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Does Board Diversity Affect Company Value?

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Abstract
Diversity in a board of directors has a strong relationship, so it provides higher-level management with a better monitoring system. This research aims to provide empirical proof about the influence of the diversity of the board of commissioners (BOC) and board of directors (BOD) on company value. Diversity is measured with age, educational background, and nationality. This quantitative research used data drawn from the annual reports of manufacturing companies listed on the Indonesian Stock Exchange (IDX). Panel-data regression was used to test whether the diversity of BOC and BOD significantly influenced company value. This research collected and analyzed data for 62 manufacturing companies for the 2015–2019 period, providing a total of 320 observations. Company size and leverage were applied as control variables, and the results show that age, educational background, and nationality of BOC and BOD have a significant influence on company value. Sensitivity analysis supports these results. This study benefits many parties such as BOD in monitoring the company's operations, financial analysts, and investors in an investment decision.

Keywords: Age; Educational Level; Nationality; Company Value

1. INTRODUCTION

This research was conducted because the target of good corporate governance (GCG) being pursued in Indonesia has not yet been met. Otoritas Jasa Kuangan (OJK) encourages Indonesian companies to implement good corporate governance (GCG). This is because the implementation of GCG in Indonesia is lagging behind other countries in the ASEAN region. In the 2015 ASEAN Corporate Governance Awards organized by the ASEAN Capital Markets Forum (ACMF) in Manila, Philippines, only two Indonesian issuers were included in the list of 50 best issuers in ASEAN GCG. The two issuers are PT Bank Danamon Tbk and PT Bank CIMB Niaga Tbk. OJK said that one of the causes of poor corporate governance is the lack of exemplary GCG implementation, which reduces transparency and public accountability, which will reduce investor interest (Otoritas Jasa Keuangan., 2017). As a result, investors are not interested in investing in the company, which impacts the company's status as a going concern. To avoid similar problems, the board of commissioners and the board of directors of a company need to work together to achieve GCG. Companies that successfully implement GCG improve corporate value because GCG is a principle that directs and controls the company to balance authority and responsibility in providing accountability to shareholders in particular and stakeholders (Syafitri et al., 2018). This good governance becomes an integral part of a company's value as a condition that the company has achieved to gain public trust.

Company value can be measured by the value of the market share price based on the formation of stock prices in the market, reflecting the public's assessment of actual company performance (Syafitri et al., 2018; Rima, Waharini, and Purwantini 2020)). The idea that the diversity of boards of commissioners and directors affects company value can be traced to the theory of dependence on resources. This theory explains company value from the point of view of the relationship between board diversity and firm value (Wijaya and Suprasto, 2015; Kawedar 2020) and explains that the boards of commissioners and directors are parts of the company and its environment. The two boards have an obligation to help companies to avoid uncertainty in their business environments. Indonesia uses a two-tier board system (joint board), in which the boards of commissioners and directors have two functions: first, to be service/advisers to and controllers of company management, and second, to take action based on the interests of shareholders/company owners (Wijaya and Suprasto, 2015; Putri et al. 2020).

A previous study found that diversity and corporate governance have a strong relationship in top management. Diversity on the board of commissioners can enable the better monitoring of managers and top-level management groups because it can increase the independence of board members (Carter et al., 2003). The board of directors plays an important role and is responsible for making strategic decisions and setting the company's strategic goals. The aforementioned background leads to the following research questions. These are: (a). Does the age of commissioners and directors have a positive effect on firm value? (b). Does the educational background of boards of commissioners and directors have a positive effect on firm value? (c). Does the nationality of boards of commissioners and directors have a positive effect on firm value?

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Signaling theory

Signaling theory, developed by Ross (1977), states that company executives who have a better understanding of their company tend to convey this information to potential investors to increase their company's share value. Signaling theory explains how signals of management success or failure are conveyed to owners. The signal theory states that companies provide signals to outsiders to increase firm value (Evans and Kartikaningdyah 2019). Signaling theory also indicates that an organization continues to strive to show signals that can be positive information to potential investors through disclosure in a company's financial statements, a positive signal from an organization is expected to get a positive response from the market, it can provide a competitive advantage for a company, and can provide a high enough value for the company (Lestari and Sapitri 2016). Based on signaling theory, it is suggested that the diversity of the boards of commissioners and directors has an impact on firm value as it gives a positive signal ('good news') to investors that the company has implemented good corporate governance. An investor's interest in investing in a company is commonly influenced by the value of the company, because company value represents the selling value of that company in the capital market (Aida and Rahmawati, 2012). The diversity of age, educational background, and nationality of the boards of commissioners and directors are therefore considered to have an impact on the company's financial value for both the long and short term (Carter et al., 2003; Grosvold et al., 2007). Greater diversity of board members can cause more conflicts (Erhardt, et al., 2003), but at the same time more diverse board members can provide a greater number and range of alternative solutions to problems than homogeneous ones (Kusumastuti et al., 2007).

Agency theory

Agency theory, first introduced by Jensen and Meckling in 1976, is a theory that describes factors underlying the financial performance of a company. Agency theory explains the separation between the management function (by managers) and the company's ownership function (by shareholders). This agency relationship arises when one or more people employ another person to provide services and then delegate decision-making authority to that agency. The goals of managers and shareholders are the same: increasing company value through increasing shareholder wealth. However, managers often do not always act in the interests of shareholders or act against shareholders' wishes, resulting in conflicts between company managers and shareholders (Wongso 2013). there is a conflict of interest in the company between the principal (investor or shareholder) and the agent (manager). Ehikioya (2009). Managers who have a better understanding of a company tend to be more concerned with their personal interests than those of shareholders (investors). Monitoring of decisions taken by company management needs to be done to overcome and or prevent these problems. To do so, the existence of a good corporate governance mechanism is essential. A public company implementing such a mechanism requires a person or group in place with capability and responsibility for managing based on the company’s aims and objectives. Both comply with the company’s articles of association and monitor managers' work (Dewi et al., 2018).

Corporate Governance in Indonesia

The Indonesian Institute for Corporate Governance (IICG) defines corporate governance as a structured process carried out by companies that aim to increase the value of investors and the interests of other stakeholders. Corporate governance in a narrow sense is defined as 2 (two) aspects, namely the governance structure (board structure) and the governance process (governance mechanism) in a company (Situmorang and Sudana 2015). The governance structure is the structure of the accountability relationship and the division of roles between the various main organs of the company, such as shareholders, the board of commissioners, the board of directors, and management. Meanwhile, the governance process is a working mechanism that occurs between the various main organs of the company. In improving the company's performance in a better direction, it is necessary to have more disciplined and better corporate governance. This is because corporate governance is used to monitor performance and determine the structure of a company in deciding goals (Situmorang and Sudana 2015).

Indonesian companies that implement corporate governance requirements are required to have a board of commissioners and directors. The board of commissioners is responsible for supervising the board of directors' performance and providing recommendations to manage the roles of members of the board of directors. Meanwhile, the obligation of the board of directors is to carry out and be responsible for the management of the (public) company and its interests, aims, and objectives, as stipulated in the articles of association (POJK No.33/POJK.04/2014). To maximize the performance of boards of commissioners and directors, diversity among their members is an integral aspect for supporting the implementation of Financial Services Authority (OJK) Regulation No.33/ POJK.04/2014. This regulation aims to create good corporate governance. The diversity aspects that may support the effectiveness of boards of commissioners and directors include age, educational background, and nationality.

Hypothesis development

Age is a diversity measure that identifies levels of cognition, knowledge, and value, as young managers may possess different types and levels of information/knowledge, experiences, and perspectives to senior ones, especially about their corporate decision-making on strategic issues (Saerang et al., 2018). In terms of signal theory, the age of the young board of commissioners brings a positive signal to investors because their young age indicates the courage to take risks and new ideas for the survival of the company. Younger board members tend to be more courageous in taking risks and always have new ideas to experience higher growth than older board members. This is because the older board members are more concerned with the security of the company's finances and career. Cheng et al., (2010) stated that while younger councils tend to have a higher ability to process new ideas, it is less likely to accept status and is less interested in career stability.

According to Hermann and Datta (2005), the age of a board member is a proxy for the level of experience of a board and its attitude to risk. Conversely, a different result was found by Kusumatuti et al. (2007), who showed that the age of the board of commissioners and directors did not increase firm value (i.e., did not have an impact). They contend that the reason for this is that the older a person is, the more health problems they face, and the poorer are their intellectual abilities

Pegels and Yang (2000, p. 697) suggested that older managers tend to avoid risk, while younger ones, who tend to take more risk and be more innovative, contribute positively to firm value (Saerang et al., 2018). The same result was obtained by Darmadi (2011), which states that board age has a positive effect on firm value where younger boards of commissioners tend to be brave in taking risks and making strategic changes to improve company performance. Kusumastuti et al. (2006), where board age does not affect firm value. As for Saputra (2019), based on the previous research results, the hypothesis proposed is as follows:

H_1: The age diversity on boards of commissioners and directors has a positive effect on firm value.

In terms of signal theory, an appropriate board of commissioners' educational background brings a positive signal to investors. The board of commissioners can carry out proper supervision for the company's business continuity. Kusumastuti et al. (2006) stated that although it is not a must for someone who will enter the business world to be educated in business, it would be better if the board members have a background in business and economics education. The decision given will affect the effectiveness of the company and make it easier to solve problems because there are people who are truly competent in the field of business. The education level of board members contributes to their work performance and represents their quality to the investors. Although commissioners and directors don't have to have a business educational background, they need to have business and economic knowledge (Saerang et al., 2018). Krisna Dewi and Aryista Dewi (2016) found a positive influence of educational background on company value. However, research conducted by Kusumastuti et al. (2006), Molenkamp (2015), and Wijaya and Suprasto (2015) did not find board education background affected firm value.

The process of selecting company board members should follow the rules and requirements regarding a person's integrity, education, competence, and reputation (Wijaya and Suprasto, 2015). An appropriate educational background among board members will help achieve better decisions than an inappropriate educational background. Kusumastuti et al. (2007) stated that although it is not necessary for someone entering the business world to be educated in business, it is better if board members have a relevant educational background in business and or economics. The quality of decisions made by educated boards will impact the effectiveness of a company and support its problem-solving, as they are more likely to be competent in business. Dewi and Dewi (2016) found a positive influence of educational background on company value. However, research conducted by Kusumastuti et al. (2007), Molenkamp (2015), and Wijaya and Suprasto (2015) did not confirm that board educational background affects firm value. Using their educational background in business will mean commissioners and directors can better run the business and make business decisions than those without business knowledge. As for Dewi & Dewi (2016), based on the previous research results, the hypothesis proposed is as follows:

H_2: The diversity of educational backgrounds on boards of commissioners and directors positively affects firm value.

The final aspect of diversity investigated is nationality. Foreigners who serve on boards of commissioners and directors contribute positively to company value because potential investors assume that having foreigners on the board of commissioners reflects that the company is being run competently. This impacts foreign investors' decision's regarding investing in the company (Kesaulya and Febriany, 2018). In terms of signal theory, foreign citizenship in the ranks brings a positive signal because the competitive advantage of the board of commissioners gets more attention from investors. It attracts investors to make investments that impact the company's increased value. This statement is supported by the results of research conducted by Jindal and Jaiswall (2015) and Winoto and Supatmi (2014). They found that diversity of citizenship has a positive effect on firm value. However, Darmadi (2011) did not find the effect of a board of commissioners with a foreign nationality on firm value. Likewise, Wijaya and Suprasto's (2015) research did not find any influence of foreign nationality on firm value. This may be due to the low number of commissioners with foreign nationals so that they cannot prove the influence of the presence of foreign commissioners on company value.

Diversity of nationalities and cultures within board members creates a greater chance of cross-cultural communication problems (Lehman and Dufrene, 2008) and interpersonal conflicts (Cox, Jr., 1991). On the other hand, the presence of foreign nationals on boards is expected to build international networks to the advantage of the company and improve commitment to shareholder rights and prevent managerial entrenchment (Oxelheim and Randoy, 2003). In these days of business globalization, foreign investors can buy more significant portions of shares of local companies. So investors believe that company value is higher for companies with foreign nationals as board members (Oxelheim and Randoy, 2003). However, different results were reported by Zainal et al. (2013) and Firjns et al. (2016), who found that companies who have foreign-national board members for five years have lower performance results, reflecting slow progress in the company. As for Dewi & Dewi (2016) based on the previous research results, the hypothesis proposed is as follows: H3: The nationality diversity on boards of commissioners and directors has a positive effect on firm value. moreover, The research model in figure 1.

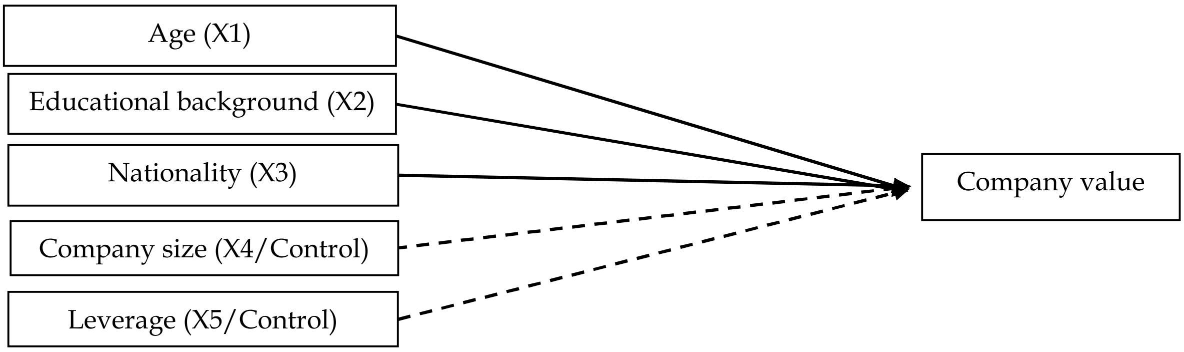

Figure 1. Conceptual framework

3. METHOD, DATA, AND ANALYSIS

The research design used in this study is a quantitative approach in the form of an associative. Sugiyono (2014) states that associative research aims to determine the relationship between two or more variables. This study examines the effect of board diversity, which is proxied on the existence of a board of commissioners with a foreign nationality, the educational background of the board of commissioners, the age of the board of commissioners, and the intellectual capital on firm value. The population in the study comprises all companies listed on the Indonesian Stock Exchange (IDX) during the 2015-2019 period. The research sample is 64 manufacturing companies providing 320 total observations obtained from the www.yahoofinance.com website. The method used in this study is panel regression analysis. A combination of cross-sectional data and time-series data is used and in which the same cross-sectional unit is measured at different times (Hidayat, 2014).

The dependent variable (Y) in this study is company value measured using Tobin's Q ratio. If the value is obtained from Tobin's Q1 ratio, it means that its stock is in overvalued condition. This value indicates the potential for high investment growth and successful management in managing assets. Judging from these three interpretations, investors can decide to sell, buy, or hold shares they own. Tobin's Q ratio is also considered to provide the best information among other company value measurements. This ratio can explain various phenomena in company activities, such as cross-sectional differences in investment decision making and diversification as well as the relationship between management share ownership and firm value, the relationship between management performance and benefits in acquisitions, and funding, dividend, and compensation policies (Sukamulja, 2004).

The independent variable (X) in this study is the age of the board of commissioners (X1) which is measured by comparing the number of board members aged ≤50 years with the total number of members of the board of commissioners. Moreover, the company, educational background of the board of commissioners (X2) is measured by comparing the number of members of the company's board of commissioners. Members of the board of commissioners with a background in economic and business education with the number of commissioners in the company and the presence of commissioners who are foreign nationals (X3) is measured using a dummy variable. Two control variables were applied in this study. This is the size and leverage of the company.

The research sample was taken using a purposive sampling method in which the sampling is determined by specific criteria (Singarimbun and Effendi, 2006, p. 169). The reason for choosing this method is that it adequately represents the sample and fits the characteristics of the model and the sample-selection criteria. The sample criteria used are manufacturing companies listed continuously on the IDX for the study period, used the rupiah as their primary currency, had unqualified audit opinions, and generated profits during 2015–2019.

To test the proposed hypothesis, researchers applied a panel regression model as follows equation (1).

$$\mathrm{Qit} \quad = \mathrm{ait} + \mathrm{bAGEit} + \mathrm{cEDUit} + \mathrm{dNATit} + \mathrm{eSIZEit} + \mathrm{fLEVit} + \mathrm{eit} \tag{1}$$

Q = Tobin's Q
AGE = The age ratio of the board of commissioners to the board of directors is more than 40 years
EDU = The ratio of the board's education background in economics and business
NAT = Dummy of board nationality
SIZE = The size of the company in terms of total assets
LEV = Capital structure – debt-to-equity ratio
E = Error

The research methodology should include: A concise and specific description of standard research methodologies; the reasons for choosing the method are perfectly spelled out; research design must be accurate; the sample design must be appropriate; the data collection process is carried out correctly and appropriately; the data analysis method is relevant and has high novelty.

4. RESULTS

Based on the results of the descriptive statistics generated from the 320 observations of manufacturing-company data, the average manufacturing company has Tobin's Q value of 1.81. This means that the firm value is high. That is, the company value is greater than the listed company asset value. The average age of 94.45% of the board of commissioners and directors in manufacturing companies is over 40 years. The educational background of the board of commissioners and directors in manufacturing companies is an average of 54.19%. This indicates that half of the total board members are graduates from economics and business backgrounds. At the same time, the rest are graduates from non-economics and business backgrounds. Meanwhile, the average nationality listed in the board of commissioners and directors is 40,3% foreign nationalities and 59.7% Indonesian nationality. Needs to report the results in sufficient detail so that the reader can see which statistical analysis was conducted and why, and later justify their conclusions.

Descriptive statistics are presented to provide information about the characteristics of the research variables, including the minimum, maximum, average, and standard deviation values. The results of the descriptive statistics for each variable can be seen in Table 1.

Table 1. Descriptive Statistic

	Mean	**Median**	**Min**	**Max**	**St. Dev**	**Obs**
Tobin's Q	1.81098	0.76917	0.02410	18.21940	3.09966	320
ROA	0.08318	0.06275	0.00080	0.44831	0.08286	320
ROE	0.15303	0.11145	0.00101	1.36564	0.21548	320
AGE	0.94449	1.00000	0.06667	1.00000	0.15367	320
EDU	0.54190	0.54545	0.00000	0.88889	0.19217	320
NAT	0.40313	0.00000	0.00000	1.00000	0.491129	320
Size	28.66762	28.47779	25.19760	33.21520	1.64333	320
Leverage	3.57556	0.69257	0.09151	30.95020	8.33993	320

Source: Data processed by researchers using Stata, 2021

Classical assumption test results

Classical assumption testing is the main requirement for assessing whether the regression research model meets the best linear unbiased estimator (BLUE) requirements. The classical assumption test covers four main testing activities, addressing normality problems, multicollinearity, heteroscedasticity, and autocorrelation. Based on panel data from all classical assumption tests carried out, only the normality test for the results of the research data is normal. According to Gujarati and Porter (2015) and Ekananda (2016), classical assumption tests on panel-data regression do not need to be performed to assume that the panel data has positive values, as described in the research methods section. Thus, it can be concluded that this research can be continued to the hypothesis testing stage.

Determination of panel-data model analysis techniques

Chow test

The Chow test aims to determine whether the analysis should use a fixed effect or a common effect model:

Ho: Common effect
Ha: Fixed effect

If the chi-square probability result is less than 5%, it is rejected, and the model uses a fixed effect. The results of the estimation using the fixed effect specification are as following table 2.

Table 2. Test Result of the Redundant Fixed Effect/Likelihood Ratio

	Probability
Tobin's Q	1.81098
ROA	0.08318
ROE	0.15303

Source: Stata Output 16, 2021

Based on the results, it is known that the chi-square probability is more than 5%, causing it to be accepted. So, the common effect model is the model that should be used.

Panel-data analysis

The results of the random-effects model outputs delivered by the Stata 16 program shown in Table 3 as follows:

Table 3. Panel-Data Regression Results

Variable	β	Standard Error	t-count	Sig. t
Constant (C)	-21.01541	3.118398	-6.74	0.000
Age (X1)	3.713351	1.052519	3.53	0.000
Education (X2)	3.776132	0.838486	4.50	0.000
Nationality (X3)	0.948317	0.332987	2.85	0.005
Size (X4/Control)	0.589372	0.099405	5.93	0.000
Leverage (X5/Control)	-0.001474	0.018862	-0.08	0.938
R-squared	0.02025			
F-count	15.94			
Sig F	0.000000			

Source: Data processed by researchers using Stata, 2021

The overall test results achieved through the F test resulted in a probability of 0.0000, indicating there is a significant effect, based on significance (α) of less than 1%. This means that the first research model is appropriate for predicting firm value as proxied by Tobin's Q. The t-test results show that board diversity as measured by age, educational background, and nationality affects the value of manufacturing firms because the significance level is less than 1%.

4. DISCUSSION

Based on the results of panel-data regression as presented in Table 3, H1 is accepted with a probability value of 0.0000 and the t value of 3.53. The results of this study are the same as those of other studies (Saerang et al., 2018; Pegels and Yang, 2000), which demonstrate that age in the board of commissioners and directors can increase company value. However, the study results do not support Kusumatuti et al. (2007); and Suhardjanto et al. (2017), which prove that age of the boards does not increase or decrease company value. Moreover, Table 3 shows that H2 is accepted. This is proved by the probability value of 0.0000 and the t value of 4.50. The results of the study provide information supported by the research of Saerang et al. (2018). By knowing economics and business, board members have a better ability to run a business and make business decisions than those who do not have proper business knowledge (Saerang et al., 2018).

Meanwhile, Table 3 shows that H3 is accepted. This is proved by the probability value of 0.005 and, meaning that the nationality of the board of commissioners and directors has a positive effect on the value of manufacturing companies. This means that a board of commissioners with a foreign nationality partially has a positive and significant effect on firm value. According to Winoto and Supatmi (2014), boards of commissioners who are foreign nationals can bring diverse opinions and perspectives, languages, beliefs, family backgrounds, and professional experiences. In contrast to the state, foreign nationals on the board of commissioners are also expected to bring a competitive advantage to the company, where this competitive advantage will certainly increase the value of the company.

Table 3 also shows that the control variables of firm size and leverage provide different regression results for panel data. The firm size variable shows that the results have a positive effect on the value of manufacturing companies. The reason is that a large company more easily gains trust from parties such as creditors so that the company is able to obtain operational funding (Rasyid et al., 2015; Pratama and Wiksuana, 2016). The results also show that leverage does not affect the value of manufacturing companies. This is because investors need further information in terms of how management uses its company's capital to improve company performance (Nugroho and Fadlil, 2017).

This research also conducted a sensitivity analysis by replacing the value of manufacturing companies with the ratios of the return on assets (ROA) and return on equity (ROE). The reason for using ROA is that it is one of the ratios that is widely used for this purpose. It is also considered capable of measuring a company's ability to generate profits in the past and then projecting into the future. Meanwhile, using ROE is because this ratio is useful for identifying the efficiency of management in using its capital. The higher the ROE, the more efficiently and effectively the company uses its equity. It also increases investors' willingness to invest their money in the company. Moreover, it has a positive effect on the share price in the market. The results of panel-data regression with the dependent variable ROA are presented in Table 4.

Table 4 shows the results of the panel-data regression test for ROA. It is proven that the diversity of the board of commissioners and directors in terms of age, educational background, and nationality in manufacturing companies has a positive effect on firm value as proxied by the ROA ratio. These results are similar to the t-test results in the first research model, so it can be concluded that the results of the second research model test using ROA to measure firm value are the same as the results of the first model.

Table 4. Results of Panel-Data Regression with Variable Y (ROA) for Sensitivity

Variable	β	Standard Error	t-count	Sig. t
Constant (C)	0.131728	0.084854	-3.89	0.000
Age (X1)	0.101383	0.028640	3.54	0.000
Education (X2)	0.060081	0.022816	2.63	0.009
Nationality (X3)	0.046992	0.009061	5.19	0.000
Size (X4/Control)	0.009274	0.002705	3.43	0.001
Leverage (X5/Control)	-0.000076	0.000513	-0.15	0.883
R-squared	0.1736			
F-count	13.20			
Sig F	0.0000			

Source: Data processed by researchers using Stata, 2021

Table 5. Results of Panel-Data Regression with Variable Y (ROE) for Sensitivity

Variable	β	Standard Error	t-count	Sig. t
Constant (C)	-0.750509	0.226101	-3.32	0.001
Age (X1)	0.166564	0.076313	2.18	0.030
Education (X2)	0.156612	0.060795	2.58	0.010
Nationality (X3)	0.109237	0.024143	4.52	0.000
Size (X4/Control)	0.021578	0.007207	2.99	0.003
Leverage (X5/Control)	-0.000354	0.001368	-0.26	0.796
Correlation Coefficient	0.22605			
R-squared	0.1325			
F-count	9.59			
Sig F	0.0000			

Source: Data processed by researchers using Stata, 2021

Table 5 shows the results of the panel-data regression test for ROE. It is concluded that the diversity of the board of commissioners and directors in terms of age, educational background, and nationality in manufacturing companies has a positive effect on firm value as proxied by the ROE ratio. These results same from the first (Y = Tobin's Q) and second (Y = ROA) research models. Therefore, it is confirmed that the testing of research models one, two, and three results in the same hypothesis test results by replacing the firm value measurement of Tobin's Q in the first research model with ROA in the second research model and ROE in the third research model.

5. CONCLUSION, LIMITATIONS, AND SUGGESTIONS

Conclusion

The conclusions from the research results are explained as follows. First, the age of members of the boards of commissioners and directors has a positive effect on the value of a manufacturing company. Based on the annual report, the average age of the boards of commissioners and directors in manufacturing companies is over 40 years old. Being under 40 has a major impact on operational decisions that affect company value. In the business world, to be stronger, the board of commissioners and the board of directors must run a company with the benefit of long working experience, which can be obtained if they are over 50 years of age. Second, the study results suggest that the educational background of the boards of commissioners and directors has a positive effect on firm value. This is because their economic and business knowledge means members of the boards have better ability to run a business and make better business decisions than those who do not have proper business knowledge. Third, the inherent nationality of the board of commissioners and directors has a positive effect on the value of manufacturing companies. This means that a board of commissioners with a foreign nationality partially has a positive and significant effect on firm value. However, only three independent variables and two control variables were applied to this research with only samples from manufacturing companies in a certain period.

Limitation and suggestions

Therefore, this study suggests for researchers who wish to develop further studies in similar topics are as follows: first, academics are expected to continue this research by adding dependent variables that can be influenced by company value, such as the length of time members have served on boards. By researching with a sample of non-manufacturing companies, it would be possible to compare the results of this research to ascertain if the same characteristics pertain to contrasting operations, such as manufacturing and non-manufacturing companies. Second, investors should consider investing in companies whose commissioners and directors have educational backgrounds in economics and business. Using their knowledge, these board members will be better able to run a business and make proper business decisions. In this section, the author tries to provide conclusions from the results of this study to continue in further research as a reference for readers. Conclusions cover the essential points of the paper but do not replicate the abstract in decision making.

The authors describe the benefits empirically, theoretically, by looking at the economic benefits. New findings suggest that there is still weakness in the main research, which is likely to reduce the validity of a paper, which will lead to questions from the reader's side (why, whether, or in what way), The limitations in the study have had an influence on the results and conclusions. Ultimately each restriction requires a critical assessment and interpretation of the impact of the study. This research still needs suggestions and development for further research

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