

**THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND
DISCLOSURE OF CORPORATE SOSIAL RESPONSIBILITY
TO FIRM VALUE OF MINING COMPANIES LISTED
IN INDONESIA STOCK EXCHANGE**



Script by :

Gusna Wulandari Syahputri

01101003057

Accounting

Proposed as one of requirements to achieve Bachelor Degree of Economics

MINISTRY OF EDUCATION AND CULTURE

SRIWIJAYA UNIVERSITY

ECONOMIC FACULTY

2014

S
657.662 07

R. 25999/26555

Gus
e
2014

**THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND
DISCLOSURE OF CORPORATE SOSIAL RESPONSIBILITY
TO FIRM VALUE OF MINING COMPANIES LISTED
IN INDONESIA STOCK EXCHANGE**



Script by :

Gusna Wulandari Syahputri

01101003057

Accounting

Proposed as one of requirements to achieve Bachelor Degree of Economics

**MINISTRY OF EDUCATION AND CULTURE
SRIWIJAYA UNIVERSITY
ECONOMIC FACULTY**

2014

MINISTRY OF EDUCATION AND CULTURE
SRIWIJAYA UNIVERSITY
ECONOMIC FACULTY
INDERALAYA

COMPREHENSIVE EXAM APPROVAL LETTER

**THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND
DISCLOSURE OF CORPORATE SOSIAL RESPONSIBILITY
TO FIRM VALUE OF MINING COMPANIES LISTED
IN INDONESIA STOCK EXCHANGE**

Composed by :

Name : Gusna Wulandari Syahputri
Student Number : 01101003057
Faculty : Economics
Department : Accounting
Field of Study : Accounting Theory

has been approved to be tested on comprehensive exam.

Approval Date

Script Supervisor

Head

Date :


28/2/2014


Dra. Hj. Kencana Dewi, M. Sc., Ak
NIP. 195707081987032006

Member

Date :

28/2/2014


Hasni Yusrianti, S.E., M. AAC., Ak
NIP. 197212152003122001

MINISTRY OF EDUCATION AND CULTURE
SRIWIJAYA UNIVERSITY
ECONOMIC FACULTY
INDERALAYA

SCRIPT APPROVAL LETTER

**THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND
DISCLOSURE OF CORPORATE SOSIAL RESPONSIBILITY
TO FIRM VALUE OF MINING COMPANIES LISTED
IN INDONESIA STOCK EXCHANGE**

Composed by :

Name : Gusna Wulandari Syahputri
Student Number : 01101003057
Faculty : Economics
Department : Accounting
Field of Study : Accounting Theory

has attended comprehensive exam on March 10th 2014 and has been qualified for admission.

Comprehensive Exam Committee

Inderalaya, March 10th 2014

Head



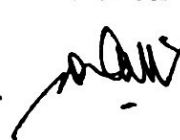
Dra. Hj. Kencana Dewi, M. Sc., Ak
NIP. 195707081987032006

Member



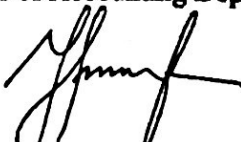
Hasni Yusrianti, S.E., M. AAC., Ak
NIP. 197212152003122001

Member



Mukhtaruddin, S.E., M.Si., Ak
NIP. 196712101994021001

To be aware of,
Head of Accounting Department



Ahmad Subeki, S.E., M.M., Ak
NIP. 196508161995121001

STATEMENT OF RESEARCH INTEGRITY

Herein undersigned,

Name : Gusna Wulandari Syahputri
Student Number : 01101003057
Faculty : Economics
Department : Accounting
Field of Study : Accounting Theory

stating the fact that my script entitled :

The Effects of Corporate Governance Mechanism and Disclosure of Corporate Social Responsibility to Firm Value of Mining Companies Listed in Indonesia Stock Exchange.

Script supervisor :

Head : Dra. Hj. Kencana Dewi, M. Sc., Ak
Member : Hasni Yusrianti, S.E., M. AAC., Ak
Date of Comprehensive Exam : March 10th 2014

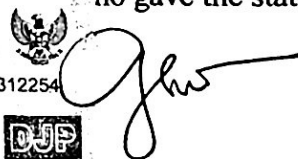
is truly the result of my work under guidance of supervisors. There is no other people work in this script that I copied without mentioning original sources.

I made this statement in a good faith. If it turns out that my statement is not true in the future, then I will be willing to accept any sanctions in accordance with regulations, including cancellation of my degree.

Inderalaya, March 13th 2014

Who gave the statement,





Gusna Wulandari Syahputri

NIM. 01101003057

PREFACE

Alhamdulillah... Praise and thank given to Allah SWT for the mercy and grace, so that Author can complete the research and script entitled **The Effects of Corporate Governance Mechanism and Disclosure of Corporate Social Responsibility to Firm Value of Mining Companies Listed in Indonesia Stock Exchange**. This script is made as one of the requirements to achieve Bachelor Degree of Economics (S-1) in Economic Faculty, Sriwijaya University.

This script discusses about the influences of corporate governance mechanism (proxied by managerial ownership, institutional ownership, independent commissioner, and meeting frequency of audit committee) and disclosure of corporate social responsibility to firm value which is proxied by Tobin's Q Ratio. This research is conducted in mining companies listed in Indonesia Stock Exchange during 2011 – 2012. This script consists of 5 chapters which are Chapter I Introduction, Chapter II Literature Study, Chapter III Research Methodology, Chapter IV Result and Discussion, and Chapter V Conclusion.

During the process of doing this research and finishing this script, Author realized that author did not escape from any constraints. These constraints were able to be overcome by the assists, guidances, and supports from various parties. Therefore, author would like to express gratitude to :

1. Prof. Dr. Hj. Badia Perizade, M.B.A. as the Rector of Sriwijaya University.
2. Prof. Dr. Taufiq Marwah, M.Si. as the Dean of Economic Faculty .
3. Mr. Ahmad Subeki, S.E., M.M., Ak as the Head of Accounting Department.
4. Mr. Mukhtaruddin, S.E., M.Si., Ak. as the Secretary of Acc. Department.
5. Mr. H. Aspahani, S.E., M.M., Ak. as Academic Supervisor.
6. Mrs. Dra. Hj. Kencana Dewi, M. Sc., Ak. as the First Script Supervisor and Mrs. Hasni Yusrianti, S.E., M. AAC., Ak. as the Second Script Supervisor who have given their time, energy, and thought to guide and provide advices in completing this script.

7. All of examiners who have given critics and suggestions to fix this script.
8. All of lecturers who have shared knowledges and experiences during my college.
9. All of staffs of Economic Faculty who have helped me in preparing administration process.
10. My beloved parents, Ir. Eddi Syahputra and Dra. T. Mariana, for always being the best place to share and gain supports.
11. My brothers, M. Nas Arif Syahputra and Bambang Wijaya Syahputra, for always being the best place to release angers and frustrations.
12. My beloved *Buya* and *Umi*, Drs. Abdurrahman and Arfianna Novera S.H., M. Hum, for always giving me advise what I should do.
13. My other Palembang family, Bazlina Dawami Afrah S.T., Zaki Al'afrani, Miftahurizka Afrah, and Devika M Febrian, for always supporting me.
14. My elder brother and sisters, Fitria Rizki S.E., Shinta Atizah S.E., Mega Selvia S.E., and Yordhi Rizki S.E. for always answering all of my questions and confusions.
15. All of my beloved friends in Accounting 2010, specially Tri Apri Yanti, Ria Sundari, and Masayu Silvia for always being happiness maker and sadness remover during the last 4 years.
16. All of my best friends in Senior High School, Dessy Florenstina, Nurhafni, Sarie Dewi, Susilawati, Denny Kumala, and Alm. Radhiatul Ikhwani.
17. All of people related to the accomplishment of this script.

The author hopes that this script can be beneficial for all parties. Therefore, criticisms and suggestions from all parties that can improve this script for perfection will always be welcomed in the future.

Inderalaya, March 13th 2014

Author

ABSTRAK

THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY TO FIRM VALUE OF MINING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Gusna Wulandari Syahputri
(01101003057)

Penelitian ini bertujuan untuk mengetahui bagaimana pengaruh mekanisme tata kelola dan pengungkapan tanggung jawab sosial perusahaan terhadap nilai perusahaan baik secara parsial maupun simultan. Dalam penelitian ini, mekanisme tata kelola perusahaan diproksikan oleh kepemilikan manajerial, kepemilikan institusional, komisi independen, dan frekuensi rapat komite audit. Sedangkan, nilai perusahaan diproksikan oleh Tobin's Q Ratio.

Sampel yang digunakan dalam penelitian ini adalah perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia selama tahun 2011 – 2012. Sampel diseleksi dengan menggunakan metode purposive sampling. Dengan menggabungkan 2 tahun penelitian, ada 46 perusahaan yang memenuhi kriteria yang telah ditentukan. Metode pengumpulan data yang digunakan adalah metode dokumentasi dan studi pustaka. Metode analisis data yang digunakan pada penelitian ini adalah regresi berganda.

Hasil penelitian menunjukkan bahwa kepemilikan manajerial, kepemilikan institusional, komisi independen, frekuensi rapat komite audit, dan pengungkapan tanggung jawab sosial perusahaan secara bersama-sama berpengaruh terhadap nilai perusahaan. Kepemilikan institusional dan pengungkapan tanggung jawab sosial perusahaan memiliki pengaruh positif dan signifikan terhadap nilai perusahaan. Kepemilikan manajerial memiliki pengaruh positif namun tidak signifikan. Sedangkan, komisi independen dan frekuensi rapat komite audit memiliki pengaruh negatif terhadap nilai perusahaan.

Keywords : *Kepemilikan Manajerial, Kepemilikan Institusional, Komisi Independen, Frekuensi Rapat Komite Audit, Pengungkapan Tanggung Jawab Sosial Perusahaan, Nilai Perusahaan.*

ABSTRACT

THE EFFECTS OF CORPORATE GOVERNANCE MECHANISM AND DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY TO FIRM VALUE OF MINING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Composed by :

Gusna Wulandari Syahputri (01101003057)

Dra. Hj. Kencana Dewi, M. Sc., Ak

Hasni Yusrianti, S.E., M. AAC., Ak

This study aims to determine how the influences of corporate governance mechanism and disclosure of corporate social responsibility to firm value both partially and simultaneously. In this study, corporate governance mechanism is proxied by managerial ownership, institutional ownership, independent commissioners, and meeting frequency of audit committee. Firm value is proxied by Tobin's Q Ratio.

The sample used in this study is mining companies listed in Indonesia Stock Exchange during 2011 - 2012. Sample selecting process uses purposive sampling technique. By combining 2 years research, there are 46 companies that meet predetermined criterias. Data collecting process uses documentation and literature methods. In analyzing data, multiple regression is used.

The results show that managerial ownership, institutional ownership, independent commissioners, meeting frequency of audit committee, and disclosure of corporate social responsibility affect firm value simultaneously. Institutional ownership and disclosure of CSR have significant and positive effect on firm value. Managerial ownership has positive effect, but insignificant. While, independent commissioner and meeting frequency of audit committee have negative effect on firm value.

Keywords : Managerial Ownership, Institutional Ownership, Independent Commissioner, Meeting Frequency of Audit Committee, Disclosure of Corporate Social Responsibility, Firm Value.

RESEARCHER RESUME

Name : Gusna Wulandari Syahputri
Gender : Woman
Birth Place and Date : Palembang, August 28th 1992
Religion : Islam
Marital Status : Single
Address : Jl. Sei Itam, No. 1655, RT. 21/07
Ilir Barat I, Palembang, 30139
Email Address : gwsyahputri@yahoo.com

Formal Education

Elementary School : SDN 010139 Perk. Gunung Melayu, Kab. Asahan
Junior High School : SMPN 2 Sei Rampah, Kab. Serdang Bedagai
Senior High School : SMAS Persiapan Stabat, Kab. Langkat,
North Sumatera.

Informal Education

1. English course, LBPP Lia
2. Accounting course, Prospek
3. *Pelatihan Pajak Terapan Brevet A & B Terpadu – IAI*

Organizational Experience

1. Accounting Student Association
2. Junior Member of *Ikatan Akuntan Indonesia*

Achivement and Award

1. *Gadis Intelegensia Fakultas Ekonomi* 2012
2. *Juara Harapan 1, Lomba Cepat Tepat Akuntansi IAI* 2012
3. *Juara Harapan 1, Lomba Cepat Tepat Akuntansi IAI* 2013
4. Participant of National Accounting Olympiad (NAO) 2013, Gadjah Mada University

LIST OF CONTENTS

	Page
TITLE PAGE	i
COMPREHENSIVE EXAM APPROVAL LATTER	ii
SCRIPT APPROVAL LATTER	iii
STATEMENT OF RESEARCH INTEGRITY.....	iv
PREFACE	v
<i>ABSTRAK</i>	vii
ABSTRACT	viii
RESEARCHER RESUME	ix
TABLE OF CONTENT	x
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF APPENDICES	xv
CHAPTER I. INTRODUCTION	1
1.1. Research Background	1
1.2. Research Problem	8
1.3. Research Objective	8
1.4. Research Benefit	9
1.5. Systematics of Writing	10
CHAPTER II. LITERATURE STUDY	12
2.1. Fundamental Theory	12
2.1.1. Agency Theory	12
2.1.2. Stakeholder Theory	14
2.1.3. Legitimacy Theory	15
2.2. Theoretical Description	16
2.2.1. Corporate Governance	16

2.2.2.	Corporate Governance Mechanism	18
2.2.3.	Corporate Social Responsibility	23
2.2.4.	Disclosure of Corporate Social Responsibility	28
2.2.5.	ISO 26000 : Guidance Standard on Social Responsibility..	29
2.2.6.	Firm Value	31
2.3.	Previous Research	33
2.4.	Theoretical Framework	36
2.5.	Hypothesis	37
2.5.1.	Managerial Ownership and Firm Value.....	37
2.5.2.	Institutional Ownership and Firm Value	38
2.5.3.	Independent Commissioners and Firm Value	38
2.5.4.	Audit Committee and Firm Value	39
2.5.5.	Disclosure of CSR and Firm Value	39
 CHAPTER III. RESEARCH METHODOLOGY		41
3.1.	Population and Sample	41
3.2.	Data Type and Source	42
3.3.	Data Collecting Method	42
3.4.	Variable and Measurement	42
3.4.1.	Independent Variable – Managerial Ownership	42
3.4.2.	Independent Variable – Institutional Ownership	43
3.4.3.	Independent Variable – Independent Commisioners	43
3.4.4.	Independent Variable – Audit Committee	44
3.4.5.	Independent Variable – Disclosure of CSR	44
3.4.6.	Dependent Variable – Firm Value	45
3.5.	Analysis Technique	48
3.5.1.	Descriptive Statistics Analysis	48
3.5.2.	Classical Test Assumptions	48
3.5.3.	Regression Analysis	51

CHAPTER IV. RESULT AND DISCUSSION	54
4.1. Description of Research Object	54
4.2. Data Analysis	56
4.2.1. Descriptive Statistics Analysis	56
4.2.2. Classical Assumptions Test	59
4.2.2.1. Normality Test	60
4.2.2.2. Multicollinearity Test	61
4.2.2.3. Autocorrelation Test	62
4.2.2.4. Heterocedastisity Test	64
4.2.3. Multiple Regression Analysis	65
4.2.3.1. Coefficient of Determination (R^2)	65
4.2.3.2. Simultaneous Significant Test (F-Test)	66
4.2.3.3. Partial Significant Test (t-Test)	67
4.2.4. Hypothesis Test	70
4.3. Discussion	75
CHAPTER V. CONCLUSION	81
5.1. Conclusion	81
5.2. Limitation	82
5.3. Suggestion	83
REFERENCES	84
APPENDICES	89

LIST OF TABLES

Table	Text	Page
Table 1.1.	CG Watch 2012 : Market Rangking and Score	3
Table 1.2.	CG Watch 2012 : Market Category Scores	3
Table 2.1.	Previous Research	35
Table 3.1.	Variable Defenition and Measurement	47
Table 4.1.	Selection of Sample Size	54
Table 4.2.	List of Sample Companies	55
Table 4.3.	Descriptive Statistics Analysis	57
Table 4.4.	One-Sample Kolmogorov-Smirnov Test	61
Table 4.5.	Multicollinearity Test	62
Table 4.6.	Autocorrelation Test (Durbin – Watson)	63
Table 4.7.	Autocorrelation Test (Runs Test)	63
Table 4.8.	Coefficient of Determination (R^2)	65
Table 4.9.	F-Test (Anova)	66
Table 4.10.	Output of Regression Analysis	67

LIST OF PICTURES

Figure	Text	Page
Figure 2.1.	Triple Bottom Line.....	25
Figure 2.2.	ISO 26000 : The Scope of Social Responsibility	30
Figure 2.3.	Theoretical Framework	36
Figure 4.1.	Normal Probability Plot	60
Figure 4.2.	Scatterplot	64
Figure 4.3.	Test of Managerial Ownership	71
Figure 4.4.	Test of Institutional Ownership	72
Figure 4.5.	Test of Independent Commissioners	73
Figure 4.6.	Test of Meeting Frequency of Audit Committee	74
Figure 4.7.	Test of CSR Disclosure	75

LIST OF APPENDICES

Appendix	Text	Page
Appendix A.	List of Sample Companies	89
Appendix B.	Indicator Used	93
Appendix C.	Data of Sample Companies	96
Appendix D.	SPSS Output Results	122



CHAPTER I

INTRODUCTION

1.1. Research Background

Establishing company has several objectives, such as achieving maximum benefit or profit as much as possible, giving prosperity to the owner and shareholder, and maximizing firm value (Martono dan Harjito, 2005). For public company, firm value is reflected in its stock price. The higher stock price, the higher firm value.

In global competition, companies are racing to improve competitiveness in various sectors in order to attract investors. Increasing firm value is one of ways. Firm value is very important because it reflects the performance of the company which can affect investor's perception. Increasing in firm value can give positive signal to investors whether to invest or not. High firm value will make market, especially investors, not only believe in current performance, but also in company prospect in the future.

In general, financial factors are main points that will affect firm value. Financial factors tell about how company raise funds and allocate those funds efficiently. But today, firm value is not only judged from its financial factors, but also non-financial factors. Influencing firm value, non-financial factors have an impact on investor's perception. Corporate social

companies that was listed in Indonesia Stock Exchange slipped back (again) to the bottom of the survey.

Table 1.1.
CG Watch 2012 : Market Rankings and Score

	%	2007	2010	2012	Change 2012 vs 2010	Trend of CG Reform
1	Singapore	65	67	69	(+2)	Improving, but culture needs to open more
2	Hong Kong	67	65	66	(+1)	Static, but reinvigorated regulator positive
3	Thailand	47	55	58	(+3)	Improving, but corruption a major issue
4	= Japan	52	57	55	(-2)	Government stalling, companies opening
5	= Malaysia	49	52	55	(+3)	Culture at last showing signs of openness
6	Taiwan	54	55	53	(-2)	Rules improving, but still behind the curve
7	India	56	48	51	(+3)	Enforcement up, Delhi an obstacle
8	Korea	49	45	49	(+4)	Government more open, chaebals closed
9	China	45	49	45	(-4)	Rules improve, but culture still weak
10	Philippines	41	37	41	(+4)	Improving, but will it be sustained ?
11	Indonesia	37	40	37	(-3)	Regressing, but new regulator may help

Source : Asian Corporate Governance Association

Table 1.2.
CG Watch 2012 : Market Category Scores

	%	Total	CG Rules & Practices	Enforcement	Political & Regulatory	IGAAP	CG Culture
1	Singapore	69	68	64	73	87	54
2	Hong Kong	66	62	68	71	75	53
3	Thailand	58	62	44	54	80	50
4	= Japan	55	45	57	52	70	53
5	= Malaysia	55	52	39	63	80	38
6	Taiwan	53	50	35	56	77	46
7	India	51	49	42	56	63	43
8	Korea	49	43	39	56	75	34
9	China	45	43	33	46	70	30
10	Philippines	41	35	25	44	73	29
11	Indonesia	37	35	22	33	62	33

Source : Asian Corporate Governance Association

responsibility and corporate governance mechanism are non-financial factors that need to be considered by the company.

Corporate failures, financial scandals, and economic crises in several countries, have focused attention on the importance of corporate governance. Supervision that is used to minimize irregularities in company management can be done with corporate governance mechanism. It is expected to create good corporate governance and to enhance value of shareholder.

Berghe and Ridder (1999) as quoted in Mendra and Widanaputra (2012) stated that companies that have poor performance because of poor governance. In addition, a recent survey of McKinsey & Company as written on Forum for Corporate Governance in Indonesia indicated that investors in Asia would pay 26 - 30% more for stock of companies that applying good corporate governance than companies with doubtful corporate governance. It means that countries and companies with good corporate governance will have better access to international capital than those without good corporate governance. Therefore, corporate governance mechanism is needed.

In fact, condition happened in Indonesia is different. Based on the survey that was conducted by Asian Corporate Governance Association (ACGA) in 2012, Indonesia's ranking of corporate governance for public

Ruru (2002) stated that weak implementation of good corporate governance in Indonesia can be caused by several factors, such as lack of transparency in reporting corporate financial performance, lack of empowerment of commissioners as supervision organ for management activities, and inability of accountants and auditors in contributing to the corporate financial supervision system. It will cause company can not achieve its objectives in the form of maximum profit, can not develop company in a competitive business, and can not satisfy various interests of stakeholders.

Corporate governance mechanism can be proxied by some factors, such as the existance of managerial ownership, institutional ownership, proportion of independent commissioners, and quality of audit committee. Management ownership is defined as the ownership of shares in company owned by management who actively participate in corporate decision making. Higher managerial ownership is expected that management will make every possible efforts for company and shareholders' interests which in turn can increase firm value.

Institutional ownership is ownership of substantial shares in a company by institutions. The higher levels of institutional ownership, the greater business security by the institutional investors. Finally, it will lead to good firm value. The result of research conducted by Murwaningsari (2009) stated that good corporate governance proxied by managerial ownership and institutional ownership has an influence on firm value.

Independent commissioners are all of commissioners who are free from business relationships or other relationships which could affect their ability to act independently. They are not affiliated with management, other commissioners, and controlling shareholders. They act solely for company interests that will increase firm value. The result of research conducted by Herawaty (2008) proved that corporate governance proxied by independent commissioners and institutional ownership affect firm value significantly.

Audit committee is committee established by the board of commissioners in order to perform tasks of supervising company management. The existence of audit committee is very important for management because it is considered as a new component in corporate controlling system. Audit committee as part of corporate governance mechanism is also expected to be able to increase firm value. The quality of audit committee can be proxied by some characteristics, including independence, accounting and financial competence, size of member and activity of member. Their activity is related to the frequency of meeting held by audit committee in one year (Paramitha and Siddiq, 2013).

Besides corporate governance mechanism, corporate social responsibility (CSR) is also viewed as one of non-financial factors that is considered important. In carrying out its business activities, company lives in community and creates a possibility of the appearance of social and environmental impacts. Disclosing CSR activities plays an important role for the company. It is considered as one of company managerial tools and a

long-term strategic steps that is used to avoid social and environmental conflicts. It also can be used as a measurement of overall company performance. It is in line with the international survey held by KPMG – one of Big Four auditors whose global hearquarter located in Amstelveen, Netherlands – in Karim et al. (2013) that stated corporate social responsibility will increase firm value, especially financial value.

Realizing the importance of corporate social responsibility, International Organization for Standardization (ISO) – an international body as leading developer of international standards organization that was founded in 1947 with 154 states of member – has formulated a standard that is called ISO 26000 : Guidance Standard on Social Responsibility that was released on November, 1st 2010. The scope of ISO 26000 is believed will spur companies in the world, including Indonesia, to conduct programs of social responsibility correctly. It is designed to be used by all types of organizations, whether for profit or non-profit company.

Mining industry is an industry that is chosen by the researcher as the research object. It is because mining industry is included in high profile industry that has high sensitivity to the nature, high political risk, and high competition. This industry also gains a lot of public attention because of its business operation. The results of observation made by *Jaringan Advokasi Tambang (Jatam)* estimated that it was around 70 percent of environmental damages in Indonesia occurred because of mining operations. Based on these explanations, mining industry is an industry that has adverse impacts

to public and environment. Therefore, mining industry has to conduct social responsibility program and disclose it to public as a form of responsibility.

This study is conducted to determine the effect of corporate governance mechanism and disclosure of corporate social responsibility to firm value. It is very important to investigate, since the existence of contradictory opinions. Some researchers claimed that there was no relationship between corporate governance mechanism and disclosure of corporate social responsibility to firm value. Amri (2011) said that managerial ownership as a proxy of corporate governance had no significant effect on firm value. Windah and Andono (2013) concluded that there was no significant effect between corporate governance variables on financial performance that was measured by ROA and Tobin's Q. It is in line with the results of research conducted by Debby et al. (2013) that indicated good corporate governance did not affect firm value. Asmaranti (2011) concluded that disclosure of corporate social responsibility had no positive effect on firm value that was measured by cumulative abnormal return.

On the other hand, some other researchers stated that corporate governance and disclosure of CSR had an influence on firm value. Mendra and Widanaputra (2012) said that corporate governance had significant positive influence to the performance of public companies. The results of research conducted by Retno and Priantinah (2012) showed that good corporate governance had a positive effect on firm value and disclosure of CSR also had positive impact on firm value.

From these considerations, the researcher intended to conduct research entitled : **“The Effect of Corporate Governance Mechanism and Disclosure of Corporate Social Responsibility to Firm Value of Mining Companies Listed in Indonesia Stock Exchange”**.

1.2. Research Problem

Based on the background described above, research problem in this study: “How do corporate governance mechanism that is proxied by managerial ownership, institutional ownership, independent commissioner, meeting frequency of audit committee, and disclosure of corporate social responsibility affect firm value of mining companies listed in Indonesia Stock Exchange simultaneously and partially ?”

1.3. Research Objective

Refer to the problem mentioned above, this study is conducted in order to analyze how corporate governance mechanism that is proxied by managerial ownership, institutional ownership, independent commissioner, meeting frequency of audit committee, and disclosure of corporate social responsibility affect firm value of mining companies listed in Indonesia Stock Exchange simultaneously and partially.

1.4. Research Benefit

The results of this study are expected to give benefits for some parties, not only theoretical, but also practical usefulness.

a. Company

This study is expected to be a consideration to pay more attention and to improve firm value continuously through applying corporate governance mechanism and disclosing corporate social responsibility.

b. Investors and other stakeholders

This study is expected to be a consideration to evaluate management performance and to decide whether to invest or not.

c. Researcher

Through this study, researcher tries to provide empirical evidence about the effect of corporate governance mechanism and disclosure of corporate social responsibility to firm value in order to add researcher's knowledge.

d. Academics

This study is expected to be a reference and conceptual contribution to other researchers and academicians in order to conduct further research.

1.5. Systematics of Writing

Systematics of writing is a brief explanation of the contents for each chapter in this script. In order to give clear description of this study, the author divide it into five chapters, as follow :

CHAPTER I INTRODUCTION

In this chapter, author discusses about research background, research problem, research objective, and research benefits.

CHAPTER II LITERATURE STUDY

In this chapter, author describes some related theories, previous researches, theoretical framework, and hypotheses that are used as basis for evaluating research problem in this study.

CHAPTER III RESEARCH METHODOLOGY

In this chapter, author discusses about population and sample, data type and source, data collecting method, variables definition and measurement, and analysis techniqu that are used to explain and address research problem.

CHAPTER IV RESULT AND DISCUSSION

In this chapter, author discusses the results of data analysis relating to the object of study such as managerial ownership, institutional ownership,

proportion of independent commissioners, meeting frequency of audit committee, and disclosure of CSR that are obtained from annual reports of mining companies listed on Indonesia Stock Exchange during 2011 - 2012.

CHAPTER V CONCLUSION AND RECOMMENDATION

In this chapter, author make conclusion from the results and research discussion obtained, as well as expresses the limitations faced during doing research. Author also provide recommendations as input for some related parties.

REFERENCES

- Amri, Chairul. (2011). "Analysis of The Influence Financial Performance, Good Corporate Governance and Corporate Social Responsibility of Companies". (Online). <http://library.gunadarma.ac.id> accessed in September 2013.
- Anton. (2012). "Analisis Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan". *Majalah Ilmiah Informatika*, Vol.03 No.01, Januari 2012.
- Arifin, Zaenal. (2005). "Hubungan Antara Corporate Governance dan Variabel Pengurang Masalah Agensi". *Jurnal Siasat Bisnis*, Vol.01 No.10, Juni 2005.
- Asian Corporate Governance Association. (Online). <http://www.acga-asia.org>.
- Asmaranti, Yuztitya. (2011). "Pengaruh Pengungkapan Tanggung Jawab Sosial Perusahaan Terhadap Kinerja Pasar Perusahaan". *Jurnal Akuntansi dan Keuangan*, Vol.16, No.02. 209 - 219. Juli - Desember 2011.
- Barkemeyer, Ralf. (2007). "Legitimacy as a Key Driver and Determinant of CSR in Developing Countries." *Paper for the 2007 Marie Curie Summer School on Earth System Governance, Amsterdam University of St Andrews & Sustainable Development Research Centre (SDRC) School of Management*. Amsterdam, 28 May - 06 June 2007.
- Barnhart, Scott and Stuart Rosenstein. (1998). "Board Composition, Managerial Ownership and Firm Performance: An Empirical Analysis". *The Financial Review*, Vol. 33 No. 04, November 1998. (Online). <http://papers.ssrn.com> accessed in December 2013.
- Basamalah, Anies S. and Johnny Jermias. (2005). "Social and Environmental Reporting and Auditing in Indonesia : Maintaining Organizational Legitimacy ?". *Gajah Mada International Journal of Business*, Vol.07 No. 01, 109 - 127. Yogyakarta 2005.
- Belajar Ekonometrika by Firmansyah (2008). *Diskusi : Standardized Variables vs Unstandardized Variables*. (Online). <http://studi-ekonometri.blogspot.com>.
- Bloomberg Businessweek. *Executive Profile & Biography -- Businessweek*. (Online). investing.businessweek.com accessed March 2014.
- Brigham, Eugene F. and Joel F. Houston. (2006). *Dasar-Dasar Manajemen Keuangan*, alih bahasa Ali Akbar Yulianto, Buku Satu, Edisi Sepuluh. Jakarta : PT Salemba Empat.
- Bukhori, Iqbal. and Raharja. (2012). "Pengaruh Good Corporate Governance dan Ukuran Perusahaan Terhadap Kinerja Perusahaan". *Diponegoro Journal of Accounting*. (Online). <http://ejournal-s1.undip.ac.id> accessed in September 2013.

- Christiawan, Yulius Jogi. and Josua Tarigan. (2007). "Kepemilikan Manajerial: Kebijakan Hutang, Kinerja, dan Nilai Perusahaan". *Jurnal Akuntansi dan Keuangan*, Vol. 01. 01 - 08. Mei 2007.
- Daniri, Mas Ahmad. (2005). *Good Corporate Governance: Konsep dan Penerapannya di Indonesia*. Jakarta : Ray Indonesia.
- Darwis, Herman. (2009). Corporate Governane terhadap Kinerja Perusahaan". *Jurnal Keuangan Perbankan*, Vol.13 No.3. 418 – 430. September 2009.
- Debby, Julia Farah., Mukhtaruddin, Emylia Yuniarti, Dewa Saputra, and Abukosim. (2013). "The Effect of Good Corporate and Company's Characteristics to Firm's Value of Listed Banking at Indonesian Stock Exchange". *3rd Annual International Conference on Accounting and Finance*. May 20 - 21, 2013 in Bangkok, Thailand.
- Deviacita, Arieany Widya and Tarmizi Achmad. (2012). "Analisis Pengaruh Mekanisme Corporate Governance Terhadap Financial Distress". *Diponegoro Journal of Accounting*, Vol.01, No.01. 01-14. (Online). (<http://ejournal-s1.undip.ac.id> accessed in September 2013).
- Fajar, Mukti. (2010). *Tanggung Jawab Sosial Perusahaan di Indonesia (Studi tentang Penerapan Ketentuan CSR pada Perusahaan Multinasional, Swasta Nasional & BUMN di Indonesia)*. Yogyakarta : Pustaka Pelajar.
- Fama, E. F. and M. C. Jensen. (1983). "Separation of Ownership and Control". *Journal of Law and Economics*, Vol. 26, 301 - 325.
- Forum for Corporate Governance in Indonesia. (Online). <http://www.fcgi.or.id> accessed in September 2013.
- Ghozali, Imam. (2005). *Analisis Multivariate dengan Program SPSS*. Semarang: Penerbit Universitas Diponegoro.
- Ghozali, Imam. (2009). *Ekonometrika Teori, Konsep dan Aplikasi dengan SPSS 17*. Semarang : Penerbit Universitas Diponegoro.
- Ghozali, Imam and Anis Chariri. (2007). *Teori Akuntansi*. Semarang : Penerbit Universitas Diponegoro.
- Hassan, M. Che Haat, et al. (2008). "Corporate governance, transparency and performance of Malaysian companies." *Managerial Auditing Journal*, Vol. 23, No.08. 744 - 778.
- Herawaty, Vinola. (2008). "Peran Praktek Corporate Governance Sebagai Moderating Variable dari Pengaruh Earnings Management Terhadap Nilai Perusahaan". *Jurnal Akuntansi dan Keuangan*, Vol.10, No.02, 97-108. November 2008.
- ISO 26000 Handbook. (Online). www.ecologia.org.
- Indonesia Stock Exchange. (Online). www.idx.co.id.

Jaringan Advokasi Tambang. (Online). <http://www.jatam.org>.

Jensen, M. and Meckling, W. (1976). "Theory of the Firm : Managerial Behavior Agency Cost, and Ownership Structure". *Journal of Finance Economics* 3, pp. 305-360.

Karim, Nina Karina., Mukhtaruddin, Taufiq Marwah, Abukosim, and Yulia Saftiana. (2013). "The Quality of Voluntary Corporate Social Responsibility Disclosure Effect on The Firm Value of Service Companies Listed in The Indonesian Stock Exchange". *3rd Annual International Conference on Accounting and Finance*. May 20 - 21, 2013 in Bangkok, Thailand

Kartini, Dwi. (2009). *Corporate Social Responsibility, Transformasi Konsep Sustainability Management dan Implementasi di Indonesia*. Bandung : PT Refika Aditama.

Komite Nasional Kebijakan Governance. Pedoman Umum GCG Indonesia. 2006. (Online). (www.ecgi.org accessed in September 2013).

Lastanti, Hexana Sri. (2004). "Hubungan Struktur Corporate Governance dengan Kinerja Perusahaan dan Reaksi Pasar". *Konferensi Nasional Akuntansi: Peran Akuntan dalam Membangun Good Corporate Governance*.

Martono dan Harjito, Agu. (2005). *Manajemen Keuangan*, Edisi Pertama, Cetakan ke Empat. Jakarta : Jala Sutia.

Mendra, Ni Putu Yuria dan A.A.G.P. Widanaputra. (2012). "Pengaruh Corporate Governance Pada Kinerja Perusahaan". *JUARA: Jurnal Riset Akuntansi*, Vol. 02, No.01, Febuari 2012.

Meutia, Inten. (2011). "Faktor – Faktor yang Mempengaruhi Kinerja Perusahaan Kelompok Jakarta Islamic Index". *Akuntabilitas : Jurnal Penelitian dan Pengembangan Akuntansi*, Vol.05, No.01, 63 - 75. Januari 2011.

Murwaningsari, ETTY. (2009). "Hubungan Corporate Governance, Corporate Social Responsibilities dan Corporate Financial Performance Dalam Satu Continuum". *Jurnal Akuntansi dan Keuangan*, Vol. 11, No. 1, Mei 2009, 30-41.

Nofianti, Leny. (2009). "Penerapan Good Corporate Governance di Indonesia". *Jurnal Akuntansi dan Keuangan*, Vol.14, No.02, 211 - 234, Juli 2009.

Nurhayati, Ratna., Allistair Brown, and Greg Tower. (2006). "Natural Environment Disclosure of Indonesian Listed Company". *Paper Submission at AFAANZ Conference*, Welington, New Zealand, Juli 2006.

Nurkhin, Ahmad. (2009). "Corporate Governance dan Profitabilitas: Pengaruhnya Terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan (Studi Empiris Pada Perusahaan yang Tercatat di Bursa Efek Indonesia). Tesis Program Studi Magister Akuntansi, Program Pasca Sarjana Univ. Diponegoro.

- Paramitha, Riyantini Amalia and Shiddiq Nur Rahardjo. (2013). "Faktor-Faktor yang Mempengaruhi Kualitas Komite Audit". *Diponegoro Journal of Accounting*, Vol.02, No.03, Tahun 2013, 01 – 11.
- Poskotanews. February 12th 2014. *Tokoh Muda Saatnya Tampil*. (Online). <http://poskotanews.com> accessed Maret 2014.
- Rachmawati, Andri and Hanung Triatmoko. (2007). "Analisis Faktor-Faktor yang Mempengaruhi Kualitas Laba dan Nilai Perusahaan". *Simposium Nasional Akuntansi X*. Makasar, 26 - 28 Juli.
- Retno, Reny Dyah and Denies Priantinah. (2012). "Pengaruh Good Corporate Governance dan Pengungkapan Corporate Social Responsibility Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan yang Terdaftar di Bursa Efek Indonesia Periode 2007 – 2010)". *Jurnal Nominal*, Vol.01 No.01.
- Rustiarini, Ni Wayan. (2012). "Efek Moderasi Corporate Governance Pada Hubungan Corporate Social Responsibility dan Nilai Perusahaan". *JUARA : Jurnal Riset Akuntansi*, Vol. 2, No.1, 29 - 39. Februari 2012.
- Sayekti, Yosefa and Wondabio. (2007). "Pengaruh CSR Disclosure Terhadap Earning Response Coefficient". *Simposium Nasional Akuntansi X*. Makasar, 26 - 28 Juli.
- Siallagan, Hamonangan and Mas'ud Machfoedz. (2006). "Mekanisme Corporate Governance, Kualitas Laba, dan Nilai Perusahaan". *Simposium Nasional Akuntansi IX*. Padang 23 – 26 Agustus.
- Suad, Husnan. (2000). *Manajemen Keuangan Teori dan Penerapan*, Edisi Ketiga. Yogyakarta : UPP AMP YKPN.
- Suad, Husnan and Eny Pudjiastuti. (2006). *Dasar-Dasar Manajemen Keuangan*, Edisi 5. Yogyakarta : UPP STIM YKPN.
- Sudiyatno, Bambang dan Elen Puspitasari. (2010). "Tobin's Q dan Altman Z-Score Sebagai Indikator Pengukuran Kinerja Perusahaan". *Kajian Akuntansi*, pp. 09-21. Februari 2010.
- Sujoko dan Ugy Subiantoro. (2007). "Pengaruh Struktur Kepemilikan Saham, Leverage, Faktor Intern Dan Faktor Ekstern Terhadap Nilai Perusahaan". *Jurnal Manajemen dan Kewirausahaan*, Vol.09, No.01, pp. 41 - 48.
- Sugiyanto, Eviatiwi Kusumaningtyas. (2011). "Peningkatan Return Saham dan Kinerja Keuangan melalui Corporate Social Responsibility dan Good Corporate Governance". *Aset*, Vol.13, No.01, 47 - 56. Maret 2011.
- Sukasih, Ni Ketut and Ni Luh Nyoman Ayu Suda Susilawati. (2011). "Dampak Good Corporate Governance Terhadap Kinerja Perusahaan (Study Kasus di Bursa Efek Indonesia)". *Jurnal Bisnis dan Kewirausahaan*, Vol.77 No.03, November 2011.

Suranta, Eddy dan Pratana Puspita Merdistusi. (2004). "Income Smoothing, Tobin's Q, Agency Problems, dan Kinerja Perusahaan". *Simposium Nasional Akuntansi VII*. Bali, 2 - 3 Desember.

Sutaryo, Payamta, and Bandi. (2011). Frekuensi Rapat Komite Audit : Bukti Pelaksanaan Good Corporate Governance di Indonesia. (Online). (<http://sutaryofe.staff.uns.ac.id> accessed in September 2013).

Sutopoyudo. (2009). *Pengaruh Penerapan Corporate Social Responsibility (CSR) terhadap Profitabilitas Perusahaan*. Accessed through Sutopoyudo's blog at <http://www.wordpress.com> in September 2013.

Undang – Undang No. 22 Tahun 2001 tentang Minyak dan Gas Bumi

Undang – Undang No. 25 Tahun 2007 tentang Penanaman Modal

Undang – Undang No. 40 Tahun 2007 tentang Perseroan Terbatas

Wahidahwati. (2002). "Kepemilikan Manajerial dan Kepemilikan Intitusional pada Kebijakan Hutang Peusahaan : Sebuah Prospektive Theory Agency". *Jurnal Riset Akuntansi*, Vol. 05, pp. 1 - 16.

Wahyudi, Untung and Hartini Pawestri. (2006). "Implikasi Struktur Kepemilikan Terhadap Nilai Perusahaan Dengan Keputusan Keuangan Sebagai Variabel Inetrving". *Simposium Nasional Akuntansi IX*, Padang.

Widhianningrum, Purweni and Nik Amah. (2012). "Pengaruh Mekanisme Good Corporate Governance Terhadap Kinerja Keuangan Selama Krisis Keuangan Tahun 2007 – 2009". *Jurnal Dinamika Akuntansi*, Vol.04 No. 02, 94-102. September 2012.

Winda, Garriela Cynthia and Fidelis Arastyo Andono. (2013). "Pengaruh Penerapan Corporate Governance Terhadap Kinerja Keuangan Perusahaan Hasil Survei The Indonesian Institute Perception Governance (IICG) Periode 2008 – 2011". *Jurnal Ilmiah Mahasiswa Universitas Surabaya* Vol. 20 No.01.

Yesika, Nina and Anis Chariri. (2013). "Pengaruh Mekanisme Corporate Governance dan Karakteristik Perusahaan terhadap Kinerja Lingkungan". *Diponegoro Journal of Accounting*, Vol 2, No 2, Tahun 2013, Hal 1-9 (<http://ejournal-s1.undip.ac.id>).