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Environment performance, good corporate governance mechanism and firm's value: Company performance as an intervening variable

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Abstract

Globalization era made development in almost all fields especially industrial sector. Each company in the fulfillment of its goals to increase the firm's value might take extreme way that can damage the environment. Furthermore, the operation of the company also requires implementing a new paradigm in the management of a business, namely the principle of good corporate governance (GCG). The purpose of this research is to determine the influence of the environmental performance and GCG mechanism on firm value with company performance as an intervening variable. The manufacturing companies selected for this study are from the 2010-2013 list of Indonesia Stock Exchange (PROPER participants) which includes 14 companies with purposive sampling techniques. The data used was secondary data from company annual report and the announcements of the Ministry of Environment from Indonesia Stock Exchange website (www.idx.co.id), as well as the official website of the ministry (www.menlh.go.id). The path analysis approach was used for this research. The results showed that that the company's performance is not a mediating variable between environmental performances and firm's value. Company performance as an intervening variable could not mediate environment performance, ownership concentration, and the effectiveness of audit committee on firm value.

Keywords: Audit Committee Effectiveness, Environment Performance, Independent Commissioner, Ownership Concentration, ROE, Tobins'Q

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1. Background

The era of globalization brings a very rapid development of the countries around the world; this development has affected almost every sector of life, especially in the economic and industrial sectors. Industry is growing rapidly, thus the new companies are growing. The establishment of a new company has certain goals. Novrianti and Armas (2012) in his research stated that the purpose of the establishment of a company can be divided into two major lines namely the primary objectives and the secondary objectives. The main goal of the establishment of a company is to increase shareholders' wealth or to generate maximum profits. Then welfare can be improved through good performance. Good performance is not only limited to meet the wishes of shareholders, but there are many other parties related to it such as customers, communities, employees, and suppliers of funds. Secondary objectives of the establishment of a company are for the welfare of the parties last mentioned. The objectives are the main drivers to achieve the primary goal (Fachrudin and Amalia, 2011). It is also stated by Tambunan (2007) in his study that the survival of a business can not just rely on good financial performance because other factors such as environmental performance are also important for the survival of the business in the long term. Prabandari and Suryanawa (2014) found that social and environmental performance of a company has a positive effect on investor reactions.

The main responsibilities of the manager are to increase the company's value or improve the welfare of the company's shareholders. To increase the value of the company, financial manager must be able to ensure that the company always has sufficient funds to finance the company's activities in producing goods and services (Fuad et al., 2006). Equity investors are the main source of funding. That's why the companies are always trying to survive in the fulfillment of their financial goals even through extreme ways. However, the secondary sides should not be forgotten and all the interests' stakeholders should be taken into account for the long run benefit of the operation.

According to Amri and Untara (2012) the historical development of accounting, which developed rapidly after the industrial revolution, have caused the accounting reporting to be used widely as a mean of accountability to investors, resulting in the orientation of the company more aligned to the owners of capital. As a result the company activities have been controlled by the shareholders and the objectives changed in favor of only maximizing profits without properly considering the environmental issues.

In the past decades several environmental problems originating from industrial activities have occurred in Indonesia. The case of Lapindo mudflow in Porong, Sidoarjo, and East Java is one of cases which happened in 2006 and the problem still remains. Another environmental pollution problems that occurred in Indonesia, is the problem of PT. Indah Kiat Pulp and Paper in Serang Banten who do not have a good waste management system with the wastes polluting the Ciujung River and decreasing the quality of the river, while people's lives depend on this river (Walhi, 2011). In Indonesia, the environmental considerations have been included in the government policies and the Law No. 4 of 1982 is related to the Principles of Environmental Management that aims to regulate environmental management based on an integrated national policy. This law amended and set forth in Law No. 23 of 1997 on the same topic (Sofyan et al., 2008).

The Ministry of Environment since 2002 has launched program rating performance in environmental management (PROPER). Since its development, PROPER had been adopted into a compliance instrument in any countries such as China, India, the Philippines and Ghana, as well as the subject of study at various universities and research institutes. Through PROPER, the companies' environmental performance is measured by using colors, ranging from the gold (for the best performance), green, and red to black for the worst ones, and this is regularly announced to the public so that people can know the level of environmental management in the companies. Expectation of the announcement of these colors showed that the community in general and certain sectors in particular may use this information for the sustainable development of the nation (www.menlh.go.id).

In the era of free markets, besides the fulfillment of social and environmental responsibility, business activities are required to develop and implement appropriate systems among which a new paradigm in the business management has emerged namely the principles of Good Corporate Governance or GCG. Amri and Untara (2012) stated that GCG is a foundation of the economic system that will have an impact on the level of public trust in the company. External investors will be more trusted in companies with GCG. GCG implementation will create a healthy competition and a favorable climate, so it will be easier for companies to obtain funding sources with less capital cost. Ultimately this will affect the business performance of an enterprise which can be reflected on the company's stock price.

According to Kaihatu (2006) GCG is a system to regulate and control the enterprise in order to create added value to all stakeholders. This concept focuses on two facts; first, the importance of the right of shareholders to obtain the information correctly and on time and, second, the obligation of the company in the disclosure is accurate, timely, and transparent when it comes to disclosing information about the company's performance, ownership and stakeholder, There are five main components required in GCG concept, including fairness, transparency, accountability, independence and responsibility. These five components are essential for the application of the principles of GCG consistently proven to improve the quality of financial reports.

Various research studies have shown that the implementation of GCG in Indonesia is still very low. The reason is that the there is not a proven corporate culture to direct the core of corporate governance. This issue is more important in manufacturing companies because as Wijaya (2012) stated that manufacturing companies have relatively more impact on the environment compared to service or trade companies. Therefore, the managers of manufacturing companies should pay more attention to a corporate culture which favors environmental sustainability.

From the above discussions, it can be concluded that the environmental performance and corporate governance mechanisms can influence the value of a company. And in the relationship between environmental performance and the mechanism of corporate governance on firm value, there are other variables that relate these variables to the performance of a company. In another words, the company's performance can mediate the relationship between environmental performance, corporate governance mechanism and the value of the company. This study was conducted with reference to a previous research by Retno and Priantinah (2012), but here researchers changed the variable Corporate Social Responsibility

(CSR) with environmental performance. The reason why researchers replace this variables is because it has been so many studies investigated CSR as variable to assess the value of the company and most of them have got a significantly positive result, so the current research aims to examine other factors that may affect the value of the company. Another reason for choosing environmental performance is to narrow the scope of research and also because environmental performance is still rarely used in Indonesia to assess the value of the company. In this research, an intervening variable namely company performance, was also considered which mediates the effect of environmental performance and corporate governance mechanism on firm value. The study discusses the environmental performance of firm's value that Rossell (2012) with the results of the environmental performance effect on the firm's value. Basically this study combine's research are Retno and Priantinah (2012).

2. Literature review and hypothesis development

2.1. Agency theory

Agency theory appears to resolve the conflict that can occur in an agency relationship. The separation of ownership and control by the principal agent in an organization tend to cause the agency conflict between principal and agent. Principal is a shareholder or investor, while an agent is a person authorized by the principal that manages the company consisting of commissioners and board of directors.

Jensen and Meckling (1976) describes that the agency theory is a theory that explains the relationship between principal and agent. Agency theory states that an agency relationship arises when one party (the principal) gives authority to another party (the agent) to perform some service on his behalf which involves delegating some decision-making authority to the agents. The agent is obliged to do things that benefit and improve the welfare of principal. Based on the agency theory, managers are trying to meet the interests of stakeholders by way of implementing GCG as more as possible. The stakeholders will be satisfied if the companies they invest in reveal environmental performance to improve public confidence.

2.2. Stakeholders theory

Stakeholder theory states that the company is not an entity that only operates for its own sake, but to be able to provide benefits to its stakeholders. Thus, the existence of a company is strongly influenced by the company's stakeholders. Stakeholders are groups or interested parties, either directly or indirectly, to the existence or activities of the company, and therefore these groups influence and be influenced by the company. Stakeholder theory can be divided into two primary stakeholders and secondary stakeholders. The primary stakeholder is a person or group without which the company can not survive for a going concern, including shareholders and investors, employees, customers and suppliers, government and community. While the secondary stakeholders are defined as those that affect the company or are affected by the company, but they are not related to company transactions and are not essential to sustainability of the operation, such as the mass media and the public at large. From both stakeholders, the one with most influence is the primary stakeholder because it has a high power on the existing resources within the company such as restrictions on raw materials, setting up the company, and so on, then there is the desire of managers to be able to seek the support of the stakeholders.

2.3. Environmental Performance (PROPER)

Ministry of Environment since 2002 has launched assessment program of company performance in environmental management (PROPER) as the development of Prokasih program (clean river program). Since its development, PROPER had been adopted into a compliance instrument in various countries such as China, India, the Philippines and Ghana, as well as the subject of study at various universities and research institutes. PROPER purpose of applying the instrument is to encourage the improvement of the company's performance in environmental management through the dissemination of information of company's performance in environmental management. Management performance improvement can occur through the effect of incentives and disincentives reputation arising from the announcement PROPER rating to the public. Stakeholders will give appreciation to a company that is rated well and put pressure and encouragement to companies that have not been rated good. PROPER implementation is expected to strengthen the various existing environmental management instruments, such as environmental law enforcement, and economic instruments. Besides, the adoption of the PROPER can answer the needs of access to information, transparency and public participation in environmental penelolaan as Article 65 Paragraph (2) and (4) of the Act. No. 32 of 2009 on the Protection and Management of the Environment related to access and each person's role in the protection and management of the environment. Assessment of performance structuring the company in PROPER carried out based on the company's performance in meeting the various requirements set out in the legislation in force and the company's performance in the implementation of various activities related to the activities of environmental management are not yet a structuring requirements. At this time, the performance appraisal arrangements in focus to assessment structuring companies in the aspect of water pollution control, air pollution control, and waste management and various other liabilities related to the analysist of environmental impact. For mining deposit, not an assessment of the performance of companies linked to efforts to control environmental damage, particularly damage to land. In addition, assessment beyond complicance done related to the assessment of the efforts that have been made by the company in the implementation of Environmental Management Systems, Conservation and Utilization of Resources, as well as CSR including the activities of Community Development. PROPER rating will be publicly disclosed to the public and other stakeholders, company performance structuring will grouped into color rank. Through color ranking is expected that people can more easily understand the performance of the arrangement of the respective companies. So far it can be said PROPER rating system is the first to use color.

Here is a ranking and the color definition of PROPER assessment results along with kritria-criteria of each color (1) gold, for business or activity has consistently demonstrated the superiority of the environment (environmental Excellency) in the production process or services, implementing ethical business and responsible for the public, (2) green, for businesses or activities that have environmental management more than required under regultion (beyond compliance) through the implementation of environmental management systems, use resources efficiently through the efforts of 4 R (Reduce, Reuse, Recycle and recovery), and make efforts to social responsibility (CSR/Community Development) well, (3) blue, for business or activity that has made environmental management efforts are required in accordance with the provisions or regulations in force, (4) red, environmental management efforts were made not in accordance with the requirements stipulated in the legislation and in the stages of imposing administrative sanctions, and (5) black, environmental management efforts were made not in accordance with the requirements stipulated in the legislation and in the stages of imposing administrative sanctions.

2.4. Good Corporate Governance (GCG)

GCG is a system to regulate and control companies that create added value to all stakeholders (Monks and Minow, 2003). There are two things that are emphasized in this concept, first, the importance of the right of shareholders to obtain information correctly and on time and, secondly, the company's obligation to make disclosure is accurate, timely, and transparent to all information about the company's performance, ownership and stakeholders. There are five main components required in GCG concept, namely fairness, transparency, accountability, and responsibility. These five components are essential for the application of the principles of GCG consistently proven to improve the quality of financial reports and also may become an obstacle to performance engineering activities resulting financial statements do not describe the fundamental value of the company. GCG concept is popular in Asia. This concept is relatively undeveloped since the 1990s. GCG concept is known in the UK in 1992. Developed countries that are members of the OECD (group of developed countries in Western Europe and North America) practice in 1999.

2.4.1. Principles of good corporate governance

Generally, there are five basic principles of GCG, namely (1) transparency is openness in the decision making process and openness in expressing information material and relevant information concerning the company, (2) accountability, namely clarity of function, structure, systems, and accountability organ company so management the company implemented effectively, (3) responsibility is conformity in the management of the company to the principles of healthy corporate and applicable laws and regulations, (4) independency is a state where a professionally managed company with no conflict of interest and influence/pressure from party management are not in accordance with the regulations and legislation in force and the principles of healthy corporate, and (5) fairness (equity and fairness), namely fair treatment and equal in fulfilling the rights of stakeholders arising under treaties and laws applies. The essence of corporate governance is improving corporate performance through supervision or monitoring management performance and accountability of management to other stakeholders, based on the framework of rules and regulations.

2.4.2. Mechanism of good corporate governance

2.4.2.1. Concentration of ownership

Taman (2009) states that the concentration of ownership is a structure that describes how and who is in control of the whole or a large part of the ownership company and wholly or largely in control of the business activities of a company. If the ownership is said to be more concentrated to achieve majority control of dominance or merger takes fewer investors. The absence of control in a company that can be held by the less investor will more easily control the run. Compared with the mechanism of large shareholders, ownership control is concentrated have lower strength because they still have to coordinate to carry out its control rights. Porta et al. (1999; 2002) in his research found that the concentrated ownership structure occurred in countries with low levels of corporate governance. In this case Indonesia also belongs to the class of countries with a low level of corporate governance. A low level of corporate governance is considered a contributing factor to the financial crisis that hit East Asia in 1997-1999, including Indonesia. In Indonesia, the crisis evolved into a multidimensional prolonged crisis caused partly because many companies have not implemented corporate governance is consistent. Other studies regarding concentration of ownership also shows that ownership of companies in East Asia including Indonesia was found tended to be concentrated (Claessens et al., 2000; 2002). Concentration of ownership resulting in a conflict of interest changed from conflict management become shareholders with the conflict between the majority shareholders with a minority. A controlling or majority shareholder has an incentive to expropriate against minority shareholders. Controlling shareholders also have the ability to affect the financial reporting process. Therefore, the majority shareholder of the company with concentration of ownership can affect the quality of financial reporting.

2.4.2.2. Independent of commissioner

According to the National Committee on Governance (2006), the board defined as a company that is in charge of organ and collectively responsible for overseeing and advising the Board of Directors to comply with the guidelines of GCG. However, the board is not allowed to participate in making operational decisions. In the membership of the board of commissioners are internal commissioner and commissioner independen. Internal commissioner board is a commissioner who is also an employee, officer, major shareholder, or a person associated with the organization is. While the independent commissioner is a commissioner who is not an employee or a person who deals directly with the organization, and do not represent the shareholders. Under the terms of GCG, a company must have independent board members in order to supervise and neutrality in decision making (National Committee on Governance, 2006). Based on Indonesia stock exchange commission regulations, independent directors in a company must amount to at least 30% of the total members of the board of commissioners.

In the corporate governance practices require the independent directors in a company which is expected to encourage and create a climate that is more independent, objective, and can put equality as a core principle in regard to the interests of minority shareholders and other stakeholders. In addition, the independent directors may also be useful in resolving the dispute between the shareholders by the board of commissioners.

The establishment of an independent commissioner was motivated by the desire to provide protection to minority shareholders in public company. The main responsibility of the commissioner ndependent is ensuring good corporate governance by providing input and oversight to the board of directors in the interest of the company. Independent commissioner to provide input and oversight in the form of matters relating to business strategy effectively, charging executives and managerial with competent individuals, ensuring information systems and control and audit company has been running well, and ensure companies' compliance with applicable law.

2.4.2.3. Number of audit committee members

Size of the audit committee is described in Indonesia stock exchange commission regulation number IX.I.5 (Attachment Decision of the Chairman of Indonesia stock exchange commission number KEP-643/BL/2012), members of audit committee consisting of at least three members, one of whom is an independent board listed company who also serves as chairman of the audit committee, while the other members are independent external party which is outsiders who do not have a business relationship and affiliation with the listed companies, commissioners directors and major shareholders and the company is able to give a professional opinion freely in accordance with the ethics of professionalism and impartiality in the interests of anyone.

2.4.2.4. The competence of the audit committee

Characteristics of the possessed by each member of the audit committee is a very important thing to be the company's attention, because the characteristics of the committee will affect the audit committee's role in providing assistance to the commissioners in their duties. Here are the requirements of the audit committee in accordance with Indonesia stock exchange commission regulation number IX.I.5 that is required to have high integrity, ability, knowledge, experience in accordance with the field work, and able to communicate, understand financial statements, company's business, particularly related to services or business activities of public company, audit process, risk management, and regulations in the capital market as well as legislation related; (a) must comply with the code of ethics of the audit committee established by the public company, (b) Willing to improve the competence continuously through education and training, (c) must have at least one member of the educational background and expertise in the field of accounting and/or finance, (d) is not a person in a public accounting firm, law firm, the Office of Public Appraisal Service or others who provide assurance services, services of non-assurance, appraisal and/or services other consultation to the Issuer or a Public Company concerned within a period of 6 months, (e) is not a person employed or having authority and responsibility for planning, directing, controlling or supervising activities of Issuers or Public Company within 6 months unless the Independent Commissioner, (f) not having a stake directly or indirectly in the Issuer or Public Company, (g) in the case of members of the Audit Committee to obtain shares of the Issuer or Public Company either directly or indirectly as a result of a legal event, then these shares shall be transferred to the other party in the maximum period of six months after obtaining such shares, (g) does not have affiliation with members of the Board of Commissioners, members of the Board of Directors, or majority shareholder of the public company; and (h) not have a good business relationship, directly or indirectly related to the business activities of the company.

2.5. Company performance

The main objective of company is improving of profitability and shareholder wealth. To achieve this goal, company should be managed properly in order to get the maximum benefit. One of the things that can be done is improving company performance. Good performance is not only beneficial for the shareholders, but also meaningful for consumers, communities, employees, and suppliers. Fachrudin and Amalia (2011) stated that company's performance shows company's ability to benefit from assets, equity, and debt. The company's performance is an achievement of company. One measure of corporate performance is Return on Equity (ROE).

2.6. Firm’s value

According to Rachmawati and Triatmoko (2007), firm’s value is salling value of the company or a growing value for shareholders. The company's value will be reflected in the market price of its shares. Meanwhile, according Ramadhani (2009) the firm’s value is a measure of the success of the implementation financial functions. Fimr’s value can deliver maximum shareholder wealth when the increasing of company's stock price. According Nurlela and Islahuddin (2009) in their research, firm’s value is defined as the market value for the value of the company can deliver maximum shareholder wealth when the company's stock market price increases. The higher of stock price, the higher of shareholders wealth. To achieve the firm's value generally investors hand over its management to the professionals. The professionals are positioned as the manager or the commissioners.

2.7. Theoretical framework

The theoritical framework of this research can shows bellows:

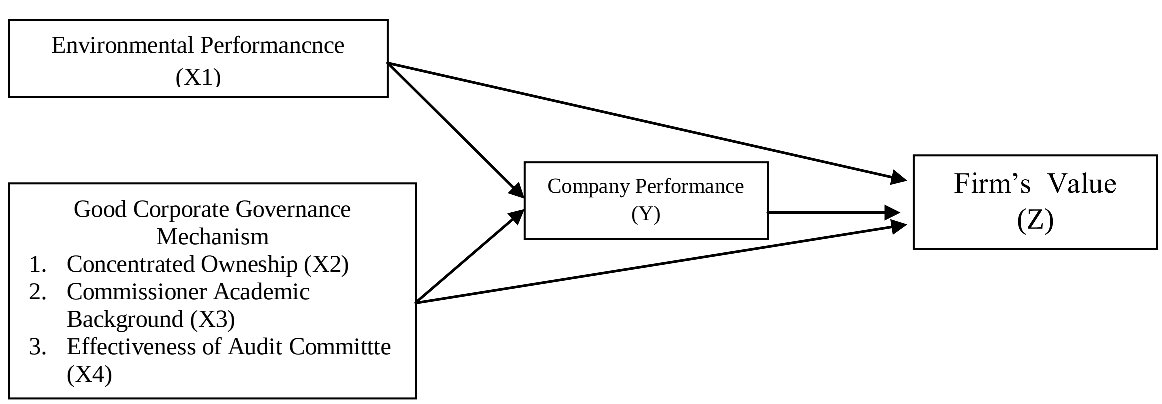

Figure 1. Theoritical framework

2.8. Hypothesis development

2.8.1. Relationship environmental performance, corporate performance and firm's value

According to research conducted by Suryani (2012) stated (1) Simultaneously environmental performance and CSR Disclosure have affect on company's financial performance, (2) Environmental performance is measured by the PROPER has affect the company's financial performance. In addition, it is also stated by Tambunan (2007) that the survival of businesses depends not only on financial performance, but also other factors such as environmental performance that bring harm to the survival of the business in the long term.

On other hand, stakeholder theory says that the company is not the only entity that operates for its own interest, but also to be able to provide benefits to its stakeholders. This means the company is not only to maximize profits for the benefit of the entity but also have other responsibilities, namely, to the community, employees and other environments. From this description can be drawn hypothesis, H1: Environmental performance has affected on company's performance and H2: Environmental performance has effected on firm's value.

2.8.2. Relationship ownership concentration, company performance and firm's value

Javid and Iqbal (2008) found the positive relationship between the concentration of ownership and company performance. While Wawo (2010) states that concentration of ownership has positive relationship to company's performance. To obtain a return on their investment so they will try to exploit the company to obtain a greater return on investment so that it can degrade the performance of the company. Shareholders will try to take the company's assets illegally as transfer pricing. Alimehmeti and Paletta (2010) found the positive relationship between ownership and firm's value, who confirmed that the agency perspective the high ownership concentration will increase the power of shareholders. It will harmonize control managers and the shareholders' interests that caused the increase in the value of the company. From the description we hypothesize that H3: Concentration of ownership has positive effect on company performance and H4: Concentration of ownership has positive effect on firm value

2.8.3. Relationship independent commissioner, corporate performance and firm's value

Agency theory states that a conflict of interest between agents with the principal can be reduced with proper supervision. Noviawan and Septiani (2013) stated that independent commissioners will improve the quality of the supervision function. The greater proportion of independent commissioners have indicate the supervisory function would be better, while Haniffa and Cooke (2005) stated that the greater independent commissioners can provide power to the board of directors to pressure management to improve the quality of disclosure. Given better oversight will be able to improve financial performance. In addition Herawaty (2008) found independent commissioners in performing its duties is to monitor and oversee the management in order to reconcile the differences of interest that occur between owners and management can work well, so in this study proved that the presence of independent directors in the company can run well as its function which can ultimately increase the value of the company. From the description that has been described, it can be drawn the following research hypothesis that H5: independent commissioner's has positive effect on the company's performance and H6: independent commissioner's has positive effect on firm value.

2.8.4. Relationship effectiveness of audit committee, company performance and firm's value

Siallagan and Machfoedz (2006) stated that existence of audit committee has positive effect on firm's value. Audit committee is tasked to assist the commissioners in ensuring the effectiveness of internal control systems and the effectiveness of the implementation of the external auditor and the internal auditor's duties. Effendi and Arief (2005) also concluded that (a) the existence of the audit committee is very important in order to improve the company's performance, especially from the aspect of control. At this time, effectiveness of audit committee is one aspect in the implementation of GCG, (b) development of the audit committee in Indonesia is very slow when compared to some other countries, like the United States, Britain and Canada. This is because the provisions (regulation) that regulate the audit committee by security exchange commission is relatively new, (c) existence of audit committee on Banking, state-owned and public companies, at this point has not been effective as expected the various parties. From the description, it can be formulated hypothesis H7: Effectiveness of audit committee has positive effect on company performance and H8: Effectiveness of the audit committee has positive effect on firm's value.

2.8.5. Relationship between company performance on firm's value

According Sudiyatno and Puspitasari (2010) stated that company's performance have significant and positive effect on firm's value. Good performance seen from the profitability or high profits that it would cause the stock price or market price increases. It is becoming the investors expectation to company will increase. Meanwhile, according to Amri and Untoro (2011) found that ROE and CSR have a significant effect on firm's value. From the description, it can be hypothesized that H9: company's performance has positive effect on firm's value

3. Research methodology

3.1. Population and Sample

The population in this study is manufacturing companies listed in Indonesia Stock Exchange 2010-2013. Sample was selected by using purposive sampling method or by using certain criteria, namely (a) company listed on the Stock Exchange from 2010-2013, (b) company manufactures followed of PROPER program from 2010-2013, (c) manufacturing company publishes annual report consistently from 2010-2013, (d) manufacturing company publishes the annual report in rupiah and (e) company manufactures do not get losses during the years of the study. Based on these criteria were selected as many as 56 companies as sample.

3.2. Operational definition and measurement of variables

3.2.1. Dependent variables

The dependent variable is the firm's value. According to Rachmawati and Triatmoko (2007), firm's value is salling value of the company or a growing value for shareholders. The company's value will be reflected in the company's stock market price. The value of the company is the main purpose of the company in general. The ratio used is Tobin'Q expressed by Tobin (1969).

$$Q = \frac{\mathrm{EMV+D}}{\mathrm{EBV+D}}$$

where

Q = Tobin's q (firm's value), EMV = *Equity Market Value* (*closing price x outstanding share*), EBV = *Equity Book Value* and D = Book value of debt.

3.2.2. Independent variables

3.2.2.1. Environmental performance

Environmental performance is the performance of the company to create a good environment or when the company issued a charge related to the environmental aspects. It will automatically establish a good image in the eyes of stakeholders and potential investors. It will be responded positively by the market and as a form of responsibility and the company's concern for the environment (Ikhsan, 2008). Measurement of environmental performance based on the company's achievements PROPER program. PROPER performance rating system includes a rating company within five (5) colors: gold (5), green (4), blue (3), red (2) and back (1).

3.2.2.2. Mechanism of Good Corporate Governance (GCG)

Ownership Concentration: Concentration of ownership is a structure that describes how and who is in control of the whole or a large part of the ownership of companies as well as wholly or largely in control of the business activities of a company. Owners said to be more concentrated if to achieve majority control of dominance or merger takes fewer investors. This variable is measured with dummy variable according to the study (Shleifer and Vishny, 1997) and Hadiprajitno and Basuki (2013), ie 1 = companies with concentrated ownership and 0 = company whose ownership is not concentrated.

Independent commissioner: Independent board is a board member who does not have the financial, management, ownership, and/or family relationship with the board of commissioners and directors or controlling shareholders or other relationship which could affect its ability to act independently. In this study the number of independent directors compared to the total commissioners was measured in percentage.

Effectiveness of audit committee: This study used an assessment based on the scores to assess the effectiveness of the audit committee are based on the activity of the audit committee, the number of members of the audit committee and the audit committee competencies by providing good value, fair, and poor as shown in the Table 1.

Table 1. Effectiveness Audit Committe Score

No	Evaluation Criterias	Good	Fair	Poor
	Audit Committe Activity			
1	Review of financial statement	2		1
2	Compliance evaluation to regulation	2		1
3	Review of risk management activity	2		1
4	Doing review, report and advice to board of commissioner in complict of interest	2		1
5	Internal cotrol evaluation	2		1
6	Evaluation to accounting process and review of audit report	2		1
7	External auditors appointed	2		1
	Size of Audit Committee			
8	Frequency of audit committe meeting	3	2	1
9	Attandance of audit committe meeting	3	2	1
10	Numbres of audit committee	3	2	1
	Audit Committee Competence			
11	Audit committe academic background	3	2	1
12	Average age of audit committee	3	2	1
	Total	29	10	12

Description: Number 1-7 will get score 2 for and 1for poor. Number 8-12 will get score 3 for good, 2 for fair and 1 for poor.

This research was carried out by identifying the information provided in the annual report the company to adjust based security exchange commission number 29/PM/2004. The assessment criteria for the number 1-7 are *Good*, if there is information that the audit committee has been carrying out the duties and responsibilities, and *Poor*, when there is no information that the audit committee has duties and responsibilities.

Frequency of audit committee meetings: Meetings of audit committee have a great influence on effectiveness of an audit committee. The more frequent audit committee meetings, it was the better supervision of the financial statements. Which is the assessment criteria are based on the IICD (2005) developed by Hermawan (2009) with the following criteria *Good*, if the number of meetings held audit committees of more than 6 times a year, *Fair*, If the number of meetings held around 4-6 times a year, and *Poor*, if the number of meetings held less than four times a year.

Attendance members of the audit committee meeting: Effectiveness of audit committee in carrying out its duties and responsibilities can be seen from the presence of members of the audit committee in audit committee meetings. It illustrates the activity of the audit committee in carrying out its responsibilities in the company. With criteria ratings are *Good*, if the average level of attendance at the meeting members of the audit committee of more than 80%, *Fair*, if the average attendance rate of 70-80% of the audit committee, and *Poor*, if the average level of attendance of members is less than 70% or if the company does not provide information.

Number of audit committee member: The number of audit committee members under the provisions of the Stock Exchange, number of members of audit committee is at least three people. The more the number of audit committee members, the more effectively the duties performed by the audit committee. The assessment criteria based on stock exchange regulation number Kep-/BEJ/07-2001 developed by Hermawan (2009), namely *Good*, if the number of the audit committee of more than three people, *Fair*, if the number of audit committee members is 3, and *Poor*, if the number of audit committee members is less than 3 people.

Academic background of audit committee member: The proportion of the audit committee who has an educational background/knowledge in the field of accounting is essential for an auditor. With its knowledge in accounting, it is expected the audit committee can carry out its work in evaluating the financial performance of companies with a very good and effective. The assessment criteria based on the criteria used by Dhaliwal et al. (2007) developed by Hermawan (2009), namely *Good*, if a member of the audit committee who has a background in education or knowledge in the field of accounting for more than one person, *Fair*, if a member of the audit committee who has the educational background or knowledge in the field of accounting is only one person, and *Poor*, if no member of the audit committee who has a background in education or knowledge in accounting or company did not provide information.

Average age of audit committee members: It is associated with the experience and capabilities of each member of the audit committee. The older a member of the audit committee, it is expected that member has the experience and capability to better perform its duties. The criteria of assessment based on the criteria used by Anderson et al. (2004) developed by Hermawan (2009), namely *Good*, if the average age of members of the committee audit over 40 years, *Fair*, if the average age of audit committee members is 30-40 years, and *Poor*, if the average age of the audit committee members is under 40 years.

3.2.3. Intervening variable

Intervening variable in this study is company performance. One measurement of company performance is Return on Equity (ROE). Fachrudin and Amalia (2011) states that ROE as measure of a company's profitability. It measures the return for shareholders. ROE is calculated using the following formula:

$$\text{ROE} = \frac{Net\ Income}{Total\ Equity}$$

3.2.4. Data analysis methods

3.2.4.1. Path Analysis

Researchers used path analysis to conduct regression because in this study variables were not directly affect on dependent variable but also indirect effect. There is an intervening variable in this research that the company's performance in the influence of environmental performance and GCG to firm’s alue, path analysis model within the framework of the notion that has been made is as follows:

$$Y = P_{yx1}X1 + P_{yx2}X2 + P_{yx3}\,X3 + P_{yx4}\,X4 + €1 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ (1)$$

$$Z = P_{zx1}X1 + P_{zx2}X2 + P_{zx3}X3 + P_{zx4}X4 + P_{zy}Y + €2 \ \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ (2)$$

3.2.4.2. Partial significance test (t-test)

T tests were conducted to show the effect of individual independent variables on the dependent variable. Tests carried out using a significance limit of 5%. Acceptance or rejection of the hypothesis is done with criteria: (1) If the significance value of t > 0.05 means partially independent variables did not have significant effect on the dependent variable and (2) If the significance value of t ≤ 0.05 means partially independent variables these have a significant effect on the dependent variable.

3.2.4.3. Simultaneously significant test (F-test)

F test is used to determine the effect of all independent variables simultaneously on the dependent variable. Decision-making can be done in a quick look, namely by looking at the value of F. With the significant value that is used by 5%, then the provisions of acceptance or rejection of the hypothesis that (1) If the F significance value > 0.05 then simultaneously all independent variables have no effect significant on the dependent variable and (2) If the significance value F ≤ 0.05, then simultaneously all independent variables have a significant effect on the dependent variable.

3.2.4.4. Coefficient of determination test

The coefficient of determination used to measure how far the ability of the model to explain variations in the dependent variable (Ghozali, 2011). R^2 values are ranging from zero to one, if $R^2 = 0$ indicates no relationship between independent variables and the dependent variable, while $R^2 = 1$ means there is a perfect relationship. For regression with independent variables more than 2, is used as the coefficient of determination adjusted R^2.

4. Results and discussion

4.1. Descriptive analysis

Descriptive analysis test conducted on all the variables that environmental performance, concentration of ownership, independent commissioners, and effectiveness of audit committee, company performance. Table 2 presents the test results of descriptive statistics for each variable. It indicates that the amount of data used in this study amounted to 56 samples. Environmental performance variable was measured by color rating that was announced by the Ministry of Environmental, it shows the average value of the sample is at a score of 3.39 or if converted by category PROPER are in blue, which means the company has been doing business or environmental management activities in accordance with what is required in accordance with the provisions or laws applicable. While the lowest score is 1, which when converted the sample firms are in black color, which means the company is very less in matters of environmental management or not at all concerned about the environment and has violated the legislation that has been set, while the highest value is at number 5 means that on a golden color, it indicates that the company is very concerned and caring about the environment and in production or in doing business the company is responsible to the community.

Table 2. Result of Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev
Enviromental Performance	56	1	5	3.39	.928
Independent Commissioner	56	.28571	.800	.415	.128
Effectiveness of Audit Committe	56	.655	.966	.821	.078
Company Performance	56	.006	1.258	.233	.269
Firm's Value	56	.00036	26.934	5.647	6.298
Valid N (listwise)	56				

Concentration ownership variable was measured by dummy variables, namely one for companies with concentrated ownership and 0 for firms with concentrated ownership. From the data obtained 45 percent of companies there is concentration of ownership and the balance of 55 percent of the companies there are no concentrated ownership.

Independent commissioners can be seen at 0.286 minimum value and a maximum value of 0.8 with an average of 0.415. This value is obtained by comparing the number of independent directors with the total number of commissioners. A minimum value of 0.286 indicates that there are still companies that do not meet the requirements set by the Indonesia Stock Exchange that each company has a proportion of independent board by 30 percent, but when compared with the average value of 0.415 or 4.15 percent indicates that the mean average proportion of independent commissioner into the sample was in accordance with regulations set by the Stock Exchange.

Effectiveness of audit committees shows that the average value of the effectiveness of the audit committee that is equal to 0.821, the lowest value and a maximum of 0.655 and 0.966. Of the average value of the effectiveness of the audit committee can be seen that the average value reaches 0.8208 or a percentage of 82.08 percent which was nearing one. This indicates that the audit committee has done almost all the responsibility and tasks to be performed by the audit committee. Corporate performance as measured by return on equity are ranging from 0.00595 and 1.258 with an average value of 0.233. This indicates the company is able to produce a pretty good performance for shareholders.

Firm's value was measured by ratio stock market value and equity value. Table 2 indicated that the variable Tobin's Q has a minimum value of 0.00036 and a maximum value of 26.934 and has an average value of 5203 showed that the average investment in the sample generate profits that provide higher value than investment expenditure. These results indicate that the average company is used as a sample has a positive value. Tobins Q value of more than 1 means that the company generates earnings by level of return that corresponds to the acquisition cost of assets. Companies have Tobins Q value is more than a company that deserves to be given investment or in other words will attract more investors to invest in the company.

4.2. Regression Analysis

4.2.1. Regression analysis - model 1

Result of regression for model is shown in Table 3.

Table 3. Result of Regression – Model 1

	Unstandardized Coefficients		Stand. Coefficients		
Model 1	B	Std. Error	Beta	T	Sig.
(Constant)	-.597	.323		-1.846	.071
Environmental Performance (EP)	.006	.034	.022	.186	.853
Concentrated Ownership (CO)	.028	.063	.052	.441	.661
Independent of Commissioner (IC)	1.425	.245	.676	5.807	.000
Effectivenss of Audit Committe (EAC)	.248	.346	.072	.718	.476

a. Dependent Variable: Company Performace

Regression analysis for model 1 as:

$$CP = -0{,}597+0{,}006\ EF+0{,}028\ CO+1{,}425\ IC+0{,}248\ EAC+e_1$$

From the equation above can be interpreted as follows:

1- Constants. This means that if all the independent variables are environmental performance, concentration of ownership, independent directors and audit committee effectiveness constant or fixed, firm performance of the constants is -0.597.

2- Environmental Performance. The coefficient of environmental performance that is equal to 0.06. This means that any increase in the environmental performance of the astuan firm performance will increase by 0.06 to assuming that other independent variables in the regression model is fixed.

3- Ownership Concentration. The coefficient of concentration of ownership that is equal to 0.028. This means that any increase in the concentration of ownership of the unit, firm performance will increase by 0.028 with the assumption that the other variables in the regression model is fixed.

4- Independent commissioner. The coefficient of independent directors that is equal to 1.425. This means that each increase of one unit of independent commissioners, firm performance will increase by 1.425 with the assumption that the other variables in the regression model is fixed.

5- The effectiveness of the Audit Committee. The coefficient of effectiveness of the audit committee that is equal to 0.248. This means that any, increase in the effectiveness of the audit committee of the unit, firm performance will increase by 0.248 assuming that the other variables in the regression model is fixed.

4.2.2. Regression analysis - model 2

Table 4. Reslut of Regression – Model 2

Model 1	Unstandardized Coefficients B	Std. Error	Stand Coefficients Beta	t	Sig.
(Constant)	.266	6.656		.040	.968
Environmental Performance	-.621	.688	-.091	-.903	.371
Concentrated Ownership	1.326	1.267	.106	1.046	.301
Independent of Commissioner	-5.060	6.307	-.102	-.802	.426
ROE	5.288	6.926	.066	.764	.449
Company Performance (CP)	19.982	2.792	.854	7.156	.000

a. Dependent Variable: Firm's Value (FV)

From Table 4, the result of regression for model 2 is:

$$FV = 0.266 - 0.621\ EP + 1.326\ CO - 5.060\ IC + 5.288\ EAC + 19.982\ CP + e_2$$

From the equation above can be interpreted as follows:

1- Constants. This means that if all the independent variables are environmental performance, concentration of ownership, independent directors and audit committee effectiveness and performance of the company or remain constant, then the value of the constant is 0.266.

2- Environmental Performance. The coefficient of environmental performance that is equal to 0.621 and marked negative, it indicates that environmental performance has the opposite relationship to the value of the company. This means that any increase in the environmental performance of the unit, the company's value will be decreased by 0.621 with asusmsi that other independent variables in the regression model is fixed.

3- Ownership Concentration. The coefficient of concentration of ownership in the amount of 1.326. This means that any increase in the concentration of ownership of the unit, the value of the company will increase by 1.326 with the assumption that the other variables in the regression model is fixed.

4- Independent commissioner. Value of independent commissioner coefficient that is equal to 5,060 and marked negative. This suggests that the independent directors have a relationship in the opposite direction to the value of the company. It implies that each increase of one unit of independent directors, the company's value will be decreased by 5.060, assuming other variables in regression model are fixed.

4.3. Hypothesis testing

Test of hypotheses that have been formulated in advance or to determine whether the independent variables affect the dependent variable either partially or simultaneously we conducted tests of significance. Significance test is carried out as follows.

4.3.1. Significance Partial (t test)

To determine which variables are significant effect partially tested by using statistical regression coefficient t test. Determination of the results of the test can be done by looking at the value of significance is whether the significant value above or below the level of 0.05 or 5%. When the value of significance is below 0.05, the independent variables affecting the independent variable while if the significancy value is above 0.05, the independent variable does not affect the dependent variable. The results of partial hypothesis testing using SPSS are as follows:

4.3.1.1. Partially significance test (t test) - model 1

Here is a t-test on the model - 1

Table 5. Simultan Test Result – Model 1

Model		Unstand Coefficients		Stand Coefficients		
		B	Std. Error	Beta	t	Sig.
	(Constant)	-.597	.323		-1.846	.071
	Environmental Performance	.006	.034	.022	.186	.853
	Concentrated Ownership	.028	.063	.052	.441	.661
	Independent of Commissioner	1.425	.245	.676	5.807	.000
	ROE	.248	.346	.072	.718	.476

a. Dependent Variable: Company Performance

The first equation can be used to answer the hypothesis first, third, fifth and seventh that influence environmental performance, concentration of ownership, independent of commissioners and the effectiveness of audit committee on the performance of the company.

4.3.1.2. Effect of Environmental Performance on Company Performance

From the results of t test for environmental performance is obtained t arithmetic amounted to 0.186 with a significance value of 0.853. From the results of t test can be seen that significant value of environmental performance showed values above a significance level of 0.05, which concluded that the absence of the influence of environmental performance to company performance or in other words H1 rejected.

4.3.1.3. Effect of Ownership Concentration on Company Performance

From the results of the t test for ownership concentration obtained t count of 0.441 with a significance value of 0.661. From the results of the t test can be seen that the significance value for the variable of ownership concentration shows a value above a significance level of 0.05, which concluded that the absence of the influence of environmental performance to company performance or in other words H3 rejected.

4.3.1.4. Effect of Independent Commissioner on Company Performance

From the results of the t test for independent commissioners obtained t count of 5, 807 with a significance value of 0.000. From the results of the t test can be seen that the significance value for the variable independent commissioners indicate a value below a significance level of 0.05, which concluded that there is the influence of environmental performance to company performance or in other words H5 accepted.

4.3.1.5. Influence Effectiveness of Audit Committee on Company Performance

From the results of the t test for the effectiveness of the audit committee obtained t arithmetic amounted to 0.718 with a significance value of 0.476. From the results of the t test can be seen that the significance value for the variable effectiveness of audit committees indicate a value above a significance level of 0.05, which concluded that a lack of influence the effectiveness of the audit committee on the performance of the company or in other words H7 rejected.

4.3.1.6. Significance partial (t test) second equation

Here is a t-test on the second equation.

Table 6. Result of Regression – Model 2

Model		Unstandardized Coefficients		Stand Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.266	6.656		.040	.968
	Environmental Performance	-.621	.688	-.091	-.903	.371
	Concentrated Ownership	1.326	1.267	.106	1.046	.301
	Independent of Commissioner	-5.060	6.307	-.102	-.802	.426
	ROE	5.288	6.926	.066	.764	.449
	Company Performance (CP)	19.982	2.792	.854	7.156	.000

a. Dependent Variable: Firm's Value

The second equation can be used to answer the hypothesis that the second, fourth, sixth, eighth and ninth that influence environmental performance, concentration of ownership, independent directors, audit committee effectiveness and performance of the company against the value of the company.

4.3.1.7. Effect of environmental performance on firm’s values

From the results of the t test for environmental performance is obtained t calculate equal to -0.903 with a significance value of 0.371. From the results of the t test can be seen that significant value to variable environmental performance showed values above a significance level of 0.05, which concluded that the absence of the influence of environmental performance to company performance or in other words H2 rejected.

4.3.1.8. Effect of ownership concentration on firm’s values

From the results of the t test for ownership concentration obtained t count equal to 0.1046 with a significance value of 0.301. From the results of the t test can be seen that the significance value for the variable of ownership concentration shows a value above a significance level of 0.05, which concluded that the absence of the influence of environmental performance to company performance or in other words H4 rejected.

4.3.1.9. Effect of independent commissioner on firm’s values

From the results of the t test for independent commissioners obtained t calculate equal to -0.802 with a significance value of 0.426. From the results of the t test can be seen that the significance value for the variable independent commissioners showed values above a significance level of 0.05, which concluded that there is no influence environmental performance to company performance or in other words H6 accepted.

4.3.1.10. Influence effectiveness audit committee on firm’s values

From the results of the t test for the effectiveness of the audit committee obtained t arithmetic amounted to 0.764 with a significance value of 0.449. From the results of the t test can be seen that the significance value for the variable effectiveness of audit committees indicate a value above a significance level of 0.05, which concluded that a lack of influence the effectiveness of the audit committee on the performance of the company or in other words H8 rejected.

4.3.1.11. Effect of company performance on firm’s values

From the results of the t test for the company performance obtained t arithmetic amounted to 7.156 with a significance value of 0.00. From the results of the t test can be seen that the significance value for the variable effectiveness of audit committees indicate a value below a significance level of 0.05, which concluded that there is the influence of the company's performance on firm’s value or in other words H9 accepted.

4.3.2. Test simultaneous significance (F test)

To determine the independent variable can affect the dependent variable. F test results of 18.575 with a significance value of 0.000, which when compared with a significance level of 5 percent or 0.05 then the significance value obtained is smaller than the significance level of 0.05. Thus, simultaneous environmental performance, concentration of ownership, independent commissioners, audit committee effectiveness and company performance have significant affect on firm’s value.

4.3.3. Test Coefficient of Determination

The coefficient of determination essentially measures the ability of the model to explain variations in the dependent variable (Ghozali, 2011). The coefficient of determination (adjusted R-square) of 0.470. This suggests that the ability of the independent variable environmental performance, concentration of ownership, independent commissioner and the effectiveness of the audit committee to explain the company's performance by up to 47 percent, while the remaining 53 percent is explained by other factors. Second model determination coefficient analysis is performed to measure the ability of the model in explaining variable environmental performance, concentration of ownership, independent commissioners, audit committee effectiveness and company performance of the company.

Determination coefficient in model 2 is 0.615. This suggests that the ability of independent variable namely environmental performance, concentration of ownership, independent commissioners, audit committee effectiveness and company performance can explain the value of the company amounted to 61.5 percent, while rest of 38.5 percent is explained by other factors that have not been mentioned in this research.

4.4. Discussion of the results

4.4.1. Relations environmental performance, corporate performance, and firm's value

Environmental performance was measured using the Performance Rating Environmental Management Program (PROPER) issued by the Ministry of Environment. With the PROPER is expected that the company cares about the environment where the company stands. If the follow PROPER a company to rank better then the sustainability of the company would also be good for the survival of a company also depends on the stakeholders not only on improving financial performance. Based on the sampled companies, it can be seen that the average companies rank blue shows that most companies have been concerned about the environment. Based on the hypothesis testing that has been done both tests on the effect of environmental performance on company performance as well as the influence of environmental performance to the value of the company demonstrates the significant value as follows:

From the testing that has been done on the effect of environmental performance on the performance of the company, acquired a significance value of 0.853. The significant value is greater than 0.05. It can be concluded that environmental performance does not affect the performance of companies in proxy with ROE.

These results indicate that the information has been issued by the Ministry of the Environment about the environmental performance can not affect the company's performance. Although the company's average rank blue or have committed environmental management effort required in law does not guarantee that the company's financial performance will increase.

Blue rank obtained by the company has not been able to increase the positive image of the company. This is due to the quality or quantity of services companies that do not correspond with the expectations of society, in addition to the companies that do not care about the preservation of the environment and the well-being of people around the company led to the company getting a negative image of the community.

This affects not improved financial performance of the company. The company's positive image is important for the sustainability of the company, therefore the company has struggled to gain legitimacy good of society in order to obtain a positive image of the community, because the legitimacy of the public is the company's strategy in order to develop the company in the future. This result is not in line with the research carried out by Al-Tuwaijri et al. (2004), Suratno and Ignatius (2006) who stated that the environmental performance has positive affects to company performance, Suryani (2012) also in his research shows significant effect between environmental performance to the performance of companies that proxy with ROE.

However, the results of which have been tested by the researchers showed a consistent relationship with the research conducted by Rakhiemah et al. (2009), Sudaryanto (2011), Haryati and Rahardjo (2013), as well as research conducted by Sarumpaet (2005) found no significant relationship between environmental performance and financial performance. As well, Almilia and Wijayanto (2007) found no significant association between environmental performance and financial performance of industrial companies in general mining and logging rights holders.

From testing the effect of environmental performance to the value of companies that have to be got a significance value of 0.371 the value is greater than the significance level of 0.05. It can be concluded that environmental performance does not affect the value of the company measured by Tobins Q.

A company with good of environmental performance has a high value of a company as well. This is because companies with high environmental performance will have a low environmental cost. The results of this study contradict the theory of legitimacy. Based on the theory of legitimacy of the company will carry out programs that are considered by the community to gain legitimacy from the community. And disclosure of available information regarding programs adapted undertaken by the company will have a positive effect for the investor, or in other words, will also increase the company's value in the eyes of investors and it will be easier for companies to obtain capital as a funding within each activity of the company. Besides this research is also contradicts with Pérez-Calderón et al. (2012) which states that the environmental performance has positive effect on firm’s value.

4.4.2. Relationship of ownership concentration, company performance and firm’s value

Based on testing the effect of ownership concentration on corporate performance gained significant value sebesr 0.661 that when compared with a significance level of 0.05, this value is greater than 0.05, it can be concluded that the concentration of ownership does not affect the company performance. The results of this study contradict the research conducted by the research javid and Iqbal (2008) that they get the same results with studies that there is a positive relationship between the concentration of ownership and company performance. This research is also contrary to research conducted by Wahyudi and Pawestri (2006) and Wawo (2010) which also states that there is a positive relationship between the concentration of ownership and company performance. Wahyudi and Pawesti (2006) stated that by some researchers argue that concentrated ownership structure is able to influence the course of the company that will eventually influence the company's performance in achieving the company's goal is the maximization of corporate value. this is because the shareholders have the control to control the company and used it to force the management to improve company performance.

Based on testing the effect of ownership concentration on firm's value that has been carried out on samples of the obtained results of tests with significance level of 0.301 which, compared with a significance level of 0.05, then the value of this significance is above or greater than 0.05 so it can be concluded that the concentration of ownership does not affect the firm's value.

Based on the research that has been done, it is known that the results of the research that has been conducted in accordance with the results obtained by Claessens et al. (2000), Porta et al. (2002) and Dodik (2013). In the passage of a company required a controller or controllers for controlling the running of the company but control is held too big and proprietary rights held centrally it will cause too much control rights. Claessens et al. (2000) found that the greater rights of control will lead to increasingly low value of the company. The low of firm's value shows that the financial statements may not be fully trusted by investors in companies with concentrated ownership.

In addition the results of the study contradict the agency's perspective that states that the high concentration of ownership which will increase the power of the shareholders and will harmonize control managers and the shareholders' interests that caused the increase in the value of the company. This research also contradicts the results of research conducted by Alimehmeti and Paletta (2010) state that there is a positive relationship between ownership and firm's value.

4.4.3. Relations independent commissioner, company performance and firm's value

Based on testing the influence of independent directors on the performance of companies that have been carried out on samples of the test results are obtained with a significance value of 0.000, which when compare with a significance level of 0.05, this value is under or less than the significance level of 0.05 so that it can be concluded that the commissioner independent has significant positive effect on company performance.

From the research that has been obtained in accordance with the results of research studies conducted by Nugrahani and Nugroho (2010) that an independent commissioner proven positive effect on the company's performance. This means that the supervisory function carried out by an independent commissioner could reduce opportunistic behavior of directors and management so that the company's performance becomes more effective and efficient. It is also stated by Darmawati at el. (2005) that the implementation of GCG as indicated by the proportion of independent commissioners can improve the performance of the company. But the results of this study contradict research obtained by Widagdo (2014) and Carningsih (2009) which states that the proportion of independent commissioners did not affect the company's performance. In his research Widagdo (2014) reported an average sample of research has to follow the rules regarding the minimum limit of independent directors established by the Stock Exchange in the amount of 30%, which according to research Noviawan and Septiani (2013) this can happen because of the possibility that an independent commissioner overruled at the time to make a decision.

Based on testing the influence of independent directors on corporate value that has been carried out on samples of the obtained results of the test with a significance level of 0.466 which, compared with a significance level of 0.05, then the value of this significance is above or greater than 0.05 so it can be concluded that the independent commissioner does not affect firm's value.

From the research that has been done has not been proven that independent commissioners have significant effect on firm value. The results of this study according to the results of research conducted by Novrianti and Armas (2012), Anggraeni et al. (2010), Sari and Riduwan (2013) and Dwi (2012), which get the results that the proportion of independent commissioners did not affect the company. From these results it can be concluded that the role of the commissioners in the sample companies have not been optimally in supervising and monitoring the performance of management, so that the proportion of independent board has not been able to increase the value of the company. the control of the company retained by the founder and majority owner so that the supervisory function member independent board is not effective, although in this study almost all companies have had commissioners above prescribed by regulation that is 30 percent and there are even companies that have a proportion commissioners who reached 80 percent. However, this research is contrary to research conducted by Herawaty (2008) and Muryati and Suardikha (2014) who get the results that the proportion of independent commissioners has significant positive effect on firm value. They stated that the presence of independent directors in the company can make an effective contribution in the process prepare the financial statements are more qualified.

4.4.4. Relations effectiveness of audit committee, company performance and firm's value

Based on testing effect of effectiveness of audit committee on the performance of companies that have been carried out on samples of the obtained results of tests with significance level of 0,478 which, compared with a significance level of 0.05, then the value of this significance is above or greater than 0.05 so it can be concluded that the effectiveness of audit committee does not affect the performance of the company. As well as testing the effect of the effectiveness of the audit committee on firm's value has been done also get the same result, namely a significance level of 0.449 which, compared with a significance level of 0.05, then the value of this significance is above or greater than 0.05 so it can be concluded that the effectiveness of the audit committee does not affect the firm's value. Chandra (2011) in his research to get the result that the effectiveness of the audit committee did not managed to strengthen the influence of net income and cash flows to the return or stock returns. This may imply that the role of the audit committee within the company had no influence in maintaining the quality of financial reporting. The quality of financial statements is an important thing because the financial statements are the source of information for the public and stakeholders in assessing the company. While Effendi and Arief (2005) in his research proved that the existence of an audit committee in Indonesia is not effective as expected, despite the presence of an effective audit committee is very important in improving the company's performance, especially from the aspect of control.

4.4.5. Effect of company performance on firm's values

Based on the testing that was done on samples of the test results are obtained with a significance value of 0.000, which when compared with a significance level of 0.05, this value is under or less than the significance level of 0.05 so that it can be concluded that the performance of the company has significant positive effect on value of enterprise companies.

From the research that has been described above it can be concluded that the company's performance measured by ROE could affect the value of the company. The results are consistent with research conducted by Ni Wayan and Wirakusuma (2007) and Amri and Untoro (2012). The result of their research indicates that there is a significant positive effect of corporate performance on firm's value. This shows that the better the performance of the company, the better the return (return) paid by the company to the shareholders that will enhance shareholder value.

Moreover these results are not consistent with research conducted by Dewi and Rosiyana (2011) and Carningsih (2009) who get the results that the company's performance does not affect the value of the company. Carningsih (2009) argues that in making an investment, investors not only see high returns but investors also look at the environmental conditions of investment, despite high rates of return but the investment climate is not good, then the investor will make a lot of consideration for investment.

4.5. Path analysis

Path analysis in this study was conducted to test whether an intervening variable, the performance of companies is a variable that can mediate between the independent variables that influence environmental performance, concentration of ownership, independent commissioner and effectiveness of audit committees with independent variable value of the company. Path analysis identified direct influence and indirect influence. Descriptions of path analysis in this research are as follows:

4.5.1. Environmental performance

The coefficient of the direct influence of the environmental performance of the company's value is 0.621, and the indirect effect between the environmental performance of the company's value through the performance of the company is 0.119 (0.006*19.982). From these results it can be seen that the coefficient of the direct effect is greater than the coefficient of the indirect effect which means that the company's performance is not a mediating variable between environmental performances and firm’s value.

4.5.2. Ownership concentration

The coefficient of the direct influence of the concentration of ownership of the company's value is 1.326, while the indirect effect of the concentration of ownership of the company's value through the performance of the company amounted to 0.559 (0.028*19.982). From these results it can be seen that the coefficient of direct influence is greater than the coefficient of the indirect effect which means that the company's performance is not a mediating variable between concentrations of ownership in the firm’s value.

4.5.3. Independent commissioner

The coefficient of direct influence of the influence of independent directors on corporate value is -5.288, while the indirect effect between commissioners independent to company value through the performance of the company amounted to 28.474 (1.425*19.982). From these results it can be seen that the direct effect coefficient is smaller than the coefficient of the indirect effect which means that the company's performance is a mediating variable between independent commissioners to the firm's value.

4.5.4. The effectiveness of the audit committee

The coefficient of direct influence of the effectiveness of the audit committee of the company's value is 5.288, whereas the direct influence of the effectiveness of the audit committee of the company through the company performance amounted to 4.955 (0.248*19.982). From the results it can be seen that the coefficient of direct influence is greater than the indirect effect, which means the company's performance is not a mediating variable between the effectiveness of the audit committee with the firm's value.

5. Conclusions and recommendations

5.1. Conclusion

This study examined the influence of environmental performance and good corporate governance mechanisms on corporate value and corporate performance as an intervening variable in PROPER participant manufacturing companies listed on the Indonesian stock exchanges during 2010-2013. Based on this research it can be concluded that:

1- Partially environmental performance, concentration of ownership, and the effectiveness of the audit committee do not affect the performance of the company, while the independent commissioner has significant positive effect on company's performance.

2- Partially environmental performance, concentration of ownership, independent commissioner, and the effectiveness of the audit committee do not affect on firm’s value.

3- Company's performance as an intervening variable has directly significant positive effect on firm's value.

4- Simultaneously environmental performance, concentration of ownership, independent commissioner, audit committee effectiveness and company performance have significant positive effect on the firm's value.

5- Company's performance as an intervening variable indirectly affects the relationship of independent commissioner on firm’s value.

6- Company's performance as an intervening variable are can not strengthen the relationship or indirectly can not affect the relationship of the three independent variables on firm's value.

7- The value of adjusted R_2 obtained against 14 sample companies is 61.15 percent. This shows that the influence of the independent variables on the company's value that is equal to 61.15 percent and the remaining 38.85 percent influenced by factors outside the research.

5.2. Suggestions

Based on the conclusions and results of analysis; some suggestions can be proposed:

1- For further research, more good corporate governance mechanism variables should be added.
2- Using more measurements to have more diverse results should be considered.
3- Using sample that is not limited solely to the manufacturing companies, e.g. including oil and gas companies is suggested.
4- Conducting research using content analysis should be carried out by more than one person to minimize subjectivity about the effectiveness of the audit committee.
5- Encouraging the managers to reveal more details about the activities of the audit committee in the annual report should be taken into account.

5.3. Limitation

This study has several limitations that may cause disruption to research results, as follows:

1- The data used in this study is limited to manufacturing companies that do not describe the state of the capital markets as a whole.
2- Limitations in obtaining the data to make complete data; only the dada for 14 samples were gathered which is small when compared with the number of companies that can be sampled.
3- Measurement of GCG mechanism using only three components, namely the concentration of ownership, independent commissioner and effectiveness of audit committee.
4- The study was only done by one researcher that may have a problem of subjectivity to determine the disclosures.
5- Non maximized measuring of the effectiveness of the audit committee, because due to limited in financial statements, many companies whose application was good but not disclosed on their annual report.

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