

## **ABSTRACT**

*The purpose of this study is to examine the effect of the firm's characteristics on profitability. Independent variables that used in this research are firm's characteristic as measured by firm size, leverage and environmental performance. While the dependent variable is firm profitability measure with return on investment of company. This research is the development of research conducted by Matsumura (2013), the differences are dependent variable and samples used. This study specifically illustrates the firm's characteristics and its influence on profitability.*

*The population in this study is taken from 34 mining companies listed in Indonesia Stock Exchange during 2012 to 2014. The sampling method is using probability sampling method and obtained sample of 20 mining companies to limit the number of population.*

*The results of this study indicate that there is a negative significant correlation between firm's characteristic that is proxied by the leverage and profitability. While firm size is negative and not significant but then become significant after being moderated by environmental accounting. Environmental performance is positive but not significant, also the same result when moderated by environmental accounting. The implication is the level of environmental accounting disclosure which is in medium and low level can not moderate the firm's profitability properly. These results provide advice to businesses doing more voluntary disclosure. Those are important if the company wants to achieve satisfied financial performance.*

*Keywords : firm characteristics, profitability, voluntary disclosure, environmental accounting*