

The Role of Triple Bottom Line in Improving Firm Value through Good Corporate Governance

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Abstract

Purposes: This study analyzes the influence of good corporate governance on company value, using the triple bottom line as an intervening variable.

Methods: This study uses a quantitative approach, using research data in the form of secondary data from annual reports and sustainability reports. The population is companies with the Kompas 100 index for the 2020-2023 period. The sampling technique used is non-random sampling with a purposive sampling method. The data analysis technique is multiple linear regression analysis.

Findings: This study's results indicate that the independent board of commissioners and the audit committee positively and significantly affect Firm Value. The triple bottom line can mediate this relationship.

Novelty: This study is unique in adding a new variable, the triple bottom line, as a mediating variable between good corporate governance and firm value. Previous studies have yet to examine the variables of good corporate governance, triple bottom line, and Firm Value directly. Therefore, this study wants to explore the three variables together.

Keywords: Firm Value, Good Corporate Governance, Triple Bottom Line

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INTRODUCTION

Establishing a company certainly has aims and objectives. Of course, the essential goal is maximizing profit receipts because this is the most crucial factor for a company to survive in the long term (Ardiani, Lindrawati, and Adi 2022). The company also aims to increase the prosperity of parties related to its activities, such as shareholders and stakeholders (Wiariningsih, Junaidi, and Panjaitan 2019). One way to improve the prosperity of the parties concerned, among other things, is to increase Firm Value (Amaliyah and Herwiyanti 2019). Firm value signifies an assessment of a business's economic worth grounded in market perception and financial realities. Financial performance indicators, including profitability, cash flow stability, and revenue growth, are critical drivers alongside capital structure, encompassing productive assets and debt

obligations. Long-term growth prospects, encompassing market expansion potential, product innovation, and competitive advantages, are also key contributors. Generally, high firm value can attract investors' interest in the company (Wiariningsih et al. 2019). This is because the company is considered to have good and promising long-term prospects (Latifah 2021).

Firm Value is influenced by several factors, one of which is good corporate governance. The National Committee for Corporate Governance Policy states that corporate governance contains five main principles: openness, accountability, responsibility, independence, and fairness. A company will disclose information if the information can increase firm value (Negara 2019). The aim and focus of good corporate governance in this research is the independent board of commissioners and audit committee. Good corporate governance is necessary to help build shareholder trust and ensure all stakeholders are treated equally (Varghese and Sasidharan 2020). It will also protect shareholders' rights to recover their investments moderately, appropriately, and efficiently and ensure that management acts for the company's benefit, not personal interests (Negara 2019).

Apart from good corporate governance, Firm Value is also influenced by triple-bottom-line disclosure. The triple bottom line is one way to increase Firm Value. Suppose a company carries out management by paying attention to economic, environmental, and social aspects in a balanced manner. In that case, conducive management will be created so that investors prefer to invest in shares of companies with high triple bottom line performance. The balance of economic, environmental, and social resource use will impact long-term goals or sustainability (Fauziyah and Kustinah 2023). According to Wahyuni and Febriansyah (2023) the triple bottom line, there are three main elements, namely profit, people, and planet, or what is known as 3P, which play a role in building sustainable development.

In its development, the condition of corporate governance practices in Indonesia generally is still far from encouraging (Centroids 2021). The latest data from the 2018 Corporate Governance Watch report shows that Indonesia is ranked 12th out of 12 countries observed, with a total score of 34 (Laksono and Kusumaningtias 2021). Meanwhile, the results of the ACGA (Asian Corporate Governance Association) survey show that the ranking of the implementation of good corporate governance in Indonesia out of 11 (eleven) countries in the Asia Pacific is ranked below from 2012–2016 (ranking 10th or 9th, even last) (Centroids 2021).

In Indonesia, several problems still hinder the implementation of the triple bottom line concept and its impact on company value. The triple bottom line refers to an approach that considers not only financial aspects (profit) but also social aspects (people) and the environment (planet). The main problem is the lack of awareness and broad understanding of the importance of the triple bottom line and sustainable practices for companies. Many companies prioritize financial profit alone and pay little attention to the social and environmental impacts they generate. In addition, companies still carry out a lot of ecological pollution. One of the latest cases of environmental pollution that occurred in 2022 was carried out by PT SIPP in Riau due to dumping waste by disposing of the waste directly (bypass) and processing Wastewater Treatment Plants that did not comply with Environmental Management Efforts and Environmental Monitoring Efforts. In addition, it was also found that the company did not have a permit to manage waste and B3 waste, so it was subject to criminal and civil penalties (Perhutanan 2023).

The triple-bottom-line concept emerged because society demands companies' role in the surrounding environment (Gami 2020). One of society's demands is due to social and environmental events occurring nationally and internationally (Rosyidah 2017). A company cannot progress and develop without society, nature, and the environment (Wahyuni and Febriansyah 2023). Many companies in Indonesia have disclosed social responsibility, but it is still at a voluntary disclosure level (Yunina and Fadillah 2019). Disclosure of the triple bottom line in Indonesia is not yet mandatory. It is still voluntary (Wahyuni and Febriansyah 2023) as Statement of Financial Accounting Standards (PSAK) no 1 (revised 2009) does not yet clearly regulate the obligation to present information related to environmental conservation (UII 2022).

This is one of the factors that causes the triple bottom line to fail to work well in Indonesia (Wahyuni and Febriansyah 2023). This is by the Statement of Financial Accounting Standards (PSAK) no 1 (revised 2009), which does not regulate the obligation to present information related to environmental conservation. Apart from that, the standard guidelines used to measure the triple bottom line disclosure have not been standardized, so companies that want to implement it are still confused about what information must be disclosed and how to measure it. Although GRI Standards exist, they are only a guide to revealing the triple bottom line, not as standard guidelines (Felica 2022). Robust Corporate Governance (GCG) standards, including policy openness, managerial accountability, and the safeguarding of stakeholder rights, function as institutional catalysts that motivate corporations to adopt the Triple Bottom Line (TBL) concepts. The implementation of TBL is substantive, evidenced by the incorporation of three facets of poverty: social performance (people) via CSR initiatives and the safeguarding of workers' rights, environmental performance (planet) through resource efficiency and emission mitigation, and sustainable economic performance (profit) through green innovation and long-term risk management. This comprehensive application of TBL subsequently activates a beneficial market mechanism. Companies acquire social legitimacy from stakeholders, diminishing the risk of dispute and regulatory penalties.

Previous research on Firm Value produced different opinions, resulting in a research gap. For example, some research states that good corporate governance, as seen by the existence of an independent board of commissioners and audit committee, affects Firm Value, while others Amaliyah and Herwiyanti (2019); Kemenkopukm (2019); Laksono and Kusumaningtias (2021); Sondokan, Koleangan, and Karuntu (2019); and Wiariningsih et al. (2019) state that, on the contrary, good corporate governance does not affect Firm Value.

Gami (2020); and Nugroho and Purwanto (2013) Research has shown that good corporate governance influences the triple bottom line. However, Fadillah (2019); and Wahyuni and Febriansyah (2023) some say it does not. Some research has Fauziyah and Kustinah (2023); and Latifah (2021) shown that the triple bottom line influences Firm Value. Meanwhile, there are different results from Arviana and Wibisono (2023); and Supriyadi and Ghoniyah (2022) those who say that the triple bottom line does not affect Firm Value. Based on the background above, it is interesting to conduct this research to test the influence of good corporate governance on Firm Value with the triple bottom line as an intervening variable in companies included in the Kompas 100 Stock Index for the 2020-2023 period.

This study uses signaling theory and legitimacy theory as a theoretical basis to analyze the role of Triple Bottom Line (TBL) in increasing firm value through Good Corporate Governance (GCG) practices. Signaling theory was chosen because of its ability to explain how TBL (economic, social, and environmental) performance disclosure functions as a positive signal to investors regarding the company's prospects and management's commitment to sustainability. Meanwhile, legitimacy theory complements the analysis by emphasizing that adopting TBL and GCG is a company strategy to gain legitimacy from stakeholders by aligning its operations with social norms and environmental expectations. The combination of these two theories is relevant considering the complexity of the relationship between sustainability performance, corporate governance, and company value. Economic signals (signaling) must align with social legitimacy efforts (legitimacy) to achieve increased firm value.

Signal theory provides a general description of signals or cues. According to signal theory, a signal is an action that a company management takes to guide investors about how management views the company's prospects (Lestari and Zulaikha 2021). In signal theory, a signal is an action taken by company management to instruct investors about how management views profitable prospects so that investors avoid selling shares and seek out new capital in other ways (Amaliyah and Herwiyanti 2019).

Based on legitimacy theory, organizations continually strive to ensure that they are perceived as operating within society's boundaries and norms. Legitimacy theory states that a company can only survive if the community where it is located feels that it operates based on values commensurate with the value system held by the local community (Rohmawan, Oktaviani, and Yandri 2021). Organizations seek to ensure that stakeholders perceive their activities as legitimate. Environmental disclosure is one way for organizations to gain legitimacy (Rusmana and Purnaman 2020).

Signaling Theory is used to explain how corporations convey information, such as financial performance or dividend policies, to shape investor perceptions. This theory is relevant in research that examines voluntary disclosure of information or market responses to managerial decisions. Meanwhile, Legitimacy Theory explains the reasons behind corporate efforts to meet social expectations, such as through sustainability reporting or corporate social responsibility (CSR). This theory is appropriate for analyzing the motivations underlying ESG or CSR practices. The two theories complement each other; Signaling Theory focuses on communication with investors, while Legitimacy Theory emphasizes the importance of social acceptance. By integrating these two approaches, research can examine how organizations obtain financing and maintain a good reputation in the eyes of stakeholders

HYPOTHESIS DEVELOPMENT

Good corporate governance in this research is expressed through two types, namely, the independent board of commissioners and the audit committee. This is because, in good corporate governance, using an independent board of commissioners and audit committee is crucial to maintaining the company's integrity, transparency, and accountability. An independent board of commissioners and an audit committee are critical to ensuring that the company operates with high ethical standards, sustainability, and integrity. The presence of both ensures that companies not only seek financial profits but also pay attention to social and environmental responsibility in making business decisions. This hypothesis can be explained as follows:

H₁: The Influence of Good Corporate Governance on Firm Value

The existence of independent commissioners is regulated by the provisions of the Jakarta Stock Exchange (JSE) Securities Listing Regulation number IA concerning General Provisions for the Listing of Equity Securities on the Exchange, which has been in effect since July 1, 2000 (Lestari and Zulaikha 2021). Companies listed on the Indonesia Stock Exchange (ISE) must have independent commissioners, provided that the number of independent commissioners is at least 30% of the total (Laksono and Kusumaningtias 2021). The existence of an independent board of commissioners is essential because, in company practice, transactions often involve differences in interests in public companies (Agung and Mildawati 2023; Amaliyah and Herwiyanti 2019). Independent commissioners are responsible for encouraging the implementation of the principles of good corporate governance (Oktaviani 2023; N V Sondokan et al. 2019). Their existence is expected to increase the effectiveness of supervision and improve the quality of financial reports (Agyemang-Mintah and Schadewitz 2018; Lestari and Zulaikha 2021). The transparency of financial reporting, a fundamental aspect of Good Corporate Governance (GCG), enhances the company's value through two primary methods. Transparent and trustworthy financial reporting enables the implementation of TBL principles by supplying precise data to assess social, environmental, and economic impacts, so allowing investors to objectively appraise the company's sustainability performance. Secondly, financial transparency diminishes information asymmetry and agency costs, hence enhancing investor trust in the company's dedication to executing the Triple Bottom Line (TBL). Signal theory relates to how the existence and characteristics of an independent board of commissioners can send positive signals to the market and stakeholders regarding the quality of company management (Musta Ani, Chariri, and Ghozali 2022). Previous research on the independent board of Commissioners on firm value Gatot Nazir Ahmad et al.

(2020); Lestari and Mutmainah (2020) (Septiani and Yoewono 2023) states that the independent board of commissioners owned by the company positively influences Firm Value. Based on this explanation, the following hypothesis can be formulated:

H1a = The Independent Board of Commissioners Has a Positive Influence on Firm Value

H1a: The Influence of the Independent Board of Commissioners on Firm Value

The existence of an audit committee provides trust to stakeholders (Wiariningsih et al. 2019). The audit committee ensures that financial reports are presented accurately and according to applicable accounting standards, helping to create transparency and credibility in corporate financial reporting (Amaliyah and Herwiyanti 2019). With reliable information, stakeholders such as investors, creditors, and shareholders feel more confident about the company's performance and prospects (Lestari and Zulaikha 2021). This can positively impact their assessment and perception of the firm's value. According to signal theory, the audit committee will reduce information asymmetry in the company because it protects shareholders' interests from earnings management actions usually carried out by management (Tambunan and Rosharlianti 2023). Information can influence investors' investment decision-making (Lestari and Zulaikha 2021). The existence of an audit committee can be a positive signal to the market and stakeholders regarding the quality and transparency of the company's financial reporting. The transparency of financial reporting, as a fundamental aspect of Good organizational Governance (GCG), enhances organizational value in two primary ways. Initially, transparent reporting facilitates the execution of TBL by providing precise data on social, environmental, and economic performance, hence assisting investors in evaluating the company's objectives. Secondly, transparency diminishes information asymmetry and agency costs, hence enhancing investor trust in the company's TBL procedures. Previous research on the influence of audit committees on Firm Value Amaliyah and Herwiyanti (2019); and Fana and Prena (2021) states that the audit committee owned by the company positively influences Firm Value. Based on this explanation, the following hypothesis can be formulated:

H1b = Audit Committee Has a Positive Influence on Firm Value

H1b: The Influence of the Audit Committee on Firm Value

Good corporate governance aims to improve company performance and ensure responsibility towards various stakeholders. It plays a vital role in ensuring the company's financial sustainability. Companies implementing strong, good corporate governance will have stable finances and survive long-term, an essential element in the triple bottom line (Tjahjadi, Soewarno, and Mustikaningtyas 2021). This hypothesis can be explained as follows:

H2: The Influence of Good Corporate Governance on the Triple Bottom Line

The existence of independent commissioners will encourage and create a more independent and objective climate and increase equality (fairness) as one of the main principles in considering the interests of minority shareholders and other stakeholders (Lestari and Zulaikha 2021). Independent commissioners play an essential role in disclosing company information because they have general and specific duties to supervise the board of directors and act as mediators to avoid conflicts of interest with shareholders (UU No. 40 of 2007) (Sofa and Respati 2020). Legitimacy theory explains that companies make triple bottom-line disclosures to gain recognition from the public, avoid undesirable things, and increase their firm value (Widiastuti et al. 2021). Legitimacy Theory underpins the relationship between the Board of Commissioners and the Triple Bottom Line (TBL), as corporations require societal legitimacy for long-term sustainability. The Board of Commissioners, in its role as a governance overseer, guarantees that firms prioritize not only economic profit but also their social and environmental duties. By embracing the Triple Bottom Line, corporations exhibit their dedication to societal ideals, thereby enhancing their legitimacy. Initiatives like sustainability reporting or CSR initiatives managed by the Board of Commissioners indicate that the company adheres to social norms, mitigating the risk of rejection and fostering

stakeholder trust. The company's responsibility for social, environmental, and economic activities must be expressed through triple-bottom-line disclosure (Ardiani et al. 2022). Business owners increasingly realize that the company's survival depends on its relationship with the community and environment in which it operates (Lestari and Zulaikha 2021). The goal that a company hopes to achieve in disclosing this triple bottom line is to enable the company to become a going concern (Ardiani et al. 2022). Previous research on the influence of an independent board of commissioners on the triple bottom line states that it positively influences the triple bottom line. Based on this explanation, the following hypothesis can be formulated:

H2a = The independent board of commissioners has a positive influence on the triple bottom line

H2a: The Influence of the Independent Board of Commissioners on the Triple Bottom Line

Having an audit committee enables a company's management to make triple-bottom-line disclosures to gain legitimacy from the public. However, increasing the audit committee's supervision can impact these disclosures (Alzeban 2020; Ardiani et al. 2022). Legitimacy theory states that a company can only survive if the community where the company is located feels that the company operates based on values commensurate with the value system held by the local community (Rohmawan et al. 2021). Legitimacy theory states that companies must be able to adapt to the value system that society has implemented. Previous research on the audit committee's influence on the triple bottom line states that the audit committee positively influences the triple bottom line. Legitimacy theory underscores enterprises' need to align with the societal value system. This necessitates that enterprises adapt their company policies and procedures to align with the prevalent social norms of the community. A corporation demonstrates its adaptation to this value system by reporting sustainability-related information, as evidenced by the triple bottom line disclosure. The audit committee ensures that the triple bottom line disclosure aligns with societal and stakeholder expectations. The audit committee can guarantee that the sustainability report accurately represents genuine and accountable social, environmental, and economic performance, enhancing the company's credibility in the public's perception. Legitimacy Theory posits that organizations must fulfill societal expectations to maintain their operations. The Audit Committee is essential for maintaining the company's accountability to the Triple Bottom Line (TBL) by supervising economic, social, and environmental reporting. The Audit Committee, through internal controls and comprehensive verification, reinforces the company's dedication to the profit-people-planet equilibrium, thereby enhancing its legitimacy among stakeholders. In the absence of this oversight, the potential for non-compliance or greenwashing may jeopardize the company's brand and undermine its validity. Based on this explanation, the following hypothesis can be formulated:

H2b = The Audit Committee Has a Positive Influence on the Triple Bottom Line

H2b: The Influence of the Audit Committee on the Triple Bottom Line

In Indonesia, triple bottom line (TBL) disclosure is still voluntary and not required by regulation. However, recent developments show that more and more stakeholders, including institutional investors and consumers, believe that TBL disclosure can provide added value to companies (Wahyuni and Febriansyah 2023). This belief arises because TBL is considered capable of reflecting the company's holistic commitment not only to the economic aspect (profit), but also to social responsibility (people) and the environment (planet) in running its business (Fauziyah and Kustinah 2023; Glavas and Mish 2015). The relationship between TBL and company value can be explained through signaling theory. According to Mattera and Gava (2022); and Shim et al. (2021) TBL, disclosure functions as a strategic communication mechanism where companies convey information about their performance in three dimensions of sustainability to the market and stakeholders. In a capital market entire of information asymmetry, this disclosure is a positive signal about the quality of management and the company's long-term prospects. The mechanism

of TBL's influence on corporate value occurs through several channels. First, as stated by Tate and Bals (2018), disclosure of social and environmental performance can reduce public pressure and reputational risk, lowering the company's cost of capital. Second, consistent TBL practices can build a strong corporate reputation and brand equity in the eyes of consumers (Tate and Bals 2018; Zanny and Kartawijaya 2016). Third, ESG (Environmental, Social, and Governance) investors increasingly consider sustainability factors in their investment decisions, so companies with good TBL disclosures tend to get higher valuations. The following hypothesis can be made:

H3 = Triple Bottom Line has a positive influence on firm value

H3: The Influence of the Triple Bottom Line on Firm Value

Good Corporate Governance (GCG), through the Independent Board of Commissioners and the Audit Committee, increases transparency and sustainability in the company. Exemplary GCG implementation encourages the implementation of the Triple Bottom Line (TBL), which can strengthen the company's value (Firm Value). This study examines the role of TBL as a mediating variable in the relationship between GCG and Firm Value. This hypothesis can be explained as follows:

H4: Triple Bottom Line as a Mediating Variable in the Influence of Good Corporate Governance on Firm Value

Triple Bottom Line (TBL), which includes the aspects of Profit, People, and Planet, acts as a mediator in the relationship between the Independent Board of Commissioners and Firm Value. The Independent Board of Commissioners ensures that the company implements transparent and sustainable governance, encouraging the implementation of TBL. Effective implementation of TBL enhances the company's reputation and attracts more investors, ultimately increasing Firm Value. According to legitimacy theory, companies strive to meet social expectations to gain legitimacy from stakeholders. The Independent Board of Commissioners plays an essential role in ensuring that the company operates according to social norms, and by improving TBL's performance, the company strengthens its legitimacy and increases its firm value. Based on this explanation, the following hypothesis can be made:

H4a = Triple Bottom Line is able to mediate the relationship between the Independent Board of Commissioners and Firm Value.

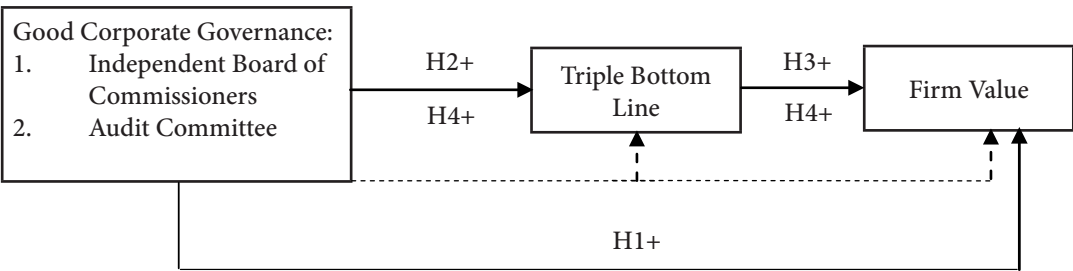
H4a: Triple Bottom Line as a Mediating Variable between the Independent Board of Commissioners and Firm Value

The Audit Committee plays a vital role in ensuring that companies manage risks, monitor compliance, and increase transparency in financial reports, which can strengthen the trust of investors and other stakeholders. The practical role of the audit committee encourages companies to integrate sustainability aspects into their operations, which in turn can increase Firm Value. The Triple Bottom Line is a mediator that connects the audit committee's performance with growing company value by improving reputation and investor attraction. According to legitimacy theory, companies strive to gain recognition and trust from stakeholders by meeting prevailing social and normative expectations. The Audit Committee ensures that companies meet financial obligations and pay attention to social and environmental responsibilities. By improving sustainability performance, companies gain more legitimacy, positively impacting Firm Value.

H4b = Triple Bottom Line is able to mediate the relationship between the Audit Committee and Firm Value

H4b: Triple Bottom Line as a Mediating Variable between Audit Committee and Firm Value

The following empirical model framework will be applied in this study as follows (Figure 1):



Description:

Direct Influence :
 Indirect Influence : _____

Figure 1. Conceptual Framework

Figure 1 illustrates the relationship model between Good Corporate Governance (GCG) as an independent variable, Triple Bottom Line (TBL) as a mediating variable, and Firm Value as a dependent variable. In this model, GCG directly affects Firm Value, which shows that good corporate governance can increase the company’s value. In addition, there is an indirect path through TBL, which reflects that applying sustainability principles in economic, social, and environmental aspects can mediate the relationship. In other words, companies that implement GCG well tend to have a more potent sustainability strategy, which can ultimately increase the firm value. This model tests whether TBL mediates the relationship between GCG and Firm Value, thus providing a deeper understanding of the factors influencing the firm value.

METHOD

This research uses explanatory research to test the influence between the independent and dependent variables through the hypothesis it presents. The research method used is quantitative. This research uses a population of companies in the Kompas 100 stock index for 2020-2023. Kompas 100 is a type of index covering 100 shares of public companies listed on the Indonesia Stock Exchange (ISE). On August 10, 2007, BEI collaborated with the Kompas newspaper and officially launched the Kompas 100 index (Ruangmenyala 2023). Companies included in the Kompas 100 consist of various industries such as manufacturing, mining, energy, banking, and others. Every year, the companies included in the Kompas 100 index experience continuous change and number 100 companies. Therefore, the total population in this study was 400 companies.

This research uses purposive sampling, a non-random sampling technique. It also uses secondary data, including financial reports, annual reports, and company sustainability reports, which have company sampling criteria, including the Kompas 100 stock index for 2020-2023. The research uses the documentary method for data collection. Researchers will later record the collected data and analyze and evaluate it according to the needs of this research.

Table 1 Operational Definition of Variables

Source and Variable Name	Operational Definition	Measurement
'Negara (2019) Dependent Variable: Firm Value	Firm Value is a certain condition that has been achieved by a company as a reflection of the public's trust in the company after going through a process from the company's founding to the present.	$\text{Tobins' sQ} = \frac{MVE + DEBT}{TA}$ <p>Information: Q = Firm Value (Firm value) MVE = Equity Market Value (Closing Price x outstanding shares (Equity Market Value) DEBT = Total Debt TA = Total Assets</p>
Laksono and Kusumaningtias (2021) Independent Variable: Good Corporate Governance	Good corporate governance is a set of regulations that regulate the relationship between shareholders, company management, creditors, government, employees, and other internal and external stakeholders relating to rights and obligations or a system that regulates and controls the company so as to create added value for all stakeholders	Using an independent board of commissioners and audit committee
Laksono and Kusumaningtias (2021) Independent Variable: Independent Board of Commissioners	The Independent Board of Commissioners is a core part of corporate governance given the task of ensuring the implementation of the strategy implemented by the company, supervising management in managing the	$IBC = \frac{\text{Number of Independent Commissioners}}{\text{Number of Board Commissioners}} \times 100\%$

Source and Variable Name	Operational Definition	Measurement
Laksono and Kusumaningtias (2021) Independent Variable: Audit Committee	company, and requiring accountability. The audit committee is a committee formed by the board of commissioners to assist the board of commissioners in carrying out its supervisory function over the performance of the directors and management team in accordance with the principles good corporate governance .	AC = <i>Number of Audit Committee</i>
Laksono and Kusumaningtias (2021) Independent Variable: Independent Board of Commissioners	The Independent Board of Commissioners is a core part of corporate governance given the task of ensuring the implementation of the strategy implemented by the company, supervising management in managing the company, and requiring accountability.	
Ho and Taylor (2007) Intervening Variables: Triple Bottom Line	The triple bottom line is the essence of sustainability by measuring the impact of an organization's activities in the world, including profitability and shareholders, social, community and environmental	The Triple Bottom Line Disclosure Index consists of 20 items for economic restrictions, 20 items for social restrictions, and 20 items for environmental restrictions, as listed in Appendix 2. The measurement is carried out using the following categories: a score of 0 is given if the company does not disclose information, while a score of 1 is given if the company discloses information. After all disclosures are assessed based on the index list Triple bottom line disclosure will be calculated by adding up the score of the triple bottom line disclosure made by the

Source and Variable Name	Operational Definition	Measurement
		company based on the source of the disclosure divided by the number of disclosures that should have been made, with the following formula:
		$\text{Final Score} = \frac{\text{Total Triple Bottom Line Disclosures Made}}{\text{Total Triple Bottom Line Disclosure that should be}} \times 100\%$

Based on Table 1, it can be seen that each variable in this study has indicators that are measured systematically. The table shows how Good Corporate Governance (GCG) as an independent variable, Triple Bottom Line (TBL) as a mediating variable, and Firm Value as a dependent variable are operationalized through several indicators.

The analysis technique uses a computer program with Statistical Product and Service Solutions (SPSS) version 26.0, which can process statistical data accurately and quickly. The analysis technique in this research tests the influence of the good corporate governance variable, the triple bottom line, on Firm Value. Data analysis is carried out to make decisions based on the processed data. In this research, descriptive statistical analysis was carried out, classical assumption tests (data normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test), Path Analysis, model feasibility test (F statistical test and coefficient of determination test (R²)), hypothesis testing (t statistical test), and indirect testing (Sobel test).

RESULTS AND DISCUSSIONS

Results of Descriptive Statistical Analysis

Descriptive statistical analysis aims to see the quality of research data, which is described using numbers or values contained in the minimum, maximum, mean, and standard deviation values in the data that has been obtained. The following are the results of descriptive statistical analysis:

Table 2 Research Sample

Information	Amount
Companies indexed by Kompas 100 during 2020-2023 (4 Years)	400
Companies that present incomplete data in financial reports and sustainability reports	(75)
Total companies sampled	325
Percentage of the number of research samples: 325/400 x 100%	81, 25%

Source: Data processed by the author, (2025)

Table 2 presents the selection process of the research sample consisting of companies listed in the Kompas 100 index during the period 2020-2023. Of the total 400 observations (100 companies x 4 years), 75 observations were excluded due to incomplete data in the financial statements and sustainability reports. Thus, the final sample used was 325 observations, covering 81.25% of the initial population. The sample representativeness level of 81.25% indicates that

the data analyzed was sufficient to represent the research population. This screening process was carried out to ensure the completeness of the data needed in hypothesis testing.

Table 3: Results of Descriptive Statistical Analysis

Variable	Amount	Minimum	Maximum	Mean	Std. Deviation
Firm Value	325	0.10	0.98	0.50	0.23
Independent Board of Commissioners		0.28	0.87	0.46	0.10
Audit Committee		2.00	9.00	3.55	1.14
Triple Bottom Line		0.60	0.85	0.67	0.03

Source: SPSS Output Data Version 26, 2025

The initial sample for this study comprised 400 enterprises, with 100 companies indexed by Kompas 100 annually from 2020 to 2023. During the data gathering and Firm Value, 75 organizations lacking complete data were excluded from the research sample Consequently, the ultimate sample for this study comprised 325 firms. Based on the descriptive statistical analysis in Table 3, the characteristics of the research variables shown. The firm value has an average of 0.50 with a range of 0.10 to 0.98, indicating that most companies in the sample have a firm value at a medium level, However, there is quite a significant variation between the lowest and highest values. The standard deviation of 0.23 indicates that the data is relatively evenly distributed around the mean. For the independent board of commissioners, the average proportion is 0.46 (46%) with a range of 0.28 to 0.87, which means that most companies have met the minimum requirements for the composition of an independent board. However, the level of compliance varies between companies. The low standard deviation (0.10) indicates good data stability.

Meanwhile, the audit committee has an average number of members of 3.55 with a variation of 2 to 9 people, reflecting differences in governance needs between companies. The standard deviation of 1.14 indicates significant variation, but the data distribution remains even. Triple Bottom Line (TBL) recorded an average of 0.67 with a relatively narrow range (0.60–0.85) and a minimal standard deviation (0.03), indicating that TBL practices among sample companies tend to be uniform and have reached a stable level of disclosure. Overall, the results of these descriptive statistics provide an initial picture that the companies in this study have diverse characteristics but are well distributed enough to be analyzed further.

Classic Assumption Test Results

The results of the classical assumption test can be explained as follows in Table 3 below:

Table 4 Statistical Analysis of Hypotheses Test

Classic Assumption Test	Firm Value	Independent Board of Commissioners	Audit Committee	Triple Bottom Line
Normality Test		0.124		
Multicollinearity Test (Tolerance)		0.243	0.354	0.292
Multicollinearity Test (VIF)		5.444	6.482	4.866
Heteroscedasticity Test		0.322	0.167	0.109

Classic Assumption Test	Firm Value	Independent Board of Commissioners ^{1.915}	Audit Committee	Triple Bottom Line
Autocorrelation Test				

Source: SPSS Output Data Version 26, 2025

The normality test results with the one-sample Kolmogorov-Smirnov test showed a significance value of 0.124 (> 0.05), so the data is usually distributed. The multicollinearity test showed that all variables have a tolerance value above 0.10 and a VIF below 10.00, so there is no multicollinearity. The heteroscedasticity test using the Glejser test showed a significance value of each variable above 0.05, which means there is no heteroscedasticity. Meanwhile, the autocorrelation test with the Durbin-Watson test produced a value of 1.915, which is in the range of $dU < dw < 4 - dU$, so it can be concluded that the data does not experience autocorrelation. Thus, the regression model used in this study meets the classical assumptions and is worthy of further analysis.

Multiple Linear Regression Analysis Test Results

Based on the calculation results, the following results are obtained:

Table 5 Results of Multiple Linear Regression Analysis of Independent Variables (X) on Intervening Variables (Z)

Information	Unstandardized Coefficients		Significance
	B	Std. Error	
(Constant)	0.496	0.003	0.000
Independent Board of Commissioners	0.509	0.012	0.000
Audit Committee	0.018	0.001	0.000

Dependent: Triple Bottom Line

Source: SPSS Output Data Version 26, 2025

So, the multiple linear regression equation can be arranged as follows:

$$Z = a + \beta_1.X_1 + \beta_2.X_2 + \epsilon \dots \dots \dots (1)$$

$$Z = 0.496 + 0.509 X_1 + 0.018 X_2 + \epsilon \dots \dots \dots (1)$$

Table 6 Results of Multiple Linear Regression Analysis of Independent Variables (X) and Intervening Variables (Z) on Dependent Variables (Y)

Information	Unstandardized Coefficients		Significance
	B	Std. Error	
(Constant)	2.765	0.115	0.000
Independent Board of Commissioners	0.376	0.128	0.004
Audit Committee	0.019	0.006	0.002
Triple Bottom Line	4.491	0.231	0.000

Dependent: Firm Value

Source: SPSS Output Data Version 26, 2025

Table 6 shows the results of calculations obtained from the influence of the independent board of commissioners, audit committee, and triple bottom line variables on Firm Value; therefore, a multiple linear regression equation can be prepared as follows:

$$Y = a + \beta_3.X_1 + \beta_4.X_2 + \beta_5.Z + \epsilon \dots \dots \dots (2)$$

$$Y = 2.765 + 0.376 X_1 + 0.019 X_2 + 4.491 Z + \varepsilon \dots\dots\dots(2)$$

The results of multiple linear regression show that the constant value is 2.756, which means that if the independent variables (independent board of commissioners and audit committee) are zero, the triple bottom line value is 2.756. The coefficient for the independent board of commissioners is 0.376, which indicates that every one-unit increase in the independent board of commissioners will increase the triple bottom line by 0.376. The coefficient for the audit committee is 0.019, which means that every one-unit increase in the committee will increase the triple bottom line by 0.019.

Given the intervening variables:

1. Independent Board of Commissioners

$$Z = \beta_3 \times \beta_5 > \beta_1$$

$$Z = 0.376 \times 4.491 > 0.509$$

$$Z = 1.689 > 0.509$$

2. Audit Committee

$$Z = \beta_4 \times \beta_5 > \beta_2$$

$$Z = 0.019 \times 4.491 > 0.018$$

$$Z = 0.085 > 0.018$$

The results of multiple linear regression show that the firm value constant is 2.765. The coefficient for the independent board of commissioners is 0.376, which means that every increase of one unit increases the Firm Value by 0.376. The audit committee coefficient is 0.018, indicating that every unit increase increases the Firm Value by 0.018. The triple bottom line coefficient is 4.491, meaning that every unit increase in the triple bottom line increases the Firm Value by 4.491. In addition, the influence of the triple bottom line as an intervening variable is more significant than the direct influence of the independent board of commissioners (1.689 1 vs. 0.509) and the audit committee (0.085 vs. 0.018), indicating that the triple bottom line plays a role as an intervening variable.

Capital Feasibility Test Results

Coefficient of Determination Test Results (R²)

The following are the test results of the coefficient of determination, namely:

Table 7 Coefficient of Determination Test Results (R²)

No	Adjust R Square Before Mediation	Adjust R Square After Mediation
1	0.903	0.955

Source: SPSS Output Data Version 26, 2025

Table 10 shows that the value of the adjusted R² coefficient of determination in this study is 0.903 or 90.3%. This indicates that the independent variables, namely the independent board of commissioners and the audit committee, can explain 90.3% of the company's value as the dependent variable. While other variables outside this study describe the remaining 9.7%. The results of the determination coefficient test increased after the triple bottom line variable was entered as a mediating variable, where the determination coefficient value became 0.955 or 95.5%. This shows that the independent variables can explain 95.5% of the company's value, namely the independent board of commissioners and the audit committee, and the intervening variable, namely the triple bottom line. In contrast, the remaining 4.1% is explained by other variables not re-examined by this study.

HYPOTHESIS TESTING TEST RESULTS

Results of the t Significance Test (t Statistical Test)

The following are the results of the t-test in this research:

Table 8 Results of the t Significance Test (t Statistical Test)

Model	Sig	Information
Independent Board of Commissioners on Firm Value	0.004	Hypothesis Accepted
Audit Committee on Firm Value	0.002	Hypothesis Accepted
Independent Board of Commissioners on the Triple Bottom Line	0.000	Hypothesis Accepted
Audit Committee on the Triple Bottom Line	0.000	Hypothesis Accepted
Triple Bottom Line on Firm Value	0.000	Hypothesis Accepted

Source: SPSS Output Data Version 26, 2025

Based on the t-test results, the independent board of commissioners and the audit committee significantly affect the company value, with a significance value of 0.05. This shows that the greater the number of independent commissioners and audit committees, the higher the Company Value. In addition, the independent board of commissioners and the audit committee also have a positive and significant effect on the triple bottom line, which shows that the disclosure of the triple bottom line increases along with the increase in both variables. The triple bottom line, in turn, has a significant effect on the Firm Value, meaning that the greater the triple bottom line disclosure, the higher the Firm Value.

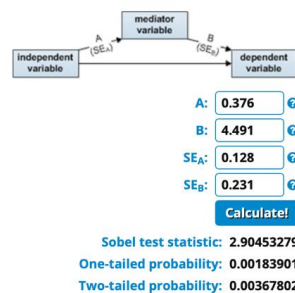
The results of the statistical analysis confirm all of the research hypotheses. First, a higher proportion of independent board commissioners has been proven to significantly increase firm value, indicating that board independence is essential in strategic decision-making and creates added value. Second, a larger audit committee size positively affects firm value, indicating that strict financial reporting and corporate governance oversight contribute to increased market valuation. Third, this study finds that a higher composition of independent board commissioners is positively related to triple bottom line disclosure quality, confirming the board's role in encouraging sustainability transparency. Fourth, similar findings are seen in the influence of the audit committee on triple bottom line disclosure, where the audit committee's oversight function also encourages more comprehensive reporting practices related to economic, social, and environmental aspects. Fifth, the study results prove that better triple bottom line disclosure significantly correlates with increased firm value. These findings strengthen the proposition that sustainable business practices not only have an impact on social legitimacy but also create economic value for shareholders. Overall, these results support the theoretical framework that states that strong corporate governance mechanisms and comprehensive sustainability practices are important determinants of corporate value creation.

Indirect Testing Test Results

Indirect testing in this research uses the Sobel test to determine the influence of the intervening variable, the triple bottom line, on the independent variables, the independent board of commissioners and audit committee, and the dependent variable, Firm Value.

The influence of the triple bottom line in mediating the impact of the independent board of commissioners on Firm Value.

The table above shows the results of the calculations obtained from the influence of the independent board of commissioners variable on the triple bottom line and the triple bottom line variable on Firm Value, so the calculation for the Sobel test is as follows:



Source: Processed Secondary Data, 2025

Based on the picture above, the Sobel test equation shows that the Sobel test value is 2.90, which is more significant than the critical ratio, 1.96. Thus, the triple bottom-line variable influences the relationship between the independent board of commissioners variable and the Firm Value variable.

The influence of the triple bottom line in mediating the impact of the audit committee on Firm Value

The table above shows the results of the calculations obtained from the influence of the audit committee variable on the triple bottom line and the triple bottom line variable on Firm Value, so the calculation for the Sobel test is as follows:

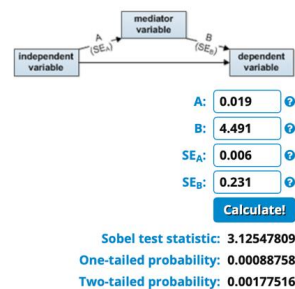


Figure 3. Audit Committee Sobel Test Results (X2), Triple Bottom Line (Z), and Firm Value (Y)

Source: Processed Secondary Data, 2025

Based on the picture above, the Sobel test equation shows that the Sobel test value is 3.12, which is more significant than the critical ratio, 1.96. Thus, it can be concluded that the triple bottom-line variable influences the relationship between the audit committee variable and the Firm Value variable.

DISCUSSION OF RESEARCH RESULTS

The Influence of the Independent Board of Commissioners on Firm Value

This research shows that the independent board of commissioners positively and significantly affects Firm Value, so the first hypothesis point a is accepted. With more and more independent boards of commissioners owned by the company, it can increase the Firm Value included in the Kompas 100 stock index, and vice versa, if the presence of a small board of independent commissioners owned by the company will have an impact on the company's low value. This is because the existence of an independent board of commissioners in a company has the task of monitoring the activities carried out by the company (Amaliyah and Herwiyanti 2019). The number of independent boards of commissioners owned by companies included in

the Kompas 100 stock index in this study is by the provisions of the Jakarta Stock Exchange (JSE) Securities Listing Regulation number IA concerning General Provisions for the Listing of Equity Securities on the Exchange which has been in effect since July 1, 2000 (Lestari and Zulaikha 2021), namely at least 30% of the total number of commissioners (Laksono and Kusumaningtias 2021).

This research is in line with signal theory, which states that an independent board of commissioners can send a positive signal about the quality of company management to shareholders and the market (Lusiana Yulianti and Hendri Maulana 2021). Signal theory will positively impact the company because the supervision carried out by the independent board of commissioners is a signal to stakeholders. By providing signals by managers, the information asymmetry can be minimized (Laksono and Kusumaningtias 2021) so that strict supervision by the independent board of commissioners can encourage management to be wise in decision-making, which will improve company performance and add value to the company. The signal generated from this information is that the presence of an independent board of commissioners in a company can send a positive signal regarding the quality of the company's management to shareholders and the market. An independent board of commissioners functions as a form of strict supervision, indicating that the company is managed carefully and can be trusted. This reduces uncertainty or information asymmetry between management and other stakeholders. In this context, the signal given by an independent board of commissioners will improve the company's performance and increase the company's value, because management will be wiser in making decisions to maintain the company's reputation and credibility in the eyes of stakeholders. The results of this research state that the company's independent board of commissioners positively influences firm value. However, this research is not conducted by Amaliyah and Herwiyanti (2019); N V Sondokan et al. (2019); and Wiariningsih et al. (2019) researchers who stated that an independent board of commissioners does not affect firm value.

The Influence of the Audit Committee on Firm Value

The results of this research show that the audit committee has a positive and significant effect on Firm Value, so the first hypothesis point b is accepted. This indicates that the higher the number of audit committees a company has, the higher its value will be. Conversely, the lower the number of audit committees a company has, the lower its value (Altin 2024; Mishra and Raithatha 2024). The existence of an audit committee in this research in companies included in the Kompas 100 stock index is by OJK Regulation Number 55/POJK.04/2015. Audit Committee membership in Indonesia is regulated so that the committee members consist of at least three people (Laksono and Kusumaningtias 2021). An audit committee in the company can provide added value and trust for stakeholders (Wiariningsih et al. 2019), as the audit committee ensures that financial reports are presented accurately and under applicable accounting standards. This helps create transparency and credibility in corporate financial reporting (Amaliyah and Herwiyanti 2019). With reliable information, stakeholders such as investors, creditors, and shareholders feel more confident about the company's performance and prospects (Lestari and Zulaikha 2021). This can positively impact their assessment and perception of the company's value (Abbas and Frihatni 2023).

This research is in line with signal theory, which states that the audit committee will reduce information asymmetry in the company because the audit committee is tasked with protecting the interests of shareholders from earnings management actions, which are usually carried out by management (El Mahdy, Hao, and Cong 2022). Information can influence investment decision-making (Djashan and Agustinus 2020; Lestari and Zulaikha 2021). The existence of an audit committee can be a positive signal to the market and stakeholders regarding the quality and transparency of the company's financial reporting. Supervision from the audit committee will ensure the company's performance is achieved so that stakeholders have more confidence in the company and are willing to invest their capital to increase its value. This research aligns with previous research Amaliyah and Herwiyanti (2019); and Fana and Prena (2021), which states that

the company's audit committee positively influences firm value. However, this research is not in line with research conducted by N V Sondokan et al. (2019); and Wiariningsih et al. (2019), who said the opposite: the board audit committee does not influence Firm Value.

The Influence of the Independent Board of Commissioners on the Triple Bottom Line

This research shows that the independent board of commissioners has a positive and significant effect on the triple bottom line, so the second hypothesis point in this research is accepted. This means that the higher or lower the number of independent commissioners a company has, the higher or lower the triple bottom-line disclosure made by the company. This is because independent commissioners will encourage and create a more independent and objective climate and increase equality (fairness) as one of the main principles in paying attention to the interests of minority shareholders and other stakeholders (Lestari and Zulaikha 2021).

Independent commissioners contribute to fostering a more impartial and equitable environment in the decision-making process. They are obligated to ensure that decisions made benefit specific parties and consider the social and environmental ramifications of the company's operations. This idea of fairness encourages corporations to prioritize and publish sustainability-related information, fostering a balance between economic advantages and social and environmental responsibilities. Including independent commissioners can enhance the credibility of the company's reports for investors and stakeholders, as they can guarantee that the submitted sustainability reports contain honest, accurate, and impartial information. This will enhance market confidence in the organization and convey a favorable indication of its dedication to sustainability ideals.

This research is in line with legitimacy theory, which states that an organization can only survive if the community in which it is located feels that the organization operates based on a value system that is commensurate with the value system held by society (Lestari and Zulaikha 2021). The company will continue to strive to ensure that it carries out its operations and business activities according to the norms or values of the surrounding community where it is located. It will also ensure that the environment can accept any company-related activities related to operations and the local community (Ardiani et al. 2022). Thus, it can be concluded that this legitimacy theory will encourage business actors or companies to fulfill their social and environmental responsibilities (Elnahass et al. 2023).

Legitimacy theory emphasizes that the sustainability of an organization depends largely on the extent to which the organization is perceived as being in line with the values held by the surrounding community. Companies that operate in a manner consistent with social and environmental norms will gain legitimacy from the community, which in turn supports the continued operation and sustainability of the company. One way to achieve this is to ensure that the company's policies and actions are driven by principles that promote sustainability, both in social, environmental, and economic aspects, known as the triple bottom line (TBL). An independent board of commissioners can help the company implement these principles, although in some cases, other factors may be more dominant in influencing the achievement of TBL. This research aligns with research conducted by Ardiani et al. (2022); and Lestari and Zulaikha (2021), which states that an independent board of commissioners positively influences the triple bottom line. However, this differs from research Fadillah (2017), which states that an independent board of commissioners does not influence the triple bottom line.

The Influence of the Audit Committee on the Triple Bottom Line

The research results show that the audit committee has a positive and significant effect on the triple bottom line, so the second hypothesis point b, is accepted. This indicates that the higher the number of audit committees a company has, the higher its triple bottom line disclosure will be, and vice versa; if the company has fewer independent commissioners, its bottom line disclosure will be lower. The company carried them out. The audit committee supervises the financial reporting process and ensures the report is accurately prepared in compliance with relevant

requirements. The audit committee oversees the company's sustainability procedures, including disclosing social, environmental, and economic factors associated with the triple bottom line. Companies with more audit committees are anticipated to possess more significant resources to effectively oversee and guarantee the thorough and honest execution of triple bottom line disclosures. The audit committee can motivate corporations to prioritize financial success and the social and environmental repercussions of their operational actions. This rigorous oversight can enhance openness and accountability in the dissemination of sustainability-related information, hence potentially augmenting stakeholder and investor trust. In contrast, corporations lacking sufficient audit committees may not adequately oversee triple bottom line disclosures, resulting in potentially inadequate information or noncompliance with anticipated sustainability norms. This may diminish the company's trust among the market and stakeholders.

The results of this research are based on legitimacy theory, which states that a company can only survive if the community where the company is located feels that the company operates based on values commensurate with the value system held by the local community (Rohmawan et al. 2021). Legitimacy theory states that companies must be able to adapt to the value system that society has implemented (Lee, Pak, and Roh 2024). By carrying out social disclosures, companies feel their existence and activities are legitimate. The more audit committees a company has, the more it will try to increase existing triple bottom-line disclosures to support the image and legitimacy of a company in the eyes of the public under legitimacy theory (Fadillah 2017). The results of this research align with previous research Nugroho and Purwanto (2013), which stated that the audit committee positively influences the triple bottom line. However, the results differ from the study Wahyuni and Febriansyah (2023), which states that the audit committee does not influence the triple bottom line.

The Influence of the Triple Bottom Line on Firm Value

The findings of this study demonstrate that the triple bottom line positively and significantly influences corporate value, so the third hypothesis is accepted. This suggests that increased disclosure of a firm's triple bottom line correlates with a greater corporate valuation, and conversely. Conversely, diminished disclosure of a company's triple bottom line correlates with a reduction in the company's worth. Triple bottom line disclosure encompasses three primary dimensions: economic, social, and environmental performance. These three facets offer a thorough representation of the company's accountability regarding sustainability in its operations. Companies with elevated triple bottom line disclosures demonstrate responsibility in their business practices, prioritizing financial prosperity and contributing positively to society and the environment. This can enhance investor trust, thereby influencing the company's value. Conversely, corporations with limited triple bottom line disclosures may exhibit apathy towards social and environmental concerns, harming the company's reputation and diminishing investor interest. Moreover, reduced transparency in the firm's sustainability disclosures increases the risk for stakeholders, influencing the market's evaluation of the company.

This study aligns with signal theory, which elucidates how organizations communicate and disseminate information regarding their social, environmental, and economic performance to the market and stakeholders. Signal theory posits that firms endeavor to demonstrate to stakeholders their achievement of social and environmental objectives by revealing social and ecological data. This can reduce public pressure and improve the company's image in the eyes of stakeholders (Nogueira, Gomes, and Lopes 2024; Zanny and Kartawijaya 2016). By showing the triple bottom line, organizations indicate to the market and stakeholders their dedication and effectiveness in implementing socially and environmentally responsible business practices (Nogueira et al. 2024; Walker, Yu, and Zhang 2020). This study aligns with prior research, showing that the triple bottom line influences corporate value. This study differs from the research Arviana and Wibisono (2023); and Supriyadi and Ghoniyah (2022), which concluded that the triple bottom line does not influence corporate value. This discrepancy may stem from variations in company

samples, methodologies, or research contexts, which might affect the research outcomes and the interpretation of the impact of the triple bottom line on corporate value.

The influence of the triple bottom line in mediating the relationship between the independent board of commissioners and Firm Value

Based on the regression results of model 2, it shows that the direct influence value of the independent board of commissioners on Firm Value is 0.475, while the indirect influence of the triple bottom line in mediating the relationship between the independent board of commissioners and Firm Value is $0.475 \times 4.466 = 2.121$, which is a value greater than 0.475. This means that the indirect influence is greater than the direct influence or can be seen through the Sobel test value that has been carried out, namely a value of $14.77 > 1.96$ from the critical ratio value, meaning that the influence of the triple bottom line has a positive and significant effect in mediating the board of commissioners. Independent of Firm Value. So, it can be concluded that the triple bottom line can be used as an intervening variable. An independent board of commissioners can increase or decrease Firm Value mediated by the triple bottom line. This is because based on the second model equation regression test and the Sobel test results show that the triple bottom line has a positive and significant effect in mediating the independent board of commissioners on Firm Value.

This elucidation pertains to legitimacy theory, which examines how corporations acquire and sustain legitimacy among stakeholders, particularly social and environmental accountability. This theory posits that firms must illustrate their adherence to the prevailing societal norms and values, particularly with social, economic, and ecological sustainability. In this context, the triple bottom line is a mechanism for firms to attain legitimacy by disclosing their responsible social and environmental performance. Independent boards of commissioners motivate corporations to fulfill these expectations by guaranteeing that sustainability reports are produced honestly and aligned with widely recognized sustainability principles. By exhibiting dedication to the triple bottom line, corporations attain social and environmental legitimacy and enhance the trust of investors and other stakeholders, therefore augmenting the company's worth.

The influence of the triple bottom line in mediating the relationship between the audit committee and Firm Value

The regression results of model 2 show that the direct influence of the audit committee on firm value is 0.014. In contrast, the indirect impact of the triple bottom line in mediating the relationship between the audit committee and Firm Value is $0.015 \times 4.466 = 0.066$, a value greater than 0.014. This means that the indirect influence is greater than the direct influence or can be seen through the value of the Sobel test that has been carried out, namely a value of $11.07 > 1.96$ from the critical ratio value, meaning that the influence of the triple bottom line has a positive and significant effect in mediating the audit committee on Firm Value. So, it can be concluded that the triple bottom line can be used as an intervening variable. The audit committee can increase or decrease Firm Value mediated by the triple bottom line. This is because based on the 2nd model equation regression test and the Sobel test results show that the triple bottom line has a positive and significant effect in mediating the audit committee on Firm Value.

This argument is associated with legitimacy theory, which posits that firms endeavor to attain legitimacy in the perception of the public and stakeholders by adhering to established social, environmental, and economic norms. Enhanced triple-bottom-line disclosure can convey to stakeholders that the company performs ethically and aligns with societal values. The audit committee is essential for ensuring that corporations provide transparent and accurate sustainability information. The audit committee's oversight and promotion of effective triple bottom line disclosure can enhance the company's credibility, bolster investor trust, and elevate its overall image. Consequently, while the direct impact of the audit committee on firm value is modest, the indirect effect mediated by the triple bottom line is more significant, suggesting that the audit committee can influence firm value through enhanced transparency of the company's

sustainability efforts.

CONCLUSION

Based on an analysis of 325 companies from the Kompas 100 stock index for the 2020-2023 period, it was found that the independent board of commissioners and audit committee had a positive and significant effect on Firm Value, so the first and second hypotheses were accepted. Apart from that, the independent board of commissioners and audit committee also positively and significantly affect the triple bottom line, with the third and fourth hypotheses being accepted. The triple bottom line positively and substantially affects Firm Value, so the fifth hypothesis is accepted. In addition, the triple bottom line is proven to mediate the relationship between the independent board of commissioners and Firm Value, as well as between the audit committee and Firm Value, indicating that triple bottom line disclosure can increase Firm Value through the influence of the independent board of commissioners and audit committee.

This research faces several limitations, including triple bottom line disclosure has not been implemented comprehensively in Indonesian companies, causing many not to publish sustainability reports consistently; some company websites were inaccessible, making data collection difficult; and some companies only present financial reports, annual reports, and sustainability reports for the most recent two years, making data for 2020 challenging to obtain. Future research should expand the sample to include companies from a broader index, such as the Wilshire 5000, both in Indonesia and internationally. Research variables must also be developed, including corporate governance and new variables such as capital structure. The capital structure merits more examination for three primary reasons. A strong correlation exists between finance decisions (debt/equity), TBL adoption, and firm value. Secondly, there remains a paucity of research in Indonesia investigating the impact of capital structure as a moderating variable in the relationship between TBL and company value. Third, the results of this study can serve as a pragmatic framework for companies in formulating sustainable financing plans and assist investors in making more informed judgments. In addition, the government is expected to develop regulations requiring disclosure of the triple bottom line through sustainability reports to increase transparency and positively impact Indonesia. This study offers practitioners insights and ideas to enhance firm value by adopting the triple bottom line and effective corporate governance, attaining optimal business performance. The findings of this study can serve as a foundation for the government to design policies that promote triple bottom-line disclosure, enhance corporate governance, improve transparency, and foster sustainable development in Indonesia.

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