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The Effect of Triple Bottom Line Reporting Determinants on Firm Value: Empirical Study From Manufacturing Companies Listed on Indonesian Stock Exchange

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Abstract: This study aims to test empirically whether Firm Fundamental, Firm Characteristics,Good Corporate Governance affects firm value through Triple Bottom Line (TBL) disclosure. The sample of this study consists of 114 manufacturing companies listed on the Indonesia Stock Exchange in the period of 2009-2015. TBL disclosure data is obtained from the company's annual report as measured by GRI (Global Reporting Initiatives). Firm value is measured by Tobin q. The data of this study is analyzed using Amos V.22. The results of this study indicate that Firm Characteristics, good corporate governance have significant effect on firm value through TBL disclosure. Meanwhile, Firm Fundamental has direct effect on Firm Value.

Keywords: Firm Value, Triple Bottom Line Disclosure, Good Corporate Governance, Firm Fundamental, Firm Characteristics

1. INTRODUCTION

The new development era of corporate management increasingly shifting toward stakeholder-based strategy by more paying attention to stakeholder's interest in achieving company's goals. Along with this, social responsibility to the community becomes an important issue. Many public companies in Indonesia have implemented corporate social responsibility practices and disclosed their activities in their annual financial statements even in relatively simple. However, not many companies run the social program well, though they have the ability to run it (Muliaman, 2014). The concept of TBL is a concept of continuous performance that includes three elements of measurement namely economic, social and environmental. All three elements are one unity that one of the elements should not be neglected (Fauzi *et al.* 2010). TBL disclosure is a process of managing, measuring and reporting multi-dimensional performance to the public and integrating it with the management process (Potts, 2004). In a broad sense, TBL Disclosure can be interpreted as corporate communications to its stakeholders explaining the company's approach to managing its activities on one or more economic, social and environmental dimensions through the presentation of information on those dimensions (Group100, 2003). TBL disclosure establishes communication about the company as well as legitimizes the existence of the company in society (Guthrie and Parker, 1977). One of the basic principle of TBL disclosure is transparency and it is still voluntary and also the level of initiative and awareness of each manager has for TBL also vary. Some companies view TBL disclosure as an activity that would aggravate the company's business by reasoning that it adds cost, while others see it as activities that make the company more successful and more sustainable in the long term (Luken and Stares, 2005). One of the basic principles of good CG is transparency. Companies that have good CG will present more information to reduce information asymmetry. Monk and Minow (2001) state that a good CG will increase the company's prosperity and accountability. Black et al. (2002) argue that signal theory can shed light on the relationship between CG practice and firm value, since good CG is a positive signal for shareholders. Companies that implement good CG achieve approximately 20% increase in value compared to companies with bad CG (Paul, 2014). Black *et al.* (2002) have investigated the influence of GCG on corporate value. The result shows a positive relationship, while Javed and Iqbal (2007) find the opposite relationship. Fundamentally the stock price of a company is influenced by the performance of the company. The value of the firm is determined by the earning power of the firm's assets. Various empirical research results have been done by researchers to show the firm's fundamental relationship with firm value. Ozlen (2010) finds the company's fundamental factors (price to earnings ratio, and net profit margin, asset turnover ratio, debt ratio, current ratio, book value) have a positive effect on firm value. Based on the phenomenon that the value of manufacturing companies listed on the Indonesia Stock Exchange which decreased in the year 2009-2015 and the inconsistency of research results and the importance of applying TBL Reporting as part of strategy to maximize the value of the company as described above, this research will develop the results of previous research which has tested the company's fundamental factors, corporate characteristics and GCG separately. This research will test it with TBL disclosure as intervening variable which theoretically is a mediator between independent variables and dependent variable into indirect relationship.

Formulation of the problem

This study was conducted to answer the following questions:

1. The aspect of Corporate's Fundamental has a positive and significant impact on Corporate Value
2. The aspect of Corporate's Fundamental has positive and significant impact on TBL Disclosure
3. The aspect of Corporate Characteristics has a positive and significant impact on Corporate Value
4. The sspects of Corporate Characteristics have positive and significant impact on TBL Disclosure
5. Good Corporate Governance has a positive and significant impact on Corporate Value
6. Good Corporate Governance has positive and significant impact on TBL Disclosure
7. TBL Disclosure has a positive and significant effect on Corporate Value.
8. Corporate Fundamentals have a positive and significant impact on Corporate Value through TBL Disclosure

9. Corporate Characteristics have a positive and significant impact on Corporate Value through TBL Disclosure
10. Good Corporate Governance has a positive and significant impact on Corporate Value through TBL Disclosure
11. Corporate Fundamentals, Corporate Characteristics, Good Corporate Governance have a positive and significant impact on Corporate Value through TBL Disclosure

2. LITERATURE REVIEW

2.1. Stakeholders Theory

Companies that participate in social activities generally pay attention to the disclosure of the information because of its contribution to the value of the company (Mackey *et al.*, 2007). Ernst and Young (2002) recognize that Firm Valueis highly dependent on the quality of its relationship with key stakeholders. Because the company can not maximize it‘s value if the company ignores the interests of stakeholders (Jensen, 2001).

2.2. Signal Theory

The signal theory explains that the asymmetry of information can be suppressed by signaling interested parties. A good signal will be responded well by its users (Leland and Pyle, 1977). Signal theory suggests the need for managers to disclose more information in both financial and non-financial information including TBL disclosure information. This communication will give a good signal to contribute value of the company (Mackey *et al.*, 2007).This signal is information about what has been done by the management to realize the desire of the owner (Hasan*et al.*, 2017). Signals may be promotions or other information that the company is better than other companies. The signal theory explains that signals are performed by managers to reduce information asymmetry (Yahya*et al.*, 2017). Managers provide information through financial statements that they implement a conservative accounting policy that results in higher profits because this principle prevents corporations from exaggerating earnings and helps users with financial statements presenting profits and assets that are not overstate.

2.3. Theory of Legitimacy

Legitimacy is an effort to build, maintain and improve contracts or corporate relationships with the community. Companies can lose legitimacy that threatens their survival in the event of a discrepancy between the company’s value system and the community’s value system (Lindblom, 1993). Companies can reduce information asymmetries by proactively reporting social activities or sustainability to assure corporate legitimacy (Hahn and Kuhnen, 2013). Thus, in order to resolve the threat of legitimacy, one effort may be to increase its disclosure.

2.4. The value of the company

Firm Valuecan be measured by intrinsic value with consideration is the estimated value (theoretical) should be assumed fairly equitably. The book value approach or accounting approach is used as a measure of corporate value with the consideration of this method more objective and independent of speculative element. A market value approach is used because it reflects the market price of an asset or company's stock if it is traded on the market. This study uses a market value approach (Tobin's Q) in measuring company value.

2.5. Company Fundamentals

The fundamental factor of the company is can be controlled by the company. Fundamental analysis of the company is an analytical tool to determine the value of a company by processing the data sourced from the internal company, especially the financial statements issued officially by the company (Jogiyanto, 2007). Fundamental analysis based on the company's financial statements can be analyzed through the analysis of financial ratios to measure the company's financial performance (Ang, 1997).

2.6. Company Characteristics

According to Lang and Lundholm (1993), the characteristics of a company can explain the variation in the area of voluntary disclosure in annual reports as well as firm characteristics as a predictor of the quality of disclosure. Corporate characteristic variables in this study are proxiedwith Company Size, Company Age, Industrial Type, Institutional Ownership and Audit firms

2.7. Good Corporate Governance (GCG)

Turnbull (1997) argues that the implementation GCG should be supported by three parties, namely the state as a regulator, the business world as market participants and the community as users of the product. With such support, GCG impcan be implemented smoothly in business practices. Various literatures have documented that GCG will increase corporate value through reduced conflict of interest between managers and shareholders (Yermack, 1996). Black *et al.,* (2002) has conducted research to investigate the influence of Good Corporate Governance with corporate value using CG Index based on CG OECD principle consisting of 5 sub indexes: (1) Shareholder Rights, (2) Boards of Directors (3) Outside Directors, (4) Audit Committee and Internal Auditor (5) Disclosure to Investors.

2.8. TBL Disclosure Measurements

Measurement of TBL quality Disclosure uses content analysis on the company's annual report. Disclosure checklists be performed on a scale: (1) Value 0 is given if information is not disclosed, (2) Value 1 is given when information is disclosed in a specific and qualitative manner and (4) Value 3 is given when information is expressed quantitatively and qualitatively. (Al Tuwajiri, *et al.,* 2004). This study uses the third generation GRI guidelines (G.3 Guidelines).

2.9. Fundamental Relationship of Companies with Corporate Value

The research by Ozlen (2010) on the influence of the Company Fundamentals on the stock value period 2000-2012 in the companies listed on the Istanbul Turkish Stock Exchange. The result of the research shows that book value shows the most significant positive effect, followed by other asset turnover ratio, debt assets ratio, current ratio, price to earnings ratio, and net profit margin. Haque and Faruquee Research

(2013) under the title "Impact of Fundamental Factors on Stock Price: A Case Based Approach to Pharmaceutical Companies Listed with Dhaka". The results showed that the company's fundamental factors negatively affect the stock market price.

2.10. Relationship of Company Characteristics and Company Value

Large companies have more stakeholders than small companies that naturally attract the attention of many customers, suppliers and analysts, thereby increasing the demand for information about the company's activities (Cowen *et al.,* 1987). The theory of legitimacy suggests that large corporations will face greater political risk than small firms because big companies will not escape political pressure. Large companies have a greater chance of improving the performance and value of the company because large companies have greater market power, market experience, financial conditions, and R & D benefits (Pervan and Visic, 2012). Large companies tend to diversify more businesses than small firms so the possibility of failure in running a business or bankruptcy will be smaller. Large companies have a good track record enable companies to borrow more capital that it impacts the fulfillment of investor expectations to gain profit for the company (Chen and Jiang, 2001).

2.11. Relationship of Good Corporate Governance and Corporate Value

Corporate governance is a factor that significantly impacts the market value of the company's stock (Black *et al.,* 2002); Dharmapala and Khanna, (2008); Silveira and Barros, (2007); Main, (2005). Corporate Governance will increase corporate value through reducing agency conflict between managers and shareholders (Yermack, 1996). Thus, the application of good corporate governance principles will minimize agency costs through reduced conflict of interest between management and various stakeholders.

2.12. Relationship of Fundamental Factors with TBL Disclosure

Based on signaling theory, the better the company's fundamentals (the company's performance) the higher the manager's desire to disclose more information to gain investor confidence in the company's prospects. With the increase in trust will potentially increase the value of the company. Meanwhile, Black (2001) states that the better the company's performance the more information the investment and the control of the environment are expressed by the company to its stakeholders.

2.13. Relationship Characteristics with TBL disclosure

The characteristics of the firm can account for the wide variety of voluntary disclosures in the annual report and are a predictor of the quality of disclosure (Lang and Lundholm, 1993). The stronger the characteristics of a company in generating social impacts to the public would be stronger also the fulfillment of social responsibility and disclosure. Bayoud and Kavanagh (2012) research on firm characteristics that affect corporate social responsibility disclosure. The study was conducted on 32 manufacturing companies listed on the Lybia Stock Exchange. The results showed Size Age, and profile have a significant effect on the disclosure of corporate social responsibility. Cowen, et al. (1987) based on the theory of stakeholders concluded that large companies require more disclosure because the company has more stakeholders than small companies.

2.14. Good Corporate Governance and TBL disclosure

Companies that implement corporate governance will present more information in order to reduce information asymmetry. The better the implementation of corporate governance by a company, the more information it discloses. Companies that do a lot of disclosures in the annual report will show that corporate governance implementation in the company is getting better (Khomsiyah, 2003). Empirical research shows that low quality financial reporting is closely related to weak CG structures (Dechow *et al.* 1996; Beasley *et al.* 2000).

2.15. TBL Disclosure and Company Value

Schadewitz and Niskala (2010) have researched all companies listed on the Finnish Stock Exchange by using the Global Reporting Initiative (GRI) to seek answers to the effects of communication through the responsiveness reporting of firm values. The study was conducted during 2002-2005. The results show that responsibility reporting is one of the company's communication tools to reduce information asymmetry between managers and investors. It is also concluded that responsibility reporting is needed to produce a more appropriate market value for the company. Fiori's (2007) research investigating the influence of social responsibility disclosure on stock prices of non-financial firms in Italy found that corporate social responsibility reports have no effect on stock prices even though the firms studied have paid close attention to the issue.

3. RESEARCH METHODS

This type of research is an explanatory survey that explains the relationship of a phenomenon (Handoko *et al.*, 2017 & Gusnardi *et al.*, 2017).The data used in this study are the secondary data with the time period of 2009-2015. The sample of this study consists of 114 manufacturing companies listed on the Indonesia Stock Exchange in the period of 2009-2015. TBL disclosure data is obtained from the company's annual report as measured by GRI (Global Reporting Initiatives). Firm value is measured by Tobin q.The object of this research are all manufacturing companies listed on Indonesia Stock Exchange from 2009 to 2015.

Operational Definition of Variables

Firm Value (Y_2)

Firm Valueis used dependend Variable which proxied with Tobin's q. According to Klapper& Love (2004) Tobins'Q is formulated as:

$$Q = (EMV + D) / (EBV + D)$$

TBL Disclosure (Y_1)

TBL Disclosure is used as an Intervening variable. The TBL disclosure area is measured through the GRI version of the G3.1 Guidelines disclosure index. Checklist TBL disclosure on the basis of the scale that is: (1) Value 0 is given if information is not disclosed, (2) Value 1 is given when information is disclosed in specific and qualitative and (4) Value 3 given when information is expressed quantitatively and qualitatively. Score disclosure final = Quality score divided by occurrence score (Al Tuwajiri, *et al.*, 2004).

This research uses 3 constructs as independent variable that is Fundamental Company (X_1); Company Characteristics (X_2) and Good Corporate Governance (X_3).

Company Fundamentals (X1):

X_{11} : ROA(Return On Assets)

X_{12} : CR (Current Ratio)

X_{13} : ATO (Assets Turnover)

X_{14} : DAR (Debt Asset Ratio)

X_{15} : PER (Price Earning Ratio)

X_{16} : EPS (Earning Per Share)

Firm Characteristics (X_2) :

X_{21} : Size

X_{22} : Age

X_{23} : Industry

X_{24} : Institutional Ownership

X_{25} : Audit Firms

Good Corporate Governance(X_3)

X_{31} : Shareholder Rights

X_{32} : Boards of Directors

X_{33} : Outside Directors

X_{34} : Audit Committee and Internal Auditor

X_{35} : Disclosure to Investors

Quantitative Analysis Method

The analysis was done with Structural Equation Model (SEM) with AMOS program. The main purpose of SEM analysis is to test the compatibility of theoretical models with empirical data. Criteria of goodness of fit as follows:

Table 1
Criteria of goodness of fit

Goodness of Fit Index	*Cut-off Value*
X^2-Chi-Square	$p \leq 0.05$
Significance Probability	> 0,05
RMSEA	< 0,08
GFI	Approaching 1
AGFI	Approaching 1
CMIN/DF	< 2,00
TLI	Approaching 1
CFI	Approaching 1

Source: Muda and Dharusky (2015), Sirojuzilam *et al.*, (2016); Lubis *et al.*, (2016), Tarmizi *et al.*, (2016 & 2017), Dalimunthe*et al* (2016) & Sadalia *et al.*, (2017).

4. RESULT AND DISCUSSION

4.1. Result

4.1.1. Statistic Descriptive

Descriptive and quatitative statistical output are presented in :

Table 2
Criteria of goodness of fit

Variable	*N*	*Min*	*Max*	*Mean*	*Deviation*
Company' Fundamental					
Return On Asset (ROA)	798	-0.76	2.68	0.0639	0.1444
Current Ratio (CR)	798	-0.04	465.84	2.7473	16.5343
Debt Asset Ratio (DAR)	798	0.01	5.02	0.5921	0.5415
Asset Turn Over (ATO)	798	0.01	5.66	1.1535	0.7070
Price Earning Ratio (PER)	798	-658.21	2969.70	19.7061	114.9801
Earning Per Share (EPS)	798	-4999.00	44460,00	611.1993	2820.0229
Firm Characteristic					
Size	798	0	245435000	6775378.89	20452172.5
Age	798	3	34	17.89	6.646
Industry (IND)	798	2	156097	5137.61	14462.968
Ins.Own (INS)	798	0	1	0.7084	0.1985
Audit Firm (AUDIT)	798	0.03	0.3333	0.1422	0.0931
Good Corporate Governance					
Stockholder Right (SR)	798	0.0001	0.0263	0.02584	0.0034
Board of Director (BOD)	798	0.0001	0.1579	0.0752	0.0284
Outside Director (OD)	798	0.0001	0.1316	0.1504	0.07816
Audit Committee (AC)	798	0.0001	0.3158	0.0767	0.0816
Disclosure to Investor (DI)	798	0.0526	0.0789	0.0681	0.01278
TBL Disclosure					
Economy (EC)	798	0.000	1.6667	1.1899	0.3090
Environmental (EN)	798	0.0001	1.8667	0.2372	0.3461
Social (SOC)	798	0.18	1.93	0.7055	0.3705
Firm Value (Tobin'sQ)	798	0.09	18,64	1.7544	2.0899

Source: Data result (2017).

4.1.2. Confirmatory Factor Analysis (CFA)

The value of CFA with convergent validity test for Company Fundamental variable shows only 1 (one) indicator above 0.5 that is ROA (0.721) qualified CFA value with convergent validity. While other indicators below 0.5 which means not reflect latent variables. Firm Characteristics variables shows that from 5 (five) indicators are only 2 (two) indicators above 0.5 . They are SIZE (0.942) and IND (0.949) which means qualified CFA value with convergent validity. For latent variables GCG only three indicators above 0.5 are BOD (0.697), OD (0.731) and AC (0.910). While the latent variable TBL Disclosure, all indicators above 0.5 are EC (0.562), EN (0.854 and SOC (0.838) which means it has qualified CFA with convergent validity test so as to reflect latent variables.

4.1.3. Fit Model Summary

The result of goodness of fit test shown as follows:

Tabel 1
Goodness of Fit

Goodness of Fit	*Criteria*	*Result of Esmation*	*Decision*
Chi-Square	Expeted Low	710.806	Not good
Probabilitas	≥ 0.05	0.000	Not good
CMIN/DF	≤ 2	4.415	Not good
AGFI	≥ 0.9	0.893	Not good
TLI	≥ 0.9	0.867	Not good
RMSEA	0.05 ≤ RMSEA ≤ 0.08	0.065	Good (acceptable)
GFI	≥ 0.9	0.918	Good (acceptable)
PNFI	Expected High	0.728	Good (acceptable)

Source: Data result (2017).

Goodness of Fit that can be accepted are : REMSEA, GFI and PNFI.

4.1.4. Hypothesis Testing

The estimation parameters for direct effect, indirect effect and total effect are presented below:

Table 2
Parameters for Direct Effect, Indirect Effect and Total Effect

Direct Effect	*Company's Fundamental*	*Characteristc*	*Good Corporate Governance*	*TBL Disclosure*
Firm Value (Y2)	0.727	0.032	-0.148	0.274
TBL Disclosure (Y1)	-0.008	0.094	0.878	0.000
Indirect Effect	*Company's Fundamental*	*Characteristic*	*Good Corporate Governance*	*TBL Disclosure*
TBL Disclosure (Y1)	0.000	0.000	0.000	0.000
Firm value (Y2)	- 0.002	0.026	0.241	0.000

Variables	*Direct Effect*	*Imdirect Effect*	*Total Effect*
Company Fundamental ->Firm Value	0.878	0	0.878
Company Fundamental -> TBL disclosure	-0.008	0	-0.008
Firm Characteristics->Firm value	0.032	0.026	0.058
Firm Value -> TBL disclosure	0.094	0	0.094
Good Corporate Governance ->Firm Value		0.241	0.093
Good Corporate Governance -> TBL disclosure	0.878	0	0.878
TBL disclosure ->Firm value	0	0.878	0,878

Source: Data result (2017).

The results of hypothesis and Model testing are summarized in the following table & Figure :

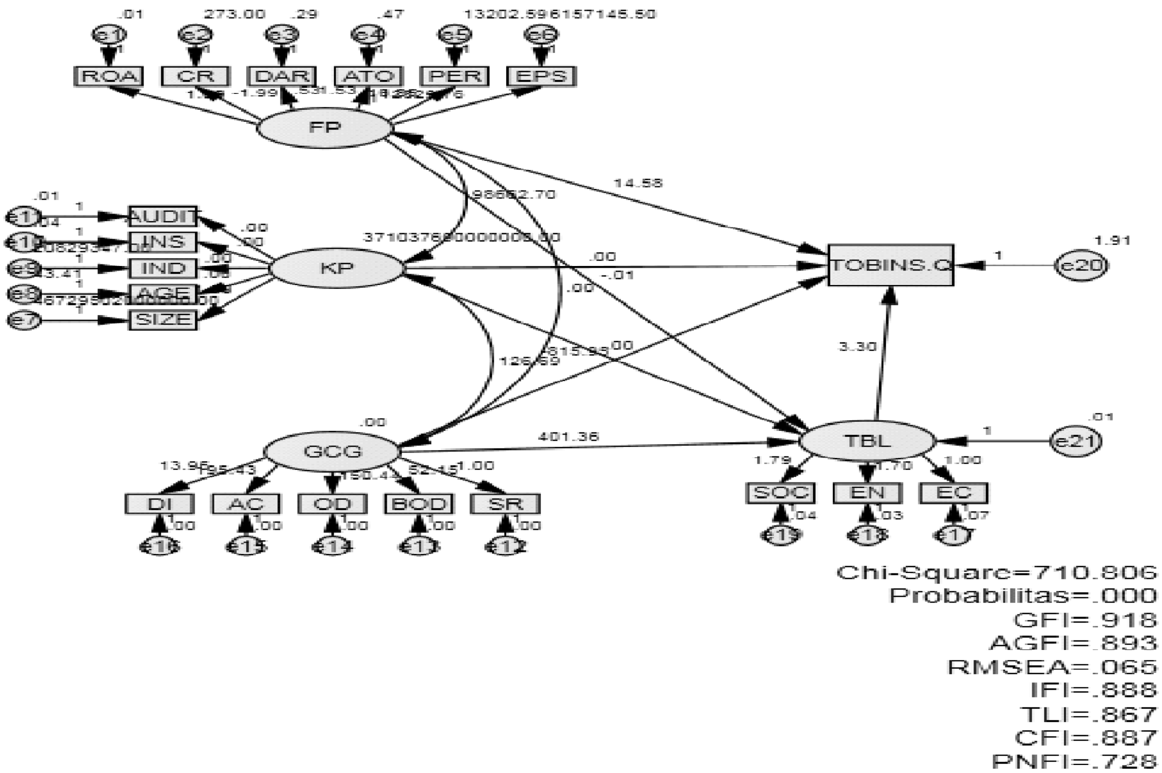

Figure 3: The Results of Hypothesis Testing

Table 3
The Results of Hypothesis Testing

	Hypothesis	*Results*	*Decription*
H_1	The aspect of Corporate's Fundamental has a positive and significant impact on Corporate Value	Positive and Significant	Accepted
H_2	The aspect of Corporate's Fundamental has positive and significant impact on TBL Disclosure	Negative and not significant	Rejected
H_3	The aspect of Corporate Characteristics has a positive and significant impact on Corporate Value	Positive and not Significant	Rejected
H_4	The sspects of Corporate Characteristics have positive and significant impact on TBL Disclosure	Positive and Significant	Accepted
H_5	Good Corporate Governance has a positive and significant impact on Corporate Value	Negative and not significant	Rejected
H_6	*Good Corporate Governance has positive and significant impact on TBL Disclosure*	Positive and Significant	Accepted
H_7	TBL Disclosure has a positive and significant effect on Corporate Value.	Positive and Significant	Accepted
H_8	Corporate Fundamentals have a positive and significant impact on Corporate Value through TBL Disclosure	Negative	Accepted

contd. table 3

	Hypothesis	*Results*	*Decription*
H_9	Corporate Characteristics have a positive and significant impact on Corporate Value through TBL Disclosure	Positive	Accepted
H_{10}	Good Corporate Governance has a positive and significant impact on Corporate Value through TBL Disclosure	Positive	Accepted
H_{11}	Corporate Fundamentals, Corporate Characteristics, Good Corporate Governance have a positive and significant impact on Corporate Value through TBL Disclosure	Negative	Rejected

Source: Data result (2017).

4.2. Discussion

As stated above, the effect of company's fundamental on firm value shows positive and significant direct effect. It signifies that the higher the company's fundamentals results in the increase of corporate value. This study supports Ozlen (2010) who found that corporate fundamentals have a positive and significant impact on corporate value. The results also support Ariff and Khan (2000) who do not doubt the relation of the corporate fundamentals to corporate value. The research results are in harmony with the signal theory that a firm's good fundamentals are positive signals improving corporate value. The direct effect of corporate fundamentals on TBL Disclosure indicates a non-significant negative effect. The data show that when the fundamentals of the company are in very high category, TBL disclosures decrease. Thus, the results of this study do not support Haniffaand Cooke (2002); Suttipun (2013) who found the effect is positive.

The direct effect of corporate characteristic on corporate value shows a positive and significant effect. Large firms generally have greater market power and experience and superior in the research and development process. Large companies are easier to obtain large funds because they have large assets to guarantee bank loans and large companies can reduce production costs because of mass production. Larger funds will increase market power that the opportunity to earn greater returns and it will givepositive signal to investors.

Company size and audit firms is the most dominant indicator of the corporate characteristics followed by industry type and age of the company. The results support David and Dimitrios (2014) which show that firm size has a significant effect on TBL disclosure but not in line with David and Dimitrios (2014) who found influence in the U shaped effect. Corporate Governance applied by manufacturing companies listed on the Indonesia Stock Exchange, although showing significant progress but not applying the existing sub-index well, particularly the Shareholder rights sub-Index (0.029), audit committee (0.036). The direct effect shows that Good Corporate Governance with corporate value has a negative and insignificant effect. Perhaps, negative results are caused by: (1) the existence of board of commissioners and audit committee still can not monitor company in implementing GCG; (2) lack of corporate awareness to proactively implement good CG; (3) Stock ownership is still concentrated; (4) GCG rules is still poor.

Manufacturing companies listed on the Indonesia Stock Exchange has increasingly implemented GCG year by year. In 2010, GCG disclosure increased by 7% , 6% in 2011, 20% in 2012, 20% in 2013, 80% in 2014 and 84% in 2015 (2009 as base year). The results support Haniffa and Cooke, (2002); Eng and Mak, (2003); Brown and Tower, (2006); Khomsiyah, (2003) which states that companies that implement good corporate governance will present more information in order to reduce information asymmetry.

Results of research showing a significant positive relationship between TBL disclosure and firm value. It provides evidence that the information in the company's annual report has become one of the important and relevant sources of information for investors and other users in decision making. Because Investors are increasingly aware that social and environmental problems can damage reputations and degrade corporate value. Manufacturing firms listed on the Indonesia Stock Exchange implementing TBL Disclosure are able to achieve approximately 33% increase in the value of Tobin's Q compared to low firms performing TBL Disclosure and a 92% increase in firm value increase when doing TBL Disclosure very high. It means, the higher the TBL disclosure the higher the value of the company. The results support the signal theory that the attention given to corporate economic, environmental and social performance is a positive signal that can increase the value of the company.

Indirect effect of Corporate Characteristics on Corporate Value shows insignificant results.This means TBL disclosure does not successfully mediate the relationship of corporate characteristics on the value of the company. Data shows that the TBL disclosure score is increasing as the company grows. Large companies view TBL disclosure as very important and awareness raising that social responsibility to society and its disclosure is part to suppress the asymmetry and agency costs which in turn will benefit and increase the value of the company. This study support Cowen *et al.* (1987) through stakeholder theory that large companies disclose more TBL than small firms. This study also support Jensen and Meckling (1976) through agency theory that large companies tend to disclose more information. Reverte (2009); Hahn and Kuhnen, (2013) based on the theory of legitimacy suggest that larger companies face greater political risk than small firms, that companies present more TBL disclosure to convince the legitimacy of the company.

As previously described that the extent of TBL disclosure conducted by the company is more dominant in the economic dimension.All companies express the economic performance.: income, operating expenses, employee benefits, donations, retained earnings, and payments to financiers, financial and risk implications and benefit plans, estimated liabilities and contingent liabilities. The data has become mandatory disclosure for the company in the IS report, Financial Position Report and in the Notes to the Financial Statements (Nurzaimah *et al.,* 2016 & Erlina *et al.*, 2017, Nasir *et al.*, 2017 & Azlina *et al.*, 2017). While the disclosure of environmental and social dimensions is still low, especially in energy, water, biodiversity, greenhouse gas emissions, waste, human rights, product responsibilities. Similarly, assessments for improvements to the life cycle stages of product impacts relating to health and safety.

As previously mentioned, good corporate governance shows a positive and significant indirect effect on firm value which means the application of TBL disclosure variable succeeds as a mediator between GCG and company value. However, corporate governance applied by the company is still low, especially in sub-index of Shareholder Rights and Audi Committee. The low CG practice and its disclosure to this sub-index according to the authors are mainly due to the weak mandatory GCG rules from the government. Although the GCG rules that must be guided in Indonesia have improved rapidly but there are still weaknesses that need to be improved both from the side of the regulation itself and from the law enforcement mechanism.

Generally companies listed on the Stock Exchange are owned and controlled by one family or group or government (World Bank, 2010). In this case, the issue is the tendency of majority shareholders to make decisions that benefit their interests, but may harm the interests of minority shareholders. In connection with this La Porta *et al.* 2000 and Claessen *et al.* 2002) suggests that state-level legal protections play an important role in protecting the rights of minority shareholders. In companies listed on the IDX, shareholders have the right to participate and vote in the General Meeting of shareholders (GMS) and voting on the principle of one share one vote through a closed voting mechanism has been implemented. However, before GMS is held, the shareholders must be informed of various matters relating to the invitation, agenda and material before the GMS is held. The company should encourage shareholders to attend GMS to use their voting rights and also allow voting via email. The effectiveness of the board of commissioners is influenced by how the board is formed and organized. Therefore, in the matter of the selection of the board of commissioners of shareholders has been informed who the candidate board of commissioners to be elected shareholders before GMS is held. Then after the GMS, publication of the results in the company's website should be presented. Another thing that is still considered to be lacking is that the payment of cash dividends to investors is determined as early as possible since it was announced. And the existence of training program for non controlling shareholder to increase understanding about their rights and obligations.

Supervision by the board of commissioners still has weaknesses although the board structure of the manufacturing company listed on the Indonesia Stock Exchange has adopted two tiers separating directors from the board of commissioners and all companies also have independent commissioners.. Since the share ownership of public corporations in Indonesia is quite significant and concentrated (71%) and still exist in some companies where the board of commissioners is the largest shareholder or still a member of the family that the effectiveness of the implementation of the role of the board of commissioners is still weak.

Good Corporate Governance negatively affects the value of the company. Corporate Governance applied by manufacturing companies listed on the Indonesia Stock Exchange, although showing significant progress but not applying the existing GCG sub-index well. The role of the board of commissioners in a company is emphasized in the monitoring function of the implementation of the policy of the board of directors. The existence of the board of commissioners is assigned to ensure that the company's management is working well. With the position of members of the board of commissioners appointed and dismissed by the GMS, while the share ownership is concentrated, generally the board lacks the power to perform its duties properly. Another obstacle to the effectiveness of the board of commissioners is the lack of time given to complete the task. Board of commissioners who show greater persistence in carrying out their responsibilities will increase their oversight of the financial reporting process (Muda *et al*., 2017). The persistence of the board of commissioners is shown in the number of meetings. Attendance and participation before, during meetings, and follow-up after the meeting will demonstrate the persistence of a council. The data show that only 29.8% of companies disclose the presence of the board of commissioners in meetings of the board of commissioners. The effectiveness of the Board of Commissioners (on the basis of existing conditions) depends heavily on the power given to the board of commissioners as well as the time or diligence of the board of commissioners in carrying out its responsibilities. For that reason, companies need to have written rules on GCG in which the shareholders' rights, duties. In addition, the existence of a system to evaluate the board of commissioners and the code of ethics as a moral guideline for the board of commissioners.

The effectiveness of the audit committee (on the basis of existing conditions), is highly dependent on the power given to the audit committee. Audit committees with clear organizational status is also key factor of the committee's effectiveness. In the disclosure to investor sub-indices, Most companies have presented and disclosed financial statements in two languages (Indonesian and English). All companies have disclosed who are the shareholders of the company and the percentage of ownership but still few reveal the ultimate beneficiary. In relation to transactions to related parties, almost all companies have disclosed them in the notes to the financial statements. But the important thing here is that the related party transaction needs to get approval from the board of commissioners.

Result shows that firms with very strong CG account for approximately 51% increase in TBL disclosure compared to companies with poor CG. While companies with very high TBL disclosure achieve approximately 57% increase in corporate value than companies that TBL disclosure is very low. This implies that companies with high TBL disclosure in the financial statements show that the implementation of corporate governance in the company is getting better. This means that high TBL disclosure correlates with good corporate governance, which positively affects the firm's value.

Based on the previous description that TBL disclosure by manufacturing companies listed on BEI in the period of 2009 to 2015 is increasing, but the quantity and quality is still low. Only 29% of companies do social activities and disclosure well, 53.5% is not good and 17.5% is not very good. Disclosure is dominated by economic dimension 56%, while environmental dimension 11% and social dimension 33%. Companies are more dominant in terms of economic performance than social and environmental dimensions, presumably due to compliance with disclosure rules required by government. Data shows that manufacturing firms listed on the BEI with a higher TBL Disclosure area in the environmental dimension (EN) were able to achieve higher Tobin's Q (2.96) compared to other dimensions. This implies that companies that make disclosures in a balanced and sustainable manner are able to produce higher Tobin Q. It means, that is shareholders/investor have actually been interested not only in the information of economic dimensions but also other dimensions (non-financial).

Thus, in order for to maximize the value of company in the long term, the company needs to carry out its social activities and disclosures in a more balanced and sustainable manner combined with business strategy and good corporate governance (Muda *et al.*, 2016). Social activities undertaken by the company are very important to be discussed and communicated well to shareholders that these activities in turn will increase the value of the company. The value of the firm depends greatly on the quality of its relationship with key stakeholders. Therefore, in the decision-making, managers not only consider the interests of shareholders, but also the interest of other stakeholder such as employee, customers, suppliers, government, local communities. Because failure to achieve these goals can negatively affect the value of the company. Therefore, corporate social initiatives need to be integrated with the company's vision and strategy. This means putting social responsibility as an integral activity (link) with core business that social issues are taken into consideration in decision making.

5. CONCLUSION AND SUGGESTION

5.1. Conclusion

1. Fundamentals of the company directly have a positive and significant impact on the value of the company. Positive and significant results indicate that the firm's fundamental factors have a strong influence on firm value. This research supports the theory of signals that good corporate fundamentals are a positive signal to increase Firm Value.

2. Company Fundamentals directly negative negative not significant to TBL Discclosure. The results of this study do not support signal theory that the higher the fundamental level of a company, the higher the company manager's desire to disclose more information to get investor confidence in the company's ability to profit. The results of this study also do not support agency theory stating that managers of profitable companies will reveal more information to support the sustainability of its position in the company.
3. Characteristics of companies have a positive and significant effect directly on the value of the company. Large companies have a greater chance of improving the performance and value of the company because big companies have market power and greater financial conditions.
4. The characteristics of the company directly have a positive and significant impact on TBL Disclosure. The results support the theory of legitimacy that large companies and industrial types with large numbers of workers will get great pressure.
5. Good Corporate Governance directly affects the negative and insignificant to the value of the company. The structure and procedures of the board of commissioners are still less successful to implement good corporate governance.
6. Good Corporate Governance directly affects TBL Disclosure significantly. But the company's GCG score is still low especially in the sub-index of stockholders rights and the audit committee sub-index.
7. TBL Disclosure has a positive and significant effect on Corporate Value. Disclosure of economic aspects is more dominant then followed by social and environmental aspects.
8. Corporate Fundamentals negatively affect Firm Value through TBL Disclosure. This means that the application of TBL disclosure does not work as a mediator between the firm's fundamental relationship with firm value
9. Company Characteristics positively affects Corporate Value through TBL Disclosure.
10. Good Corporate Governance positively affects the value of the company through TBL Disclosure. This means that the application of TBL disclosure variables succeeds as a mediator between GCG relation and firm value.
11. The total effect result shows:

Good Corporate Governance, Corporate Characteristics positively affects corporate value through TBL Disclosure while Corporate Fundamentals negatively affect Firm Value through TBL Disclosure.

5.2. Suggestion

1. Using GRI-G4 as a proxy for TBL disclosure.
2. Extending the research object to cover all industry sectors listed on the Indonesia Stock Exchange

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