ABSTRACT

THE EFFECT OF CORPORATE GOVERNANCE ON SUSTAINABILITY REPORT DISCLOSURE

By

Nurul Adiati

This study aimed to examine the effect of corporate governance on sustainability report disclosure of Indonesian public companies. This research measured the extent of Indonesian public companies’ sustainability report using Sustainability Disclosure Index (SDI) as a dependent variable. The index is developed from the parameters of the Global Reporting Initiative (GRI) G3 framework. The independent variables in this research are independent commissioner, the percentage of majority ownership, the size of audit committee, and the percentage of foreign ownership. This study also uses the control variables, there are profitability, leverage, and the extent of international operation. Samples of 17 companies are chosen for each period during the year 2010-2012 to form a total of 51 observations. This research adopts multiple linear regression method using SPSS as an analytical tool.

The results show that the extent of international operation positively affects the sustainability report disclosure. However, leverage and the percentage of foreign ownership show negative relationship with the disclosure. Independent commissioner, the percentage of majority ownership, the size of audit committee, and profitability does not show any relationship with sustainability report disclosure.

Key Words: sustainability report, global reporting initiative, corporate governance, Indonesian public companies.