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# DETERMINANTS OF FIRM VALUE IN INDONESIA CONSUMER NON-CYCLICAL COMPANIES: PERSPECTIVES OF ENVIRONMENTAL PERFORMANCE, BOARD DIVERSITY, AND EARNINGS QUALITY

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***ABSTRAK***

*Fenomena penurunan nilai perusahaan meskipun harga saham sektoral mengalami kenaikan menunjukkan adanya ketidaksesuaian antara persepsi pasar dan kondisi fundamental perusahaan, yang melatarbelakangi dilakukannya penelitian ini. Tujuan dari penelitian ini adalah untuk menguji dan menganalisis pengaruh kinerja lingkungan, keragaman usia dewan, keragaman gender dewan, dan kualitas laba terhadap nilai perusahaan pada perusahaan sektor consumer non-cyclicals yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2022–2024. Penelitian ini menggunakan metode kuantitatif melalui data sekunder. Populasi penelitian berjumlah 132 perusahaan dan menggunakan purposive sampling sebagai penentuan sampel, sehingga dapat diperoleh 75 data penelitian. Metode penelitian menggunakan regresi data panel dengan bantuan software EViews 13. Adapun hasil penelitian membuktikan bahwa kinerja lingkungan dan keragaman gender dewan tidak dapat memengaruhi nilai perusahaan, sedangkan keragaman usia dewan dapat menurunkan nilai perusahaan dan besarnya kualitas laba dapat meningkatkan nilai perusahaan. Implikasi praktis dari penelitian ini menunjukkan bahwa perusahaan perlu meningkatkan kualitas laba secara konsisten serta mempertimbangkan komposisi usia dewan secara optimal guna meningkatkan nilai perusahaan di mata investor. Penelitian ini diharapkan dapat menjadi pertimbangan bagi manajemen dan investor serta referensi bagi penelitian selanjutnya untuk melihat faktor-faktor yang mempengaruhi nilai perusahaan.*

***Kata Kunci:*** *Nilai Perusahaan, Kinerja Lingkungan, Keragaman Usia Dewan, Keragaman Gender Dewan, Kualitas Laba.*

**ABSTRACT**

The phenomenon of declining frim value even though sectoral share prices has increased indicates a mismatch between market perception and the company's fundamental conditions, which is the background to this research. The objective of this study is to examine and analyze the effects of environmental performance, board age diversity, board gender diversity, and earnings quality on firm value among companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. This study employs a quantitative method using secondary data. The study population consists of 132 companies, and purposive sampling was used to determine the sample, resulting in 75 data points.

The research method employs panel data regression using EViews 13 software. The results demonstrate that environmental performance and board gender diversity do not influence firm value, whereas board age diversity can reduce firm value, and the magnitude of earnings quality can increase firm value. The practical implications of this research indicate that companies need to consistently improve earnings quality and consider the optimal age composition of the board to increase the company's value in the eyes of investors. It is expected that this study will serve as a consideration for management and investors, as well as a reference for future research to examine the factors that influence firm value.

**Keywords:** Firm Value, Environmental Performance, Board Age Diversity, Board Gender Diversity, Earnings Quality

## INTRODUCTION

In 2024, Indonesia's capital market showed positive growth. According to a press release from the Bursa Efek Indonesia (2024), public enthusiasm for investing has increased across stocks, bonds, and mutual funds, with the number of investors now reaching 14.84 million. Given the positive dynamics and growth of the capital market, attention to firm value has become increasingly relevant in understanding a company's performance and prospects from an investor's perspective. One way to measure firm value is through its stock price. The value of the company increases with the stock price (Bawai & Kusumadewi, 2021). This suggests that the market trusts not only the company's current performance but also its future growth potential. (Rasjid et al., 2021). This suggests that management prioritizes sustaining and improving firm value in order to maintain investor confidence and secure the company's long-term continuity (Kurniansyah et al., 2021).

One of the relevant sectors that has a stable stock price is the non-cyclical consumer sector. The non-cyclical consumer sector is made up of businesses that produce or distribute necessities. According to Devianto et al. (2023), the non-cyclical consumer sector's stock price index movements are not significantly influenced by seasonal factors or economic conditions. This indicates that this sector is quite resilient to economic pressures and crises, as the products it produces remain in demand by the public under various conditions. Consequently, the non-cyclical consumer sector has become a sector of significant interest to investors as a relatively stable and lower-risk investment option.

During the 2022–2024 period, stock prices in the consumer non-cyclicals sector showed an upward trend each year. However, an interesting contrast emerges: while the stock price index for the consumer non-cyclicals sector increased, the value of companies in this sector—as measured by the Tobin's Q ratio—actually declined, as illustrated in Figure 1. This phenomenon is a significant concern for investors because it indicates a mismatch between rising stock prices and declining corporate value. Elyska et al. (2023) also note that corporate value in the non-cyclical consumer sector may weaken, which affects investor sentiment. This demonstrates that although the non-cyclical consumer sector is classified as a

defensive sector, it still faces market pressures and business risks that can lead to fluctuations in corporate value.


**Figure 1. Comparison of Stock Price Index and Tobin's Q**
Source: Data Processed, 2025

These conditions indicate that a firm value is not only related to stock price movements but also to various non-financial and financial aspects that reflect the quality of the company's management. These aspects can be observed through the sustainability of environmental performance, corporate governance as reflected in board diversity, and the quality of financial information as reflected in earnings quality. From the perspective of signaling theory, companies can send positive signals to investors through the disclosure of non-financial information, such as environmental performance, which reflects the company's commitment to sustainability and long-term risk management. These positive signals can enhance investor confidence and lead to an increase in corporate value (Hardiningsih et al., 2024). Meanwhile, agency theory posits that corporate governance mechanisms, such as board diversity and earnings quality, play a role in enhancing the effectiveness of oversight over management and reducing conflicts of interest between management and shareholders (Razali et al., 2023; Intara et al., 2024)

The non-cyclical consumer sector faces challenges related to environmental responsibility that could lead to a decline in firm value. This is supported by data from the Badan Pusat Satatistik, which indicates that the manufacturing industry is one of the main contributors to greenhouse gas emissions (Badan Pusat Statistik, 2023). These circumstances have prompted the company to intensify its focus on improving environmental performance as part of its efforts to ensure business sustainability and enhance firm value. Environmental performance can be defined as a company's success in creating and maintaining a healthy environment (Dewi, 2025). From a signaling theory perspective, companies with strong environmental performance will receive a positive response from investors in the form of rising stock prices, which in turn increases the company's value (Sapulette & Limba, 2021). Strong environmental performance is associated with better company value, according to research by Abdi et al. (2022); Hardiningsih et al. (2024); and Dohrmann et al. (2025). In contrast to the findings of that study, Aydoğmuş et al.

(2022) and Dewi (2025) show that environmental performance does not drive an increase in firm value because it takes a longer period of time for a company's environmental performance to yield results, so its impact on firm value is not yet apparent.

Corporate governance structure is also a key factor influencing firm value, one such factor is board diversity. The goal of board diversity is to enhance business performance and decision-making quality. (Vetchagool, 2025). Board diversity consists of age diversity and gender diversity. Age diversity refers to the variation in ages among members of a company's board of directors (Nuraeni et al., 2025).

Age diversity on the board is essential, particularly in countries undergoing rapid change over a short period (Arioglu, 2021). From an agency theory perspective, a more diverse age composition on the board of directors enhances the board's ability to formulate strategic decisions and respond effectively to dynamic business conditions. This improvement in decision-making quality can strengthen corporate performance and ultimately contribute to higher firm value. Research findings by Vetchagool (2025) and Zakaria et al. (2021) indicate that age diversity can have a favorable effect on firm value; however,Razali et al. (2023), Grishunin et al. (2024), and Hu et al. (2025) disagree with this conclusion, because people with a significant age gap tend to have different perspectives, values, and communication styles.

The ratio of women to men is referred to as gender diversity (Nuraeni et al., 2025). From an agency theory perspective, this proportion reflects the level of balance within a board, which can enhance the effectiveness of oversight and the quality of decision-making. This balance encourages the emergence of various viewpoints in the company's financial decision-making process (Khunkaew et al., 2023). Moreover, the presence of women in leadership roles is linked to greater transparency and stronger focus on sustainability, which leads to more optimal and sustainable decision-making. (Putri & Amanah, 2024). Research findings by Vetchagool (2025), Awad et al. (2023), and Razali et al. (2023) indicate that gender diversity can positively influence firm value, however Khunkaew et al. (2023) and Grishunin et al. (2024) found that gender diversity does not affect corporate value, as women's involvement is not yet strong enough to drive changes in established power dynamics and decision-making patterns.

Another financial aspect that is equally important in influencing firm value is earnings quality. Good earnings quality provides crucial information for investment decision-making and has the potential to yield profitable investment returns (Islam et al., 2022). This measure forecasts future performance and financial data, thereby supporting more effective economic decision-making (Intara et al., 2024). Reliable profit information facilitates stakeholders and investors in evaluating a company's performance and prospects more accurately. This can reduce uncertainty and information asymmetry while enhancing market confidence. Investor interest in a company's stock increases alongside profit quality, leading to rising stock prices and potentially influencing firm value (Wairisal & Hariyati, 2021). Leite et al. (2025), Intara et al. (2024), Alsmady (2022), and Saleh et al. (2020) indicate that earnings quality can influence firm value. Another finding by Intara et al. (2024) states that earnings quality measured using that proxy has no

effect on firm value because investors tend to focus more on cash flow than on profit quality indicators.

In addition to the main factors under study, the relationship between environmental performance, board diversity, and earnings quality and firm value may also be influenced by other internal firm characteristics. Therefore, this study also considers firm age, net profit margin, board size, and the number of independent commissioners to obtain a more comprehensive analysis. These factors are expected to either strengthen or weaken the relationship between non-financial and financial aspects and firm value examined in this study.

Based on the phenomena and results of previous research described, theoretically, non-financial and financial aspects, such as environmental performance, board diversity, and earnings quality, are expected to increase company value by enhancing investor confidence and improving decision-making quality. However, in reality, the value of companies in the non-cyclical consumer sector has actually decreased, despite this sector being known for its relative stability and defensiveness. Furthermore, previous research still shows inconsistent findings across variables. Research on the influence of non-financial and financial aspects on company value is also limited, particularly those that integrate environmental performance, board diversity, and earnings quality into a single model. Prior research has been conducted in various sectors and periods, both internationally and in Indonesia, resulting in limited specific study of the characteristics of the non-cyclical consumer sector. This creates a research gap requiring further investigation. This study fills this gap by analyzing "Determinants of Firm Value in Indonesian Consumer Non-Cyclical Companies: Perspectives of Environmental Performance, Board Diversity, and Earnings Quality", this sector was chosen because of significant fluctuations in company value and different from sectoral index trends, as well as the implementation of the GRI 2021 standard since 2022 which allows for an evaluation of company sensitivity to sustainability aspects and the quality of financial information. Practically, this study is expected to provide recommendations for companies and regulators in strengthening environmental performance, determining a more effective board structure, and improving the quality of financial information to maintain and increase company value amidst the dynamics of the consumer non-cyclical sector.

## LITERATURE REVIEW

### Signaling Theory

Signaling theory states that information disclosed by a company function as a signal that represents its condition and offers value to those who receive the information (Spence, 1973). Positive information will trigger positive reactions and perceptions from investors, who will also be able to distinguish between good and poor-performing companies. This will impact stock prices and firm value (Lestari & Khomsiyah, 2023). A firm’s capacity to show environmental responsibility, operational strength, and solid profitability can act as favorable signals to investors about its future prospects and sustainability, thereby affecting the formation of firm value.

**Agency Theory**

The interaction between business owners (principals) and management (agents) in addressing conflicts of interest is described by agency theory (Jensen & Meckling, 1976). Companies must disclose important and relevant information to all stakeholders, including financial performance, which can reduce uncertainty and information asymmetry between principals and agents, thereby mitigating agency conflicts (Intara et al., 2024). Good corporate governance must be implemented in order to oversee management decisions in addition to financial performance. Competent and accountable parties must make sure that management of the firm stays in line with set goals (Zakaria et al., 2021). Women are considered to have better monitoring capabilities, to be more independent, and to enhance management accountability. They can reduce agency problems because they tend to be more disciplined—for example, in attending meetings and overseeing management—which signals that gender diversity can lead to more cautious and accountable decision-making (Kabara et al., 2022). Additionally, agency theory regarding age diversity explains that age differences among board members can influence corporate decision-making, as each age group possesses distinct ways of thinking and decision-making characteristics. Younger directors tend to bring new ideas and perspectives. This signals to investors regarding the company's prospects, as it can improve corporate governance and company performance, which in turn impacts corporate value (Razali et al., 2023; Hu et al., 2025).

**Firm Value**

Firm value represents a long-term objective that companies aim to attain, as it reflects the price investors are willing to pay for the business. Investors will invest their capital in high-value companies to obtain high returns. This is a crucial concept in investment decision-making(Ellin & Wati, 2023). Firm value is generally reflected in stock prices, which are determined by the supply and demand mechanisms in the capital market, and reflects investors' perceptions of the company's performance (Amin et al., 2023). A rise in stock prices boosts market confidence and the firm's worth.

**Environmental Performance**

Environmental performance describes how companies undertake actions to protect the environment and manage issues arising from their operational activities (Amin et al., 2023). From a signaling theory perspective, companies with strong environmental performance send positive signals to stakeholders regarding the company's commitment to sustainability and long-term risk management (Hardiningsih et al., 2024). Companies with superior environmental performance send a positive signal, thereby earning the trust of stakeholders. This leads to a reduction in regulatory risks, social conflicts, and external pressures, which can support the company's operational sustainability. Investors tend to respond positively to information about good environmental performance through rising

stock prices, thereby increasing firm value. On the other hand, investors in emerging markets still tend to focus on short-term gains, so information regarding environmental performance which is a long-term investment has not yet become a primary consideration in evaluating companies (Dewi, 2025).

Several studies indicate that environmental performance can enhance a company's value because companies are perceived as more environmentally responsible, thereby gaining investor trust and receiving more positive evaluations, which in turn leads to higher corporate value (Abdi et al., 2022; Hardiningsih et al., 2024; Dohrmann et al., 2025). However, other studies have found that this effect is not significant because environmental performance takes a considerable amount of time to impact corporate value, and investors remain more focused on financial performance (Aydoğmuş et al., 2022; Dewi, 2025) . These differing results are likely influenced by market characteristics and investor preferences in developing countries, including Indonesia, which remain oriented toward short-term profits (Ihsani et al., 2023). Additionally, the benefits of environmental performance require relatively high costs and a long time to materialize.

**H1**: Environmental performance has a positive impact on firm value.

**Board Age Diversity**

The distribution of board members' ages within a company's board structure is referred to as age diversity (Nuraeni et al., 2025). From an agency theory perspective, age diversity can enhance the effectiveness of oversight and the quality of decision-making because each age group possesses distinct characteristics; this can reduce agency conflicts through more objective decisions and more effective oversight, thereby improving corporate performance and value (Grishunin et al., 2024). Board members who are younger are generally associated with innovation and fresh ideas, whereas older members are more cautious and precise in their decision-making. Consequently, a company's success is greatly influenced by the age of its board (Razali et al., 2023). However, age diversity can also increase the complexity of coordination and communication within the board, which may ultimately reduce the effectiveness of oversight and exacerbate agency conflicts (Hu et al., 2025).

Several studies have found that age diversity on boards has a positive impact on firm value because it improves the quality of corporate strategy and oversight (Vetchagool, 2025; Zakaria et al., 2021). However, other studies suggest that age diversity does not always have a positive impact on firm value (Razali et al., 2023; Grishunin et al., 2024; Hu et al., 2025).. These differing results are likely influenced by firm characteristics, organizational culture, and the effectiveness of communication among board members from different generations. As a defensive sector, the non-cyclical consumer sector requires effective corporate governance to maintain performance stability and investor confidence amid post-pandemic economic uncertainty. Therefore, it is necessary to re-examine the impact of age diversity on firm value in this sector in Indonesia.

**H2**: Board age diversity has a positive impact on firm value.

**Board Gender Diversity**

The percentage of women compared to men is known as gender diversity (Nuraeni et al., 2025). From an agency theory perspective, the presence of women on the board can strengthen oversight functions and improve the quality of decision-making, as women tend to be more cautious, avoid excessive risk, and give greater consideration to ethical and sustainability issues (Razali et al., 2023). Gender diversity can strengthen oversight functions over management, thereby reducing agency conflicts and raising the standard of decision-making, which contributes positively to the company's value. However, gender diversity can also lead to differences in decision-making approaches between male and female board members, which may hinder the effectiveness of corporate coordination and decision-making (Khunkaew et al., 2023)

A number of studies indicate that gender diversity has a positive impact on firm value because it enhances oversight effectiveness and transparency and strengthens investor confidence in the firm (Vetchagool, 202; Awad et al., 2023; Razali et al., 2023). However, other studies have found that gender diversity has not yet been able to significantly influence corporate value (Khunkaew et al., 2023; Grishunin et al., 2024). These differing results are believed to be influenced by organizational culture, the level of women's participation in decision-making processes, and market conditions in each country. As a defensive sector, the non-cyclical consumer sector requires effective corporate governance to maintain performance stability and investor confidence amid post-pandemic economic uncertainty. Therefore, it is necessary to re-examine the impact of gender diversity on firm value in this sector in Indonesia.

**H3**: Board gender diversity has a positive impact on firm value.

**Earnings Quality**

Earnings quality refers to the quality of a company's financial information contained in publicly accessible financial statements (Magdalena & Trisnawati, 2022). From the perspective of agency theory, high-quality earnings in financial statements provide principals with crucial information for assessing a company's prospects and performance, reflecting its actual financial condition (Tita & Pohan, 2022). Earnings quality is a crucial piece of financial information for owners in reducing information asymmetry and evaluating management performance, thereby helping to minimize agency conflicts. On the other hand, high-quality earnings do not necessarily increase a company's value if investors doubt the sustainability of those earnings or focus more on short-term performance than on the quality of the company's financial information (Intara et al., 2024)

A number of studies indicate that earnings quality has a positive effect on firm value; specifically, the higher the earnings quality, the greater investors' confidence in financial statements, thereby reducing the cost of capital and driving increases in stock prices and firm value (Leite et al., 2025; Intara et al., 2024; Alsmady, 2022; Saleh et al., 2020). In contrast, other studies have found that earnings quality does not always increase firm value, particularly when investors are more focused on actual cash flows (Intara et al., 2024). These differing results suggest that investors' responses to earnings quality may be influenced by

economic conditions, market characteristics, and the proxies used to measure earnings quality in the research. The quality of financial information is becoming increasingly important for maintaining investor confidence in corporate stability, particularly in defensive sectors. Therefore, it is necessary to re-examine the impact of earnings quality on firm value in the consumer non-cyclicals sector in Indonesia.
**H4**: Earnings quality has a positive impact on firm value.

**Firm Age**

A firm age reflects the continuity of its operations. According to signaling theory, a company's age can serve as an important indicator of its stability, experience, and ability to sustain its business over the long term, thereby boosting investor confidence in the company (Stevani & Wendy, 2024). A firm's age gives investors a positive signal because longer-established companies are perceived as more stable and responsible, thereby potentially increasing firm value. (Murti et al., 2024). However, Kurniawan & Fitriasari (2025) found that longer-established companies tend to be less innovative, which affects firm value creation.
**H5**: Firm age has a positive impact on firm value.

**Net Profit Margin**

Net Profit Margin (NPM) measures how efficiently a company converts sales into net profit. From a signaling theory perspective, a high NPM indicates that a company is able to generate adequate profits at a given sales level, thereby reflecting strong financial performance and positive prospects for the company (Anton et al., 2023). It provides a positive signal to investors, as a higher NPM reflects stronger profit-generating performance and may enhance firm value. Almubarak et al. (2025) state that a high net profit margin is interpreted by the market as good news that will drive an increase in firm value. However, Tahawa & Wijaya (2025) state that NPM has no effect on firm value.
**H6**: Net Profit Margin has a positive impact on firm value.

**Board Size**

Board size denotes the total number of individuals serving on a company's board of directors. From an agency theory perspective, a larger board can bring a variety of perspectives, expertise, and resources that can improve the quality of decision-making and the effectiveness of corporate oversight (Arsh et al., 2025). A larger board size can enhance oversight, thereby reducing agency conflicts between principals and agents, which is expected to contribute positively to firm value (Kyere & Ausloos, 2021). Sarker & Hossain (2024) note that a larger board size allows for more optimal oversight of managers, thereby protecting shareholders' interests. This can reduce agency costs and drive an increase in firm value. However, Utami et al. (2026) state that board size does not affect firm value.
**H7**: Board size has a positive effect on firm value.

**Independent Commissioners**

Independent commissioners are board members who have no employment relationship, family ties, or majority shareholding, and who have no significant

personal interests in the company (Dwiarti et al., 2022). According to agency theory, independent commissioners are appointed to enhance the effectiveness of oversight and limit management's influence, thereby reducing agency conflicts (Firdaus et al., 2026). This will boost investor confidence, which will have a positive impact on the company's value. Dwiarti et al. (2022) found that independent commissioners can enhance the standard of supervision, reduce management fraud, and increase investor confidence, thereby increasing firm value. However, Asyik et al. (2024) found that independent commissioners do not affect firm value.

**H8**: Independent commissioners have a positive effect on firm value.

## RESEARCH METHOD

### Population and Sample

This study tests the causal relationship or influence between independent and dependent variables using quantitative research techniques and a causal-associative approach (Sugiyono, 2023, p. 66). The 132 non-cyclical consumer sector companies that were listed on the Indonesia Stock Exchange (IDX) between 2022 and 2024 make up the study's population. The non-cyclical consumer sector faces challenges related to environmental responsibility that could lead to a decline in corporate value, as it is one of the largest contributors to greenhouse gas emissions and plastic waste, as outlined in the background section. In addition, this defensive sector also requires board diversity to enhance the effectiveness of oversight and the quality of decision-making, as well as strong earnings to maintain investor confidence in the stability of the company's performance.

This study applies a non-probability sampling technique, in which each population unit does not have an equal chance of being selected as a sample. Purposive sampling was used as the sampling technique, resulting in 25 sample companies with a total of 75 study data points over three years (2022–2024), based on the following criteria.

**Table 1. Sample Selection Criteria**

| No | Criteria | Total | |
|---|---|---|---|
| | Population | | 132 |
| 1 | Non-cyclical consumer sector companies listed on the IDX until 2022-2024 | (20) | 112 |
| 2 | Non-cyclical consumer sector companies routinely publish financial reports and publish sustainability reports. | (10) | 102 |
| 3 | Non-consumer sector companies use the 2021 GRI standards | (68) | 34 |
| 4 | Companies in the non-cyclical consumer sector did not experience losses during the period. | (8) | 26 |
| | Sample | | 26 |
| | Total research data (26 x 3) | | 78 |
| | Outlier company data | (3) | |
| | Total research data | | 75 |

**Data Collection Technique**

Secondary data was employed in this investigation. The information is made up of panel data, which combines cross-sectional and time-series data (Sugiyono, 2023, p. 9). Financial statements, annual reports, and sustainability reports from the official websites of the Indonesia Stock Exchange and the corresponding companies for the years 2022–2024 were among the data sources used. This study employed a documentary research method, collecting data from annual financial reports and sustainability reports. The data were then selected based on the sampling criteria and analyzed using the specified methods.

**Variable Measurement**

**Firm Value**

Firm value represents a long-term objective pursued by businesses, as it indicates the price investors are prepared to offer for a company (Ellin & Wati, 2023). In this study, firm value was measured using the Tobin's Q ratio, as cited from Khunkaew et al. (2023). Strong market confidence in the business is indicated by a high Tobin's Q, which could signify a rise in firm value.

$$Tobins'Q = \frac{(Market\ Value\ of\ Outstanding\ Share + Total\ Debt)}{Total\ Asset} \quad \text{.....(1)}$$

**Environmental Performance**

The independent variable of environmental performance in this study was measured based on the Global Reporting Initiative (GRI) Series 300 standards, which cover environmental aspects. This measurement method was used in the study by Putri & Hikmah (2021) and was subsequently adapted to the latest Global Reporting Initiative (GRI) standards, namely GRI 2021.

$$EP = \frac{Disclosed\ environmental\ indicator\ scores}{\text{Number of GRI 2021 Series 300 indicators}} \quad \text{.....(2)}$$

**Board Age Diversity**

A proxy ratio of the total age of all board members divided by the total number of board members is used to calculate the age diversity of the board. (Razali et al., 2023). This ratio reflects the average age of the board to assess how diverse the ages of the directors are in corporate decision-making.

$$BAD = \frac{\sum Age\ of\ board\ members}{\text{Total board members}} \quad \text{.....(3)}$$

**Board Gender Diversity**

Board gender diversity is measured using a proxy ratio of the number of female directors to the total number of board members (Razali et al., 2023). This ratio reflects the proportion of women's representation within a company's board structure. The higher the ratio, the more diverse the board's gender composition, indicating a balance of roles between male and female directors in strategic decision-making.

$$BGD = \frac{Number\ of\ female\ directors}{\text{Total board members}} \quad \text{.....(4)}$$

**Earnings Quality**

The earnings quality in this study was assessed using the accruals component (Intara et al., 2024). The accruals component reflects the level of accrual, this shows how well a business can turn its profits into cash flow. This indicator was chosen because earnings dominated by the accruals component tend to have a high degree of subjectivity and may reflect earnings management practices, resulting in low earnings quality. The following formula is used to calculate the accruals component.

$$AC = \frac{(\Delta CA - \Delta CASH) - (\Delta CL - \Delta STD - \Delta TP) - DEP}{Average\ Total\ Assets} \quad \text{..... (5)}$$

The accrual component is calculated as the change in current assets (ΔCA) minus the change in cash and cash equivalents (ΔCASH), then subtracting the net change in current liabilities, which is the change in current liabilities (ΔCL) minus the change in the current portion of long-term debt (ΔSTD) and the change in tax liabilities (ΔTP), followed by subtracting depreciation and amortization expense (DEP), and finally dividing the result by average total assets.

**Firm Age, Net Profit Margin, Board Size, and Independent Commissioner**

This study also employs several control variables to enhance the accuracy of the relationship between independent variables on variable dependen, based on prior research. The variables used include firm age, net profit margin, board size, and independent commissioner (Awad et al., 2023; Vetchagool, 2025; Intara et al. 2024 dan Razali et al., 2023). Firm Age is measured by subtracting the company's establishment year from the year of the study. Net Profit Margin is calculated by dividing net profit by total sales. Board Size is determined by the total number of board members in a company. Meanwhile, Independent Commissioner is measured as the proportion of independent commissioners to the total board of commissioners.

**Data Analysis Techniques**

Panel data regression analysis was employed in this study using EViews 13 software. Descriptive statistical analysis was conducted as an initial step before proceeding to the panel data regression procedure. Panel data regression was performed using the Chow test, the Hausman test, and the Lagrange Multiplier test to identify the best research model among the CEM (Common Effect Model), FEM (Fixed Effect Model), and REM (Random Effect Model). The research hypotheses will then be tested using classical assumption tests, including normality, multicollinearity, autocorrelation, and heteroscedasticity, as well as hypothesis testing using partial tests and the coefficient of determination to support the proposed hypotheses. The equation for the panel data regression is as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \beta_7 X_{7it} + \beta_8 X_{8it} + \varepsilon_{it} \quad \text{..... (6)}$$

Regression estimation aims to predict the intercept (α) and coefficients (β), which may vary across entities and time periods, especially in panel data.

## RESULTS AND DISCUSSION

## RESULT

### Descriptive Statistic Analysis

Descriptive statistics are used to evaluate data by presenting the collected data without drawing conclusions. Descriptive statistical analysis's goal is to ascertain each study variable's mean, minimum, and maximum values.

**Table 2. Descriptive Statistics Results**

| Variable | Obs | Mean | Min | Max |
|---|---|---|---|---|
| Firm Value (Y) | 75 | 1.826991 | 0.152777 | 10.57019 |
| Environmental Performance ($X_1$) | 75 | 0.598710 | 0,096774 | 1 |
| Board Age Diversity ($X_2$) | 75 | 54.80053 | 44.5 | 65.5 |
| Board Gender Diversity ($X_3$) | 75 | 0.130112 | 0.000000 | 0.55 |
| Earnings Quality ($X_4$) | 75 | 0.007611 | -1.729405 | 0.925475 |
| Firm Age ($X_5$) | 75 | 43.76 | 13 | 113 |
| Net Profit Margin ($X_6$) | 75 | 8.642933 | 0.24 | 25.92 |
| Board Size ($X_7$) | 75 | 5.613333 | 2 | 12 |
| Independent Commissioner ($X_8$) | 75 | 0.441639 | 0.3333 | 0.8333 |

Source: Data Processed, 2026

Based on Table 1, all variables in this study have a total of 75 observations. The Firm Value variable (Y) has a mean of 1.826991, with a minimum value of 0.152777 and a maximum of 10.57019, indicating a fairly high variation in firm value. The environmental performance variable ($X_1$) has a mean of 0.598710 with a range of values between 0.096774 and 1, reflecting environmental performance that tends to be at a medium to high level. Board age diversity ($X_2$) has a mean of 54.80053 with a minimum value of 44.5 and a maximum of 65.5, while board gender diversity ($X_3$) shows a mean of 0.130112 with a minimum value of 0 and a maximum of 0.55, indicating that gender diversity remains relatively low. The earnings quality variable ($X_4$) has a mean of 0.007611 with a range of values from -1.729405 to 0.925475, indicating significant fluctuations.

Next, firm age ($X_5$) has a mean of 43.76, with a minimum value of 13 and a maximum of 113, reflecting a range of firm ages from relatively young to mature. The net profit margin variable ($X_6$) has a mean of 8.642933 with a range of 0.24 to 25.92, while Board Size ($X_7$) has a mean of 5.613333 with a minimum value of 2 and a maximum of 12. Finally, independent commissioner ($X_8$) has a mean of 0.441639 with a minimum value of 0.3333 and a maximum of 0.8333, indicating that the proportion of independent commissioners in a company tends to be close to half of the total board.

### Selection of Panel Data Estimation Models

### Chow Test

The Chow test is used to determine whether a Fixed Effects (FE) model or a Common Effects (CE) model is more appropriate for estimating panel data (Kusumaningtyas et al., 2022, p. 21). The following are the results of the Chow test.

**Table 3. Chow Test**

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| *Cross-section F* | 10.338638 | (24,2) | 0,0000 |

Source: Data Processed, 2026

The results of the chow test indicate that the cross-sectional F-value is 0.0000 (< 0.05). These results suggest that a further test—specifically the Hausman test—is needed to determine the best model between the Fixed Effects Model (FEM) and the Random Effects Model (REM).

**Hausman Test**

The Hausman Test is required to select and evaluate which model—the Fixed Effects Model (FEM) or the Random Effects Model (REM)—is most appropriate for use (Kusumaningtyas et al., 2022, p. 21). The following are the results of the Hausman Test.

**Table 4. Hausman Test**

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| *Cross-section random* | 11.321511 | 8 | 0.1841 |

Source: Data Processed, 2026

The Hausman test result shows a probability value of 0.1841 (> 0.05), indicating that the Random Effects Model is preferred, and further testing using the Lagrange Multiplier test is required to choose between Random Effects Model (REM) and the Common Effects Model (CEM).

**Lagrange Multiplier Test**

To ascertain which model—the Random Effects Model (REM) or the Common Effects Model (CEM)—is best suited for this investigation, the Lagrange Multiplier Test is utilized. The following are the results of the Lagrange Multiplier Test.

**Table 5. Lagrange Multiplier Test**

| | Test Hypothesis | | |
|---|---|---|---|
| | Cross-section | Time | Both |
| Breusch-Pagan | 29.36006 | 0.167971 | 29.52803 |
| | (0,0000) | (0.6819) | (0,0000) |

Source: Data Processed, 2026

The Breusch-Pagan probability value is 0.0000, or less than 0.05, according to the Lagrange Multiplier Test results. The Random Effects Model (REM) is the best model for this investigation, according to this score.

## Classical Assumption Test

### Normality Test

The normality test assesses whether data are normally distributed. In EViews, this can be done using the Jarque-Bera test, which evaluates skewness and kurtosis (Kusumaningtyas et al., 2022, p. 87). The following are the results of the normality test that has been conducted.

**Table 6. Normality Test**

| Jarque-Bera | *Probability* |
|---|---|
| 5.587970 | 0.061177 |

Source: Data Processed, 2026

The Jarque-Bera probability value, according to the table, is 0.061177. The data in this study can be regarded as regularly distributed since the Jarque-Bera value is greater than 0.05.

### Multicollinearity Test

Multicollinearity refers to a high correlation among independent variables. It is indicated when the correlation coefficient exceeds 0.80 (Kusumaningtyas et al., 2022, p. 98). The following are the results of the multicollinearity test that have been analyzed.

**Table 7. Multicolinearitas Test**

| | $X_1$ | $X_2$ | $X_3$ | $X_4$ | $X_5$ | $X_6$ | $X_7$ | $X_8$ |
|---|---|---|---|---|---|---|---|---|
| $X_1$ | 1.000 | -0.175 | 0.045 | 0.034 | 0.061 | -0.126 | 0.007 | -0.132 |
| $X_2$ | -0.175 | 1.000 | -0.188 | -0.219 | -0.113 | 0.135 | 0.306 | 0.070 |
| $X_3$ | 0.045 | -0.188 | 1.000 | 0.025 | 0.278 | -0.063 | 0.257 | 0.135 |
| $X_4$ | 0.034 | -0.219 | 0.025 | 1.000 | -0.141 | -0.215 | -0.094 | -0.178 |
| $X_5$ | 0.061 | -0.113 | 0.278 | -0.141 | 1.000 | 0.030 | -0.067 | 0.212 |
| $X_6$ | -0.126 | 0.135 | -0.063 | -0.215 | 0.030 | 1.000 | 0.184 | -0.036 |
| $X_7$ | 0.007 | 0.306 | 0.257 | -0.094 | -0.067 | 0.184 | 1.000 | 0.285 |
| $X_8$ | -0.132 | 0.070 | 0.135 | -0.178 | 0.212 | -0.036 | 0.285 | 1.000 |

Source: Data Processed, 2026

Based on the table of multicollinearity test results, the correlation coefficients for each independent variable and control variable are less than 0.80. This indicates that none of the independent variables or control variables exhibit multicollinearity.

### Heteroscedasticity Test

A heteroscedasticity test examines whether the residuals have constant variance. A model is considered free from heteroscedasticity if the residual variance is constant. One common method is the Glejser test, where a p-value greater than

0.05 indicates no heteroscedasticity (Kusumaningtyas et al., 2022, p. 26). The following are the results of the heteroscedasticity test.

**Table 8. Heteroskedasticity Test**

| **Heteroskedasticity Test: Glejser** | |
|---|---|
| Prob. F (8,66) | 0.7375 |
| Prob. Chi-Square (8) | 0.7102 |
| Prob. Chi-Square (8) | 0.8723 |

Source: Data Processed, 2026

Based on the heteroscedasticity test results, all independent and control variables have probability values greater than 0.05, indicating that the model is free from heteroscedasticity.

**Autocorrelation Test**

One method for conducting an autocorrelation test is the Durbin-Watson test (Kusumaningtyas et al., 2022, p. 92). In the Durbin-Watson test, the Durbin-Watson (DW) value is compared to the Durbin-Watson table values, namely the Durbin Upper (dU) and Durbin Lower (dL).

**Table 9. Autocorelation Test**

| **Statistic** | **Value** |
|---|---|
| Durbin-Watson | 2.120555 |

Source: Data Processed, 2026

The results of the autocorrelation test using the Random Effects Model (REM) show that the Durbin-Watson statistic is 2.120555. The number of predictors or independent variables, including control variables, used in this study is 8 (k=8), and the number of observations is 75 (n=75). These results indicate that the Durbin-Watson value meets the criteria (4-d) > dU < d, since the value is greater than dU (1.8667) and (4-d) > dU; therefore, it can be concluded that this research model is free from autocorrelation.

**Panel Data Regression Analysis**

Based on the results of testing the panel data model using the Chow test, the Hausman test, and the Lagrange multiplier test, the Random Effects Model (REM) was selected as the best model for use in this study. The following presents the regression results using the Random Effects Model (REM).

**Table 10. Panel Data Regression Analysis**

| Variable | Coefficient | Std. Error | t-Statistics | Prob. | $R^2$ |
|---|---|---|---|---|---|
| C | 0.778324 | 0.455317 | 1.70941 | 0.0921 | 0.485673 |
| $X_1$ | 0.025012 | 0.054626 | 0.457881 | 0.6485 | |
| $X_2$ | -0.018801 | 0.007711 | -2.438361 | 0.0175 | |
| $X_3$ | 0.086634 | 0.204635 | 0.423359 | 0.6734 | |
| $X_4$ | 0.476996 | 0.061979 | 7.696088 | 0.0000 | |
| $X_5$ | 0.003909 | 0.001679 | 2.327771 | 0.023 | |
| $X_6$ | 0.060179 | 0.020771 | 2.897194 | 0.0051 | |
| $X_7$ | 0.027445 | 0.013436 | 2.042638 | 0.0451 | |
| $X_8$ | 0.041496 | 0.110221 | 0.376483 | 0.7078 | |

Source: Data Processed, 2026

The following is the panel data regression equation using the Random Effects Model (REM) in this study.

$$Y_{it} = 0.778324 + 0.025012\,X_1 + -0.018801\,X_2 + 0.086634\,X_3 + 0.476996\,X_4 + 0.003909\,X_5 + 0.060179\,X_6 + 0.027445\,X_7 + 0.041496\,X_8 + \varepsilon_{it} \quad (6)$$

Based on the regression model equation, the constant term is found to be 0.778324. This indicates that the dependent variable—firm value—is expected to increase by the constant term (0.778324) when all independent variables are held constant or set to zero. Environmental performance ($X_1$) has a coefficient of 0.025012, indicating that a one-unit increase in environmental performance ($X_1$) is associated with a 0.025012 increase in firm value (Y), assuming all other variables remain constant. Board age diversity ($X_2$) has a coefficient of -0.018801, meaning that a one-unit increase in board age diversity ($X_2$) will decrease the firm's value (Y) by 0.018801. Board gender diversity ($X_3$), with a coefficient of 0.086634, indicates that a one-unit increase in board gender diversity ($X_3$) will increase firm value (Y) by 0.086634. Furthermore, earnings quality ($X_4$) has a coefficient of 0.476996, so that a one-unit increase in earnings quality ($X_4$) will increase the firm's value (Y) by 0.476996.

Firm age ($X_5$) of 0.003909, net profit margin ($X_6$) of 0.060179, and board size ($X_7$) of 0.027445 also indicate that a one-unit increase in each of these variables will be followed by an increase in firm value (Y) equal to the value of the coefficient. Meanwhile, independent commissioner ($X_8$) has a coefficient of 0.041496, meaning that a one-unit increase in independent commissioner ($X_8$) will increase firm value (Y) by 0.041496.

**Hypothesis Testing**

**Partial Test (T-Statistics)**

A probability greater than 0.05 indicates that the independent variable does not have a significant effect on the dependent variable, so the null hypothesis is rejected. Conversely, if the probability is less than or equal to 0.05, then the independent variable has a significant effect, and the alternative hypothesis is accepted. The following presents the results of the partial test conducted using the

REM model. Based on the results of the partial tests conducted, environmental performance ($X_1$) has a t-statistic value of 0.457881 with a probability of 0.6485. This probability value indicates that environmental performance ($X_1$) does not have a significant effect on Y because it is greater than 0.05; therefore, H1 is rejected. Board age diversity ($X_2$) has a t-statistic of -2.438361 with a probability of 0.0175. This value indicates that board age diversity ($X_2$) has a significant effect on Y because the probability is less than 0.05; however, the t-statistic is negative, which contradicts the research hypothesis, so $H_2$ is rejected. Board gender diversity ($X_3$) has a t-statistic of 0.423359 with a probability of 0.6734, which means it is not significant because the probability value is greater than 0.05; therefore, $H_3$ is rejected. Meanwhile, earnings quality ($X_4$) has a t-statistic of 7.696088 with a probability of 0.0000, indicating that this variable has a significant effect on Y because the probability is less than 0.05; therefore, H4 is accepted.

The control variables show that firm age ($X_5$) has a t-statistic of 2.327771 with a probability of 0.023, net profit margin ($X_6$) has a t-statistic of 2.897194 with a probability of 0.0051, and board size ($X_7$) of 2.042638 with a probability of 0.0451, indicating significant results since the probability values are below 0.05. This indicates that H5, H6, and H7 are accepted. Meanwhile, the independent commissioner ($X_8$) has a t-statistic value of 0.376483 with a probability of 0.7078, so it is not significant because it is greater than 0.05 and H8 is rejected.

**Coefficient of Determination (R2)**

Based on panel data regression analysis using the Random Effects Model (REM), the coefficient of determination ($R^2$) was found to be 0.485673. This figure indicates that 48.57% of the variation in the dependent variable firm value (Y) can be explained by all the independent variables included in the model. Meanwhile, the remaining 51.43% is influenced by other factors not included in this research model.

## DISCUSSION

### Environmental Performance and Firm Value

The environmental performance variable's hypothesis test results show that a company's market value is unaffected by its environmental performance. This implies that investors typically concentrate more on financial metrics or other sustainability indicators. Thus, environmental performance is not yet fully regarded as a key factor or priority in investment decisions.

These findings contradict signaling theory, which holds that internal parties transmit signals to others because of information asymmetry between internal and externally stakeholders; one such signal is a company's disclosure of good environmental performance as a positive signal to investors (Hardiningsih et al., 2024). However, the results of this study indicate that environmental performance has not yet been able to increase a company's value. This situation is likely due to the fact that the benefits of environmental investments tend to be realized in the long term and therefore have not yet become a primary consideration for investors (Aydoğmuş et al., 2022). These findings suggest that the validity of signaling theory

in the Indonesian capital market remains stronger for financial information than for non-financial information such as environmental performance.

In addition, the findings of this study also indicate that environmental disclosures by companies in the non-cyclical consumer sector may not yet be substantial enough to elicit a positive response from investors. Although some companies have published sustainability reports, the environmental information disclosed tends to be general in nature and has not yet demonstrated a tangible impact on corporate performance. This situation may create the perception that environmental activities are undertaken merely as a form of compliance or corporate image-building (greenwashing), leading investors to not yet consider environmental performance as a primary factor in evaluating companies. The results of this study are consistent with those of Aydoğmuş et al. (2022) and Dewi (2025), who found that environmental performance does not affect firm value. Conversely, the findings of this study are inconsistent with research carried out by Abdi et al. (2022); Hardiningsih et al. (2024); and Dohrmann et al. (2025) which assert that good environmental performance in a company is accompanied by high corporate value.

**Board Age Diversity and Firm Value**

The hypothesis test results show that board age diversity is associated with a negative effect on firm value. This is caused by to potential conflicts, differences in mindset, and barriers to communication and coordination resulting from a significant age gap. Older directors tend to be conservative, while younger ones are more innovative and willing to take risks, thereby hindering strategic decision-making and negatively impacting firm performance and value.

Agency theory states that the party that owns a company or the principal appoints another party (the agent) to manage the company and generate profits for the principal(Jensen & Meckling, 1976). As one of the efforts to reduce agency conflicts, the implementation of board diversity can help companies gain more skills from various board members, which ultimately enhances the firm's capacity to compete with its rivals. The discrepancy between the research findings and agency theory suggests that board diversity, as viewed through the lens of agency theory, does not always lead to more effective oversight. In the context of non-cyclical consumer companies in Indonesia, age diversity can actually increase the complexity of coordination and communication among board members, thereby preventing the benefits of diversity from being fully realized. Consequently, the effectiveness of board age diversity in reducing agency conflicts is significantly influenced by the company's ability to manage differences in characteristics among board members.

The research findings also show that the average age of board members at non-cyclical consumer companies falls within the mature to senior age category. This suggests that the board structure at non-cyclical consumer companies in Indonesia remains dominated by relatively experienced board members who tend to be more conservative in their decision-making. Although the age differences among board members are not particularly extreme, variations in experience, risk preferences, and communication styles still have the potential to create coordination

imbalances and slow down the strategic decision-making process, thereby negatively impacting corporate value. The findings of this study are consistent with those of Hu et al. (2025) who state that age differences can reduce firm value because significant age gaps tend to result in differing perspectives, values, and communication styles. These differences do not serve as strengths but can lead to personal conflicts and difficulties in coordination. In contrast, Vetchagool (2025) identified a positive association between board age diversity and firm value.

**Board Gender Diversity and Firm Value**

The gender diversity of a company's board does not impact its firm value, according to the results of the hypothesis test on the variable. The lack of this effect implies that the presence of women on the board of directors hasn't yet had an impact on the market value of the company. This may indicate that the gender composition of the board has not yet become a primary factor considered by investors in evaluating a company's performance and therefore does not impact the company's market value.

These findings are inconsistent with agency theory, which posits that gender diversity on boards can enhance oversight effectiveness and reduce agency conflicts through more diverse perspectives and increased management accountability (Kabara et al., 2022). However, the results of this study indicate that gender diversity has not yet proven to be an effective governance mechanism for enhancing firm value. This situation is likely due to the still-limited proportion of women on boards, meaning their influence in strategic decision-making processes remains insignificant. These findings suggest that gender diversity in non-cyclical consumer companies in Indonesia has not yet become a sufficiently strong governance signal for investors.

The research findings also indicate that the proportion of women on the boards of non-cyclical consumer companies in Indonesia remains relatively low; in fact, some companies do not yet have any female board members. This situation suggests that women's involvement in strategic decision-making and corporate oversight functions is not yet optimal, meaning that gender diversity has not yet been able to have a significant impact on corporate value. The results of this study align with those reported by Khunkaew et al. (2023) and Grishunin et al. (2024), who state that investors tend to consider many other factors simultaneously, such as the quality of corporate governance implementation, the personal qualities of directors, the quality of strategic management, and only then gender diversity. In contrast, Vetchagool (2025), Awad et al. (2023), and Razali et al. (2023) indicate that gender diversity may positively influence firm value.

**Earnings Quality and Firm Value**

The hypothesis testing results indicate that higher earnings quality contributes positively to firm value. As earnings quality improves, investor demand for the company's shares tends to rise, leading to an increase in stock prices and ultimately affecting firm value. The primary issue in agency theory is the conflict of interest arising from information asymmetry between shareholders and management (Jensen & Meckling, 1976). The crucial information that principals

(owners or shareholders) often use as a reference to assess a company's prospects, both currently and in the future, is the profit reported in the financial statements. Through high-quality earnings, a company's true financial condition can be clearly illustrated. Agency theory is consistent with the results of this study, which show that the implementation of earnings quality affects firm value.

In the non-cyclical consumer sector, which tends to maintain stable performance amid economic uncertainty, earnings quality is a key consideration for investors in assessing a company's ability to sustain its business. Therefore, companies with strong earnings quality tend to receive a positive market response. The findings of this study are in line with those reported by Intara et al. (2024), who state that earnings quality, as measured by accrual components, can influence firm value. High-quality earnings reflect a company's actual performance and are reliable for investors, as they stem from core business activities and are closely linked to future cash flows. This provides a more accurate picture of the company's condition while reducing the cost of capital. Credible earnings information also reduces uncertainty and information risk for investors, thereby encouraging stock purchases, increasing stock prices, and ultimately having a positive impact on the firm's value. These results are further supported by Alsmady (2022) and Leite et al. (2025) who similarly state that earnings quality can influence firm value. Contrary to these findings, Intara et al. (2024) found in their other research that earnings quality and total accruals do not affect firm value.

**Firm Age and Firm value**

Firm age has an impact on firm value, according to the hypothesis testing results. These findings are consistent with signaling theory, which suggests that companies must convey positive signals to generate favorable responses from investors (Spence, 1973). Older firms generally possess greater experience, stability, and a better reputation, thereby strengthening investor confidence and indicating a favorable future outlook for the firm. These results are also in line with those reported by Murti et al. (2024) who noted that the older a company is, the more it will strive to convince investors that it is trustworthy. These favorable signals enhance investor confidence, which in turn contributes to higher firm value. In contrast to these findings, Kurniawan & Fitriasari (2025) found that long-established companies tend to be less innovative and focus on asset management, and thus do not contribute to the creation of firm value.

**Net Profit Margin and Firm value**

The hypothesis testing results show that variations in net profit margin contribute to changes in firm value. The greater a company's capacity to generate net profit from its sales, the higher its value is likely to be. These findings are consistent with signaling theory, which suggests that firms must convey favorable signals to encourage positive reactions from investors (Spence, 1973). Businesses with high NPM are thought to be more effective and have strong financial results, which boosts investor confidence and sends encouraging indications about the company's prospects going forward. These results are consistent with those of Almubarak et al. (2025) who state that a high net profit margin is interpreted by the

market as good news. The market's positive response to this good news will drive an increase in firm value. These results are inconsistent with the findings of Tahawa & Wijaya (2025) who argue that NPM does not influence firm value, as investors tend to prioritize other factors such as growth and cash flow rather than relying only on net income.

**Board Size and Firm value**

The hypothesis testing results show that board size influences firm value, indicating that a larger board provides greater opportunities to enhance firm value, as each member contributes diverse expertise. This finding is supported agency theory by Jensen & Meckling (1976), which reflects the emphasis on strong corporate governance implementation to ensure effective oversight in preventing conflicts of interest. These findings are consistent with prior studies by Sarker & Hossain (2024) who state that a larger board can supervise managers more effectively, thereby better protecting the interests of owners. Effective oversight reduces agency costs and leads to an increase in firm value. In contrast to these findings, Utami et al. (2026) state that the effectiveness of a board of directors in overseeing management is determined more by the quality of oversight than by the number of its members.

**Independent Commissioner and Firm value**

The hypothesis testing results show that independent commissioner do not influence firm value. This suggests that the existence of independent commissioner in a company does not exert a strong influence on corporate governance that could affect the creation of firm value. This is inconsistent with Jensen & Meckling (1976) which emphasizes the application of good corporate governance to ensure effective oversight in preventing conflicts of interest. This may be because the presence of independent commissioners has not yet been able to effectively perform their oversight function in enhancing firm value. The role of independent commissioners may be treated merely as a formality to comply with regulations, thus failing to contribute to corporate decision-making. This leads investors to disregard the proportion of independent commissioners when evaluating a firm. These findings align with the results presented by Asyik et al. (2024) who also found that independent commissioners do not influence firm value. In contrast to these findings, Dwiarti et al. (2022) found that independent commissioner can optimize the quality of oversight, reduce management fraud, and boost investor confidence, thereby increasing firm value.

## CONCLUSION

Regarding non-cyclical consumer sector companies listed on the Indonesia Stock Exchange from 2022 to 2024, the research findings indicate that environmental performance does not affect firm value because the benefits of environmental investments tend to be realized in the long term and thus have not yet become a primary consideration for investors. These findings suggest that the applicability of signaling theory in the Indonesian capital market remains stronger for financial information than for non-financial information such as environmental

performance. Board age diversity has a negative effect on firm value because excessive age differences have the potential to cause conflict, communication barriers, and ineffective coordination in decision-making. Meanwhile, board gender diversity does not affect firm value because women's involvement on boards remains relatively limited, so it has not yet been able to serve as an effective governance mechanism or a positive signal for investors. Conversely, earnings quality has a positive effect on firm value because high-quality earnings reflect the company's true condition and can reduce information asymmetry between management and investors. These results indicate that investors in the non-cyclical consumer sector in Indonesia tend to prioritize financial aspects over non-financial aspects such as environmental performance and board diversity when evaluating companies.

This study has a limitation, particularly regarding the explanatory power of the research variables, as reflected in the adjusted R-squared value of 48.57%. This indicates that environmental performance, board diversity, and earnings quality explain 48.57% of the variation in firm value, implying that other factors, such as macroeconomic conditions, industry characteristics, and additional corporate governance mechanisms, may also play a significant role in determining firm value.

## RECOMMENDATIONS

Based on the conclusions and limitations outlined above, future research is recommended to examine different sectors and include other variables potentially influencing firm value, such as carbon emissions disclosure, green investment, green accounting, broader corporate governance, and other financial and performance indicators. Furthermore, future research is expected to utilize a wider range of alternative measurement methods to improve the accuracy of the results. Board diversity can be measured using the Blau Index to capture heterogeneity more comprehensively, while environmental performance can be measured using other proxies sourced from international databases such as Refinitiv or Bloomberg, which provide more comprehensive information. In addition, regulators can strengthen disclosure standards regarding earnings quality and sustainability reporting so that the information provided by companies is more relevant and can boost investor confidence. Companies also need to focus on the effectiveness of communication and coordination among board members to minimize internal conflicts that could increase agency costs and reduce corporate value.

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