This research is a replication with modification of the research by Rao, et al (2012) and Burgwal and Vieira (2014) that examined the influence of corporate governance structure and firm characteristic on environmental disclosure. This study attempts to examine it with seven independent variables. These are independent commissioners, institutional ownership, board of commissioners size, proportion of women directors, firm size, profitability and industry type.

The population of this study was all companies listed in Indonesia Stock Exchange (IDX) in 2012 and 2013. Sample consists of companies which disclose environmental disclosure through the GRI 3.1 index on sustainability report so there are 59 firms that determined as samples and 59 observations of financial statements. Analysis of Covariance (ANCOVA) test was used as an analysis technique to examine the hypotheses. Statistic program in this study used SPSS 20.

The results of this study showed that independent commissioners, board of commissioners size and industry type have significant positive effect on environmental diclosure. While institutional ownership, proportion of women directors, firm size and profitability have no significant influence on environmental disclosure. This research showed that corporate governance practices and firm characteristic in Indonesia was still minimize to control the extent of environmental disclosure.

Keywords: Environmental disclosure, corporate governance structure, firm characteristic

BACKGROUND

The world economic development and business industry's growth brings along negative environmental impacts such as climate change, global warming, environmental degradation and pollution. As a major force in economic development, firms have come to be seen as the primary party responsible in environmental issues and have confronted pressure from stakeholders to be more environmentally responsible by reducing the negative impact of their activities on the environment and provide information about their environmental performance (Akbas and Canikli, 2014). Environmental disclosure has been understood broadly as providing information related to the environmental implications of the company operations (Rao et al, 2012). In Indonesia, environmental disclosure that initially was voluntary has now become a mandatory (Halida, 2014). It can be seen from many laws and regulations that control in Indonesia companies.

Gibson and O'Donovan (2007) in Rao, et al (2012) explain that an increase in environmental disclosure could be achieved by strong corporate governance, which includes the provision of environmental information to legitimate stakeholders. So this is an indication that corporate governance plays a role in environmental disclosure. Besides, previous empirical studies have shown that social and environmental information disclosures varies across companies and industries. Differences in the disclosure occurred because social and environment impacts caused by each company are not always the same, many factors differentiate a company with other

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companies. Firm characteristics are factors that differentiate a company with the others. This study builds on existing research on corporate social responsibility disclosures, specifically in the environmental disclosure area. It has differences with previous studies in terms of the variables used, samples and measures. Inconsistency in the results of previous studies has prompted this study to determine the effect of corporate governance structure and firm characteristics towards environmental disclosure.

This study aims to investigate and analyse the extent of environmental disclosure by companies in Indonesia that are listed in Indonesia Stock Exchange (IDX) from 2012-2013 which disclose environmental report through the index GRI 3.1 on sustainability report. This study uses factors based on previous studies of the corporate governance structure and firm characteristics. Firm characteristics were proxied by firm size, profitability, and industry type. The corporate governance structures were proxied by the board of independent commissioners, institutional ownership, board of commissioners size, and the proportion of women director on the board.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Many corporations take responsibility for their environmental impacts, a responsibility reflected in their willingness to make public disclosures of behaviour with environmental implications (Suttiipun and Stanton, 2012). There is a significant increase in the amount of companies that provide environmental disclosures in their annual reports and any other report such as sustainability report. The tendency of public corporations to voluntary provide environmental disclosures has been interest to accounting researchers. In Indonesia, research about environmental disclosure has increased, for instance in research from Setyawan (2012), Yesika (2013), Nugroho (2013), Ariningtika (2013), Raras Halida (2014), Paramitha (2014) and so on. The results of previous studies still tends to vary and is inconsistent. Inconsistency in the results of previous studies has prompted this study to determine the effect of corporate governance structure and firm characteristics towards environmental disclosure. Corporate governanc structure proxied by board independent commissioners, institutional ownership, board of commissioners size, board of women directors, while firm characteristic proxied by firm size, profitability and industry type.

Effect of Board of Independent Commissioners on Environmental Disclosure

Based on agency theory perspective, it can be explained that by having a greater number independent commissioners it will be easier to control and supervise the performance of the company so that it can minimize the deviation. In addition, independent commissioners tends to increase the transparency of the company with both mandatory and voluntary disclosure of information (Rao, et al 2012). Independent commissioners can better monitor management as a non-official position in the organization and has incentive to build a reputation as a separate monitoring of the internal directors. Lack of interest in the material and independent assessment will encourage board members to act in support of both shareholders and stakeholders.

In some studies there is a positive relationship between the independent commissioners with a voluntary disclosure. But research result from Halida (2010) found that independent commissioners has no effect on environmental disclosure. Independent commissioners provide transparency in corporate performance information and other voluntary disclosure as additional information (Cheng and Courtenay, 2006 in Rao, et al 2012). The more independent commissioners will be trying to ensure that the company conducts environmental social responsibility, including environmental responsibility disclosure. According to De Villiers, et al (2009), more independent commissioners within the board will force managers to make decisions that support the environment and have a strong corporate environmental performance. Furthermore, the presence of independent commissioners has focused on increasing the shareholder value and disclosing environmental problems. So it can be concluded that environmental disclosure will increase with increasing the proportion or number of independent commissioners. Based on the above, the hypothesis proposed in this study are as follows:

H1. Independent commissioners have positive effect on environmental disclosure

Effect of Institutional Ownership on Environmental Disclosure

Institutional ownership is a form of ownership concentrated and is measured by the percentage of shares held by institutional shareholders. They include banks and suppliers of funds in the financial markets such as insurance companies, pension funds, and investment companies (Lakhal, 2005 in Rao et al, 2012). Having large institutional investors can reduce the effectiveness of the board. Increasing demand for information occurs because of the separation between ownership and control, so that there is continued pressure from management to provide more information (Jensen and Mekling, 1976). Several previous studies have found a positive relationship between disclosure by institutional ownership. But, majority of previous studies found that there is a negative relationship between institutional ownership and environmental disclosure (Lakhal, 2005 in Rao et al, 2012). Larger investors tend to dominate and influence managements decisions include decision to disclose environment issue because they hold a significant share in the companies. Strong shareholders have more influence on management decisions so that the organization becomes less independent under concentrated ownership. So it can be formulated that there will be lower environmental disclosure by independent organizations or companies with concentrated ownership. Based on these descriptions, then the hypothesis proposed in this study are as follows:

H2. Institutional ownership negatively affects environmental disclosure.

Effect of Board of the Commissioners Size on Environmental Disclosure

Board of commissioners size is the number of commissioners in the company, where commissioners have an important role in monitoring the performance of the company (Rao, et al 2012). Small board size is more effective in monitoring management actions (de Villiers, et al 2009) and functions effectively in decision-making. But other opinion states that a large board of commissioners is more effective where they can provide much better experience and knowledge and offer better advice (Bonn, 2004 in Rao, et al 2012). There are many previous studies examining the relationship of the size of the board with environmental disclosure and still have inconsistencies in results. Decisions such as the content and the level of environmental disclosures in annual reports and sustainability reports require intensive engagement, effective communication and coordination by members of the board. These characteristics can be achieved with larger board size. Furthermore, agency theory explains that the greater commissioners size would fasilitate the control of the agent and effective monitoring. Then the hypothesis proposed in this study is as follows:

H3. Board of commissioners size positively affects environmental disclosure.

Effect of Proportion of Women Directors on Environmental Disclosure

Diversity on a board can affect the activities of the company and one considerably debated characteristic of board diversity is gender (Adam and Ferreira, 2004 in Rao, et al 2012). Women emancipation also affect the high position that can be obtained by women in a company. Nowadays, there are more women in the board. Many researchers have found that the presence of women on the board of directors had a positive contribution on firm performance. Even research result from Halida (2010) found that proportion of women directors have no effect on environmental disclosure.

More women in the company can improve the decision-making process, improving the effectiveness of the company and women tend to have a better presence participation (Rao, et al 2012). Then, Huse and Solberg (2006) in Rao, et al (2012) found that women are more committed and involved, more prepared, more diligent, asking questions and ultimately creating a good atmosphere in the meeting room. Moreover, more women directors were able to increase the independence of the company and independence is an important factor that increases accountability, and thus has the potential to increase the level of disclosure as well as environmental disclosure (Kang, et al 2007 in Rao, et al 2012). Hence the hypothesis proposed in this study are as follows:

H4. Proportion of women directors positively affects environmental disclosure.

Effect of Firm Size on Environmental Disclosure

Majority of empirical studies find significant evidence that there is a positive relationship between firm size and the level of social and environmental disclosure (Burgwal and Vieira, 2014). This positive relationship is based on the fact that, in general, larger companies taking part in a number of higher business and operations on an international scale. The company's activities can have a major impact on the environment and society. In addition, larger companies have a responsibility to satisfy stakeholders more interested in environmental management and enterprise initiatives. However, other studies did not find a positive relationship between firm size and environmental disclosure (Burgwal and Vieira, 2014).

Companies became aware of the importance of establishing and managing a good corporate reputation and companies tried to make disclosure of environmental information to protect or expand its reputation (Brammer and Pavelin, 2008 in Burgwal and Vieira, 2014). This is consistent with the stakeholder theory, which states that the stakeholders have the opportunity to control the resources of the company. Larger companies have more stakeholders and therefore they are more likely to satisfy the stakeholders in order to sustain its operations (Burgwal and Vieira 2014). Based on description above, the hypothesis proposed in this study are as follows:

H5. Firm size has a positive effect on environmental disclosure.

Effect of Profitability on Environmental Disclosure

Profitability is an indicator of a company that is used to look at the ability of companies to makes a profit. Research conducted by Djoko Suhardjanto (2010) stated that the profitability of companies has a positive relationship where the higher profitability of companies, the level of corporate disclosure will also increase. Profitability is a factor that makes the management to be free and flexible to express social responsibility to its shareholders (Heinze, 1976 in Burgwal and Vieira, 2014). But some other research found no relationship like research from Ariningtika (2013) and Setyawan (2012). Fauzi, et al (2007) in Burgwal and Vieira (2014) found empirical evidence that there is a positive and significant relationship between corporate social performance and ROA that later stated that if the company has a high level of ROA, the company will have sufficient funds to be allocated to social and environmental activities so that the level of social responsibility disclosure by companies will be high. Based on the description above, the hypothesis that can be proposed in this study are as follows:

H6. Profitability has positive effects on environmental disclosure.

Effect of Industry Type on Environmental Disclosure

Industry can be categorized based on the type of environment sensitivity and non-sensitivity. Companies with environmental sensitivity tend to try to provide more extensive information disclosure (Brammer and Pavelin, 2006 in Burgwal and Vieira, 2014). These disclosures by the company show the legitimacy of the company's operational activities in order to reduce the pressure from stakeholders.

There are two assumptions that support, first, companies operating in the industry with environmental sensitivities must comply with strict environmental regulations for pollution characteristics of their activities, therefore, firms operating in sensitive industries should disclose their environmental concern, if stakeholders and especially the investor will be assume the worst (Burgwal and Vieira, 2014). Second, the industry with environmental sensitivity face greater social pressures as they relate to environmental concentrations, like greenhouse gas emissions and environmental damage.

Consistent with legitimacy and stakeholder theory which states that some of the industry considering the enormous pressure from the public or specific stakeholders, to provide environmental information and they do this disclosure to prevent of a legitimacy gap between companies and social operations (Deegan, 2002). It can be formulated that companies operating the high-profile (environment sensitive) industry achieve a higher level of disclosure than the industry on a low profile (environment non-sensitive) companies.

H7. Industry type has positive effects on environmental disclosure.

RESEARCH METHOD

Research Variables

The dependent variable in this study is the environmental disclosure and the independent variables are board of independent commissioners, institutional ownership, board of commissioners size, proportion of women directors, firm size, profitability, and industry type. The operational definition of variables as follows:

Tabel 1
Operational Definition of Variables

Variable	Definition	Code	Measurement and Scale of Measurement
Environmental Disclosure (y)	Companies disclosure regarding environmental aspects and performance	ENV DISC	Total item firm'senvdisc / 30 item by GRI index (Ratio scale)
Board of Independent Commissioners (x)	Parties who do not have a relationship with the controlling shareholders, directors and commissioners as well as the company	IND KOM	Independent commissioners / Total board of commissioners (Ratio scale)
Institutional Ownership (x)	Shareholding company by other institutions	INS OWN	Percentage of institutional ownership (%) (Ratio scale)
Board of Commissioners Size (x)	Number of commissioners	DE KOM	Total number of commissioners in companies (Ratio scale)
Proportion of Women Directors (x)	Number of women directors on a board	GEN DER	Women directors / Total board directors (Ratio scale)
Firm Size (x)	Measure the company based on specific rules	SIZE	Ln Total Asset (Ratio scale)
Profitability (x)	The company's ability to generate earnings on its operations	ROA	Earnings after tax / total assets (Ratio scale)
Industry Type (x)	Types of companies based on their sensitivity to social and environmental	INDS	Dummy : High profile (1), Low profile (0) (Nominal scale)

Source: Developed for this study, 2014

Population and Sample Determination

The population used in this study are all companies listed on the Indonesia Stock Exchange (IDX) in 2012 - 2013. The sampling method used in this research is purposive sampling method that is the type of sample selection by using certain criteria.

Criteria for the determination of the sample used in this study are:

1. The companies listed on the Indonesia Stock Exchange in 2012 -2013 exclude bank/ financial company.
2. The company publishes an annual report and sustainability reports in 2012 – 2013.
3. Companies have complete data about variables examined in this study.

Analysis Method

Analysis method used to test the hypothesis of one to seven hypotheses in this research is Analysis of Covariance (ANCOVA) using SPSS 20. This is because one variable is measured as nominal (Gujarati and Porter, 2011). However this will first be tested on the presence or absence of deviations from the assumptions of normality and homogeneity.

RESULT AND ANALYSIS

Description of Object

As the sampling criteria, this study used a sample of companies listed on the Indonesia Stock Exchange during the period 2012 and 2013 that issued sustainability report (SR) which containeds the environmental disclosure that present tables of GRI indicators by the company. In addition, the company simple must have complete information about the variables used in this study. Details of the number of firms in there search samples are as follows:

Table 2
Population and Sample of Research

Criteria	2012	2013
Companies listed in BEI	445	507
Companies that do not have sustainability report	(416)	(477)
Total	29	30
Total Sample	59	

Source: Designed for this study, 2015

To determine the relationship between factors with the magnitude of compliance with the disclosure, hereafter to be tested against variations in conditions independent variables are board of independent commissioners, institutional ownership, board of commissioners size, the proportion of women directors, firm size, profitability and industry types towards environmental disclosure. Descriptions of each theme disclosure of all samples were obtained as follows:

Tabel 3
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
INDKOM	59	0.1667	0.8000	0.3818	0.1185
INSTOWN	59	0.1805	0.9620	0.6634	0.1556
DEKOM	59	3.0000	13.0000	5.8305	2.0013
GENDER	59	0.0000	0.4000	0.0628	0.1221
SIZE	59	26.2118	32.9970	29.9967	1.5155
ROA	59	-9.4968	40.3768	10.0252	9.6168
ENVDISC	59	0.0667	1.0000	0.5925	0.3105
Valid N (listwise)	59				

Source : Output SPSS of 20, 2015

Variabel Description

The average percentage board of independent commissioners (INDKOM) of the sample firms obtained at 0,3818 or 38,18%. This means that the number of independent commissioners of the company sample an average of 38,18% of the total number of commissioners. These conditions indicate that on average, the sample companies have qualified at least 30% of independent board members. The lowest number is equal to 0,1667, or 16,67%, and the highest number reached 0,80 or 80%.

Shareholding structure of the institution (INSTOWN) was measured by using the structure of share ownership by another company and showed an average of 0,6634 or 66,34%. This means that the average stock of the company sample obtained is 66,34% owned by the company or other institution. The lowest value of the concentration of institutional ownership is at 0,1805 or 18,05% and the highest institutional ownership is 0,9620 or 96,2%.

The size of commissioners (DEKOM) as measured by the number of commissioners companies on average obtained at 5,8305 or amounted to 6 people. This generally means that the sample companies have commissioners who amounted to 6 people. Fewest number of commissioners is as few as 3 people and the highest number is as many as 13 people.

Proportion of women directors variables (GENDER) in the structure of the board of directors in the company showed an average of 0,0628 or just as many as 6,28%. This means that the average company sampled has only 6,28% consisting of women directors. The minimum value of women board of directors is 0,00 or no women directors and the maximum value is equal to 0,40 or 40% of women directors.

Variable characteristics of firm size (SIZE) as measured by natural logarithmic of the total assets represents an average of 29,9967. The minimum value of the size of the company showed at 29,9967 and 32,9970 at the maximum value.

Variable profitability (ROA) as measured by return on assets ROA represents an average of 10,0252%. This means that the average sample firm is able to earn a net profit of 10,0252% compared with the total assets of the company. ROA lowest value is equal to –9,4968% and the highest value was 40,3768%.

Sample of 59 companies obtained 52 companies or 89,1% is a type of high profile companies, while 7 companies, or 11,9% is low profile type of company.

This study uses environmental disclosure (ENVDISC) items disclosed by the company and obtained the sample average of 0,5925 or 59,25% of items environmental disclosure has been disclosed by the sample companies. Smallest environmental disclosure index is only at 0,0667 or just 6,67% and the largest environmental disclosure index is equal to 1,00 or reached 100%.

Hypothesis Test Result and Discussion

To determine the effect of each independent variable on the dependent variable, analysis covariance (ANCOVA) test was used. From the results of Ancova, known value of t is as follows:

Tabel 4
Hypothesis Test Result

Variables	Significance	Conclusion
Independent Commissioners	0,001	Accepted
Institutional Ownership	0,841	Rejected
Board of Commissioners Size	0,010	Accepted
Proportion of Women Directors	0,173	Rejected
Firm Size	0,859	Rejected
Profitability	0,512	Rejected
Industry Type	0,005	Accepted

Source: Designed for this study, 2015

First hypothesis testing in this study was to test whether the board of independent commissioners affects environmental disclosure. The result shows that F-counted was 11,516 with a significant level of 0,001 is smaller than α = 0,05, so it can be concluded that the board of independent commissioner has a positive and significant effect on environmental disclosure. Thereby, first hypothesis of this study was accepted. Companies with greater proportion of independent commissioners would disclose environmental disclosure more widely. This result is consistent with the findings by Rao, et al (2012) and Prasetianti (2014) which found a positive association between independent board and environmental disclosure. Further, de Villiers, et al (2009) found that a firm with more independent board resulted in better environmental performance. Based on the results of the study, it showed that companies with greater independent commissioners will reveal the wider environmental disclosure. Independent commissioners in Indonesia companies can perform the role and fuctions. The existence of the board of independent commissioners can providing control and monitoring for operational management, including the implementation and disclosure of environmental activities. Independent commissioners put pressure on management to implement good environmental activities.

Second hypothesis testing in this study was to test whether the institutional ownership affects environment disclosure. The result show that F-counted was 0,041 with a significant level of 0,841 is greater than α = 0,05, so it can be concluded that the institutional ownership has no significant effect on environmental disclosure. Thereby, second hypothesis of this study was rejected. This result is consistent with the findings by Nurkhin, 2010 and Bangun, et al 2012 and means that companies with a larger institutional ownership do not have a tendency to provide wider environmental disclosure. Besides, this result consistent with Rawi and Muchlish (2010) that found there was no significant effect. Rawi and Muchlish (2010) stated these results do not support the stakeholders theory which states that the stakehoders are all parties that affect the existence of the company and/ or affected by the actions of the company, which institutional ownership means that the company's shares by institutions are not affected by the actions of the company, in terms of environmental disclosure. Therefore it can be concluded that the percentage of shares held by the institution does not affect environmental disclosure by the company.

Testing the effect of board of commissioners size on environmental disclosures show that F-counted was 7,170 with a significant level of 0,010 is smaller than α = 0,05, so it can be concluded that the board of commissioners size has positive and significant effect on environmental disclosure. Thereby, hypothesis 3 of this study was accepted. Companies with a greater number of commissioners would actually have a tendency to provide disclosure of the wider environment. This result is consistent with de Villiers, et al (2009) and Prasetianti (2014) who found a positive association between board size and environmental disclosure. This result support the agency theory which states that the modern economic like nowaday, many companies split between management and company. Company delegate authority to the management who more skilled in managing the company, including managing environmental activities. The empirical results of this study illustrate that the larger commissioners appeared to still be efficient in providing oversight to the board of directors in relation with environmental policy issues.

Testing of the effect of proportion of women directors on environment disclosures show that F-counted was 1,910 with a significant level of 0,173 is greater than α = 0,05, so it can be concluded that the proportion of women directors does not significantly influence the environmental disclosure. The regression coefficients direction opposite to the direction hypothesized. Thereby, hypothesis 4 of this study was rejected. companies with greater presence of women directors would likely have a tendency to give less environmental disclosure. This result is contrary to the hypothesis proposed. This result is consistent with Halida (2014) and Sudiartana (2013) that the proportion of women directors did not have effect towards environmental disclosures. Hofstede (1991) in Sudiartana (2013) stated that there are four dimensions that influence social values in a society, that is power distance. Power Distance Index (PDI) is defined as the extent to which the community can accept inequality. In Asian countries, Indonesia is the second only to Malaysia for the PDI scores. This can mean that people in Indonesia can accept inequality. Such a natural thing for subordinates to respect the decision of his superiors. This is potentially give desire to group think (Sudiartana, 2013). Group think, is a phenomenon which often occurs in the making group decisions, defined as situation where the majority trying to muffle views critical, unusual, derived from minority group (Robbins and Judge, 2001 in Sudiartana, 2013). The empirical results of this study illustrate that the proportion of women directors on sample companies is still relatively small (minority). Women directors do not always exist in the sample companies. It shows that the existence of women directors does not have a majority of the voting rights in determining decisions made by boards related to the extent of environmental disclosure. Moreover, decisions made not only determined by the gender diversity the board but also the quality of those person like the experience or age that may influence the decision.

Fifth hypothesis testing in this study was to test whether the firm size affects environmental disclosure. The results showed that F-counted was -0,179 with a significant level of 0,859 is greater than α = 0,05, so it can be concluded that the firm size does not have a significant effect on environmental disclosure. Thereby, hypothesis 5 of this study was rejected. The research result shows that many large companies still have not a great concern about environment and environmental disclosure. This result consistent with Anggraini (2006), Nurkhin (2010) and Ariningtika (2013) that firm size does not give effect to the voluntary disclosure like environmental disclosure in Indonesia. This is due to the large size of the company's view that has not considered the effectiveness of CSR disclosure. This means that the disclosure of this activities has not been considered as a policy that would give positive impact in the future.

Testing the hypothesis 6 in this study is to examine whether the profitability affect the environmental disclosure. The results showed F-counted of 0,436 with a significant level of 0,512 is greater than α = 0,05, so it can be concluded that the profitability does not affect environmental disclosure. Thereby, hypothesis 6 of this study was rejected. The research result shows that the high

ROA does not tend to reveal wider environmental disclosure. This result consistent with Setyawan (2012), Ariningtika (2013), Paramitha (2014) and Burgwal and Vieira (2014). No significant effect of the profitability on environmental disclosure show that the size of profits does not encourage companies to disclose more environmental information. No influence the profitability on environmental disclosure due to focuses of the company to disclose financial performance when profits increase. While profit was low, more companies choose to express step to resolve the issue as selling assets, perform quasi of organization or seek a loan rather than disclose environmental disclosure (Paramitha, 2014; Ariningtika, 2013). These results explain that ROA was oftentimes not be the basis of the need for companies to perform voluntary disclosure. Legitimacy theory seems to be able to be associated with this research. There is a possibility that the directors feel more optimistic with only disclosing income information than to reveal information with voluntary disclosure. There is a consideration owned by directors that investors will feel informed enough of income information if the profits from the company is relatively high.

Testing the hypothesis 7 in this study was to examine whether industry type of the company affect environmental disclosure. The results showed F-counted is 8,753 with a significant level of 0,005 is smaller than $\alpha = 0{,}05$, so that the results of this study support the hypothesis. It can be concluded that industry type significant and has a positive effect on environmental disclosure. Thereby, hypothesis 7 in this study was accepted. The research result shows that high profile companies reveal wider environmental disclosure. This result explains that sensitive companies with greater environmental impact as owned by high profile companies will provide disclosure related to the wider environment. It is not separated from the regulations of the Ministry of the Environment that emphasizes the company's concern with and need to be active in environmental control.This results consistent with Yesika (2013) and Burgwal & Vieira (2014). These results support the theory of legitimacy by showing a positive effect. It is associated with variation in the impact of the company's operations on the environment and society. This means that companies that have consumer visibility, high political risk or facing high competition will have a tendancy to reveal environmental disclosures better than companies that are less sensitive to the environment.

CONCLUSION

The result of this study found that proportion of independen commissioners, board of commissioners size, and industry type have positive significant influence on environmental disclosure. Meanwhile institutional ownership, proportion of women directors, firm size and profitability had no significant effect on environmental disclosure. This is show that corporate governance structure and firm characteristic in Indonesia still not concern about the environmental disclosure and has not been effectively implemented in Indonesia.

There are limitations in this study, there was disparity to the extent of environmental disclosure among companies in Indonesia. Besides, still a few company in Indonesia which disclose sustainability report so this study use few samples. Some suggestion are proposed for future research that to use other media reporting, add other variables that can affect the level of environmental disclosure and to extend the period of study so as to increase the number of samples.

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