

## The Effect of Board Size on Firm Performance with Age Diversity as Moderation Variables

<sup>1</sup>Evelyn Ervandy, <sup>2</sup>Thia Margaretha Tarigan, <sup>3</sup>Christianus Yudi Prasetyo, <sup>4</sup>Andang Wirawan Setiabudi

<sup>1</sup>PT Bank Central Asia, Tbk

<sup>2,3,4</sup>Universitas Katolik Indonesia Atma Jaya, Indonesia

evelyn\_ervandy@bca.co.id, thia.margaretha@atmajaya.ac.id, christianus.yudi@atmajaya.ac.id ,  
andang.wirawan@atmajaya.ac.id

ARTICLE INFO	ABSTRACT
Received: 20 Dec 2024	This research aims to analyze the influence of board size against firm performance with age diversity as a moderating variable in manufacturing sector companies listed on the Indonesia Stock Exchange in the 2019 - 2023 period. The data processed in this research uses a software application Eviews version 12. The analytical method used in this research is the descriptive analysis method and multiple linear regression analysis. The research results show that board size does not affect firm performance, whereas age diversity can moderate the relationship between board size and firm performance.
Revised: 19 Feb 2025	
Accepted: 28 Feb 2025	
<b>Keywords:</b> Board size, firm performance, age diversity.	

### INTRODUCTION

According to the website of the Ministry of Finance of the Republic of Indonesia, the performance of companies in Indonesia shows significant movement due to the impact of the Covid-19 pandemic. Reflecting the impact experienced by various businesses in other fields, manufacturing companies also experienced shocks, especially in 2020. The government issued regulations such as Large-Scale Social Restrictions (PSBB) hampering economic activity so that companies in the manufacturing sector faced a significant decline in income and profitability. However, gradual recovery began to take place in 2021 and in 2023 several manufacturing companies began to record recoveries, especially in the food and beverage subsector (*food & beverage*) as well as consumer goods.

During the period of recovery of company performance, the board of directors has a crucial role in making decisions. The decisions taken must be strategic so that they can improve company performance, for example, product diversification, operational efficiency, resource management, and so on. The better the company's performance, the more interested investors will be in investing in the company. Good performance will influence increasing share value and provide the profits expected by investors (Muliani *et al.*, 2023).

One of the case phenomena in Indonesia regarding company performance is the increase in share prices at PT Mayora Indah Tbk (MYOR). Reporting from *website* Investor.ID, PT Mayora Indah Tbk (MYOR) is not standing still and just waiting for the Covid-19 pandemic to end, but is instead enthusiastic about releasing product innovations that are suitable for consumption during the Covid-19 pandemic. One of the products released during the pandemic is ginger candy with the brand "Mayora Jae Jae" which is believed to be able to maintain health during the pandemic. As time goes by and innovations are released, the share price of PT Mayora Indah Tbk (MYOR) continues to increase. On June 16 2023, PT Mayora Indah Tbk (MYOR) recorded a 9% increase in share price, bringing the company's share price to IDR 2,720. From the case above, it is proven that the right decision from the board of directors will increase the company's productivity which becomes an incentive for potential investors to invest in the company.

In previous years, many studies have examined the influence *board size to firm performance*. Wijaya and Memarista (2024) found that *board size* has a positive impact on *firm performance*. This shows that the larger the size of the board of directors, the company's performance will increase because the decisions taken can be more effective. However, this research produces research evidence that is contradictory to the research

results of Amukti and Sampurno (2023). Namely, the size of the board of directors does not have a significant influence on company performance. In line with Amukti and Sampurno (2023), Yulianti and Chayonowati (2023) also stated that the size of the board of directors has no effect on company performance. The differences in previous research results encouraged the author to find out whether *board size* have an influence on *firm performance*.

On the other hand, generational and age differences in the board of directors create diverse points of view which can have a positive or negative influence on decision-making. A large age difference can lead to differences in styles of approaching problems, ways of communicating, and other things that can hinder decision-making. Factor *age diversity* from the board of directors has also been a concern in previous research. Katsiampa *et al.* (2023) found that *age diversity* negative effect on *firm performance*, while Wibowo and Honggowati (2022) found that *age level of board of directors* able to positively moderate the influence of the age of the company on *corporate financial performance*. This is in line with research conducted by John *et al.*, (2020) with the results that the age of the board of directors can moderate the relationship *board size* positively on company performance. The differences in previous research results make the author feel that the role *age diversity* as a moderating variable still requires further testing.

Based on the background above, the research problem can be formulated as follows.

1. Whether *board size* has an influence on the company value of the manufacturing sector in 2019 - 2023?
2. Whether *age diversity* able to moderate *board size* to *firm performance* from the manufacturing sector in 2019 - 2023?

The limitations of the problem in this research are companies in the manufacturing sector listed on the Indonesia Stock Exchange in 2019-2023.

## LITERATURE REVIEW AND HYPOTHESES

### Theoretical Framework

#### Agency Theory (*Agency Theory*)

Wijaya and Memarista (2024) state that the company's main goal is to maximize shareholder wealth by increasing the value of the company's shares. According to Magnanelli *et al.*, (2021), the board of directors has the responsibility to supervise managers to act in the safety and interests of shareholders. However, in reality, often the company's board of directors also have personal goals that sometimes do not match the interests of shareholders.

According to Mahanavami *et al.*, (2022), to overcome agency conflicts, agency costs are often required, which include various efforts to ensure managers act in accordance with the interests of shareholders. These agency costs can be in the form of monitoring costs, such as audits, costs to limit manager discretion by involving outside investors on the board of directors, or other costs to ensure managers continue to act in accordance with company goals. Agency costs can be nil if shareholders do not exercise strict oversight, however, if oversight is necessary to ensure alignment of interests, costs will increase. This approach shows how important effective supervision is to reduce conflicts of interest and keep managers on board with corporate goals.

In a company, the board of directors is given authority by the shareholders as *principal* to regulate matters relating to company management. Risks also arise due to the ownership and management roles held by different parties which are often referred to as *agency problems*, where the board of directors may take actions that benefit and defend itself without considering the interests of shareholders (Asaoka, 2022). The company's board of directors who also own shares tend to make every effort to increase their own wealth in accordance with the interests of shareholders. However, if the board of directors only relies on salaries or incentives, conflicts of interest can arise.

Based on agency theory, the more board of directors in a company will increase the company's performance, where when the company's performance increases it will be good news for shareholders. The more mature the board of directors is, usually the more experience they have in managing a company and people over 50 years of age tend to have similar views on a problem. The experiences and views of the board of directors will have an impact on the company's performance.

## Board Size

According to Law no. 40 of 2007 concerning Limited Liability Companies, the board of directors has full authority to manage and be responsible for the company. In addition, according to applicable regulations, the board of directors has the responsibility to represent the company on various occasions. The board of directors is responsible for setting short-term and long-term tasks and overseeing the daily operations of the company. However, in order for the management process to run well, this management must be carried out under the supervision of the board of commissioners and in accordance with the limitations specified in the company's articles of association and decisions made at the General Meeting of Shareholders (GMS).

According to POJK Number 33 of 2014, the board of directors is an organizational organ that has the authority and is tasked with managing an organization in accordance with the organization's objectives. The Board of Directors participates directly in achieving success *corporate governance* and improve company performance. The board of directors is a very important party so it is often referred to as the main component in the implementation of company management.

According to Ruslim and Santoso (2018), the responsibility of directors is to ensure that the decisions made can help the company grow consistently both in the short and long term. Yulianti and Cahyonowati (2023) also state that directors are responsible for balancing short-term goals, such as increasing profits, with long-term goals, such as business sustainability.

## Age Diversity

In the context of a board of directors, age variation or age diversity refers to differences in age among group members. It is believed that these age differences reflect diverse experiences, characteristics and skills, shaped by important events that occurred in the early stages of their lives (John *et al.*, 2020). Older members bring experience and insight from their long careers, while younger members tend to bring new ideas, creativity, and a better understanding of today's technology.

According to Katsiampa *et al.*, (2023), age diversity at board level is considered to benefit the company from a strategic perspective. Younger members can bring innovation and new energy, while older members usually have extensive networks and a deep understanding of the industry. Opportunities to strengthen connections, improve strategic decision making, and strengthen relationships with external stakeholders emerge as a result of this combination. However, age differences can also cause problems, such as differences in views, goals and ways of communication, which can affect group work dynamics. Therefore, companies must manage diversity well to maximize its benefits.

## Firm Performance

The performance achieved by a company as a result of carrying out its operations to achieve predetermined goals is known as company performance. Company performance, according to Wijaya and Memarista (2024), is defined as work results that can show the financial condition of a company over a certain period of time. Performance includes financial and operational elements, which serve as a measure of a company's success. However, according to Kanakriyah (2021), how well a business uses its resources to generate value for shareholders and other stakeholders is the best way to measure its performance.

The value of assets owned by a company can reflect the company's performance and the higher the company value, the share price tends to rise. This will also be in line with company value, where the higher the share price, the higher the company value and vice versa. If the growth in share value is small or decreases, then the company will not look attractive in the eyes of investors (Muliani *et al.*, 2023).

According to Magnanelli and Pirolo (2021), financial ratios are one of the best ways to measure company performance through *accounting-based measures* like *Return on Asset* (LONG), *Return on Investments* (ROI), and *Price to Book Value* (PBV). The difference between the market price of a company's shares and its net book value is known as *price-to-book value* (Wijaya and Memarista, 2024).

## Conceptual Hypothesis

### Influence Board Size to Firm Performance

Company performance is greatly influenced by the decisions made by the board of directors. So far, there is no standard for the number of board of directors that can function most effectively, some argue that the more the better, but some argue that a small number of board of directors will improve communication and minimize conflict (Ruslim and Santoso, 2018).

The board of directors is a company organ that has the authority to regulate and manage the company management by the company's interests. Under applicable legal provisions, this board also acts as the company's representative outside the court in internal and external affairs. The general meeting of shareholders determines the appointment and dismissal of members of the board of directors. Novitasari and Andayani (2021) state that the size of the board of directors is calculated based on how many board members there are in a company.

Previous research by Wijaya and Memarista (2024) shows that there is a relationship between *board size* with *firm performance*, the greater the number of board of directors in a company, the greater the increase in *firm performance* the company. However, research conducted by Amukti and Sampurno (2023) shows that the board of directors does not influence *firm performance*.

H<sub>1</sub>: *Board size influence on firm performance*

### Influence Age Diversity which moderates between Board Size and Firm Performance

Age diversity in a board of directors is the age difference of each member of the board of directors. The combination of older, more experienced board members with younger, more growth-oriented directors can lead to stronger company performance. An older board of directors has deeper knowledge in various fields. John *et al.*, (2020) revealed that more experience on the board of directors contributes to the quality of a company's board of directors.

On the other hand, older boards of directors typically contribute to managing company resources more carefully and viewing growth opportunities more carefully. Fans *et al.*, (2021) argue that the life experiences of board directors of the same age limit the monitoring process. Therefore, age diversity fosters more perspectives and opinions.

According to research conducted by John *et al.*, (2020) explains that *age diversity* able to moderate relationships *board size* and *firm value*. In an organization's board of directors, age diversity (*age diversity*) can help make better strategic decisions due to diverse experiences and perspectives.

H<sub>2</sub>: *Age Diversity moderate board size to firm performance*

## RESEARCH METHODS

### Dependent Variable

The dependent variable used is *firm performance*. *Firm performance* can be assessed through *price to book value*. *Price to book value* is the comparison between the share price and the company's book value. Reporting from Investopedia (2023), investors often use this ratio to find out whether a stock is still classified as *overvalued* or *undervalued*. When the value *price to book ratio* below 1 means that the stock market value is lower than the book value of the company's assets. Meanwhile, if the value *price to book ratio* being above 1 means that the stock market value is higher than the book value of the company's assets.

The higher it is *price to book value*, it can be concluded that the company's performance is better because the company has succeeded in increasing its value in the eyes of investors regardless of the company's book value. *Firm performance* will be measured using *price-to-book value* with the following formula (Wijaya and Memarista, 2024):

$$PBV = \frac{\text{Price per share}}{\text{Book value per share}}$$

## Independent Variable

The independent variable used is *board size*. According to POJK Number 33 of 2014, the board of directors is an organizational organ that has the authority and is tasked with managing an organization in accordance with the organization's objectives. This party plays an active role in ensuring that management and the parties under it run in the same direction as the goals of the company's vision and mission. Therefore, the board of directors has a crucial role in company performance (Yulianti & Cahyonowati, 2023). The method for measuring the board of directors according to Wijaya and Memarista (2024) is that it can be measured using the number of the board of directors and expressed using a ratio scale. The following is the board size calculation formula:

$$\text{Board size} = \frac{\sum \text{Number of members of the Board of Directors}}{\text{Number of board of directors in the company}}$$

## Moderating Variables

The moderating variable used is *age diversity*. *Age diversity* or age diversity refers to age differences among group members. According to Katsiampa *et al.*, (2023), age diversity at board level is considered to benefit the company from a strategic perspective. According to Wijaya and Memarista (2024), this age difference shows a variety of experiences, characteristics and skills, which are shaped by important events that occur in the early stages of their lives. Older members bring broader experience and insight, while younger members tend to bring new perspectives on current business or technology.

In Indonesia, age over 50 years is often considered an old age category, because the average retirement age in Indonesia is 55 years and according to the United Nations, the average life expectancy is 64 years. Measurement method *age diversity* according to John *et al.*, (2023):

$$\text{Age Diversity} = \frac{\text{Number of board of directors over 50 years old}}{\text{Number of board of directors in the company}}$$

## Method of collecting data

The type of data used in this research is secondary data in the form of financial reports *audited* and published annual reports of manufacturing sector companies listed on the Indonesia Stock Exchange (BEI) for the period 2019 – 2023. This data was obtained from the official IDX website [www.idx.co.id](http://www.idx.co.id) and each company's website. The population used in this research is all manufacturing sector companies listed on the Indonesia Stock Exchange during the 2019-2023 period. Samples were carried out using the method *purposive sampling* where the population data used is manufacturing sector companies registered on the IDX. However, from this population the author filtered the data according to the sample criteria. The following are several sample criteria in this research, namely:

1. Manufacturing companies that are consistently listed on the IDX in the period 2019 to 2023.
2. Manufacturing companies that publish their annual reports on the IDX in the 2019-2023 period.
3. Manufacturing companies that use the Rupiah as the currency unit for their financial reports in the period 2019 to 2023.
4. Manufacturing companies that publish their annual financial reports for the financial year ending December 31 for the period 2019 to 2023.
5. Manufacturing companies that earn profits after tax consistently in the period 2019 to 2023.

## Data Analysis Methods

The data analysis methods used are descriptive statistical analysis, coefficient of determination test, classical assumption test, hypothesis test, as well as *Moderated Regression Analysis* (MRA). The program used by the author to process data and test hypotheses is the Eviews version 12 application.



## RESULTS AND DISCUSSION

### a. Result

#### Descriptive Statistical Analysis

The descriptive statistical analysis carried out in this research consisted of mean, median, maximum, minimum, and standard deviation values.

**Table 4.1**  
**Descriptive Statistical Analysis**

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Median
Board Size	151	2	7	4.251656	1.466145	4
Firm Performance	151	0.360531	2.149453	1.039515	0.490975	0.927276
Age Diversity	151	0	1	0.667108	0.251139	0.666667

Based on the results of the descriptive analysis in Table 4.1, it can be seen that:

1. *Board size* which is measured by the number of members of the board of directors, has a minimum value of 2 from PT Akasha Wira International Tbk in 2019 where the number of directors is only two people and a maximum value of 7 at PT. Samator Indo Gas Tbk in 2019 where the number of directors was seven people. From 2019 to 2023 the average value of the board of directors variable is 4.251656, which means that the average manufacturing company has a board of directors of 4 people and the standard deviation value is 1.466145 which is greater than the standard deviation value so it can be concluded that the data distribution results obtained are classified as good.
2. *Firm performance* which is measured by *price to book value* (PBV) has a minimum value of 0.360531 from PT Budi Starch & Sweetener Tbk in 2019 where the price to book value is only 0.360531 and a maximum value of 2.149453 at PT Merck Tbk in 2019 where the price to book value is 2.149453. From 2019 to 2023 the average value of the firm performance variable is 1.039515, which means that the average manufacturing company has a price to book value of 1.039515 and a standard deviation value of 0.251139 which is greater than the standard deviation value, so it can be concluded that the data distribution results obtained are classified as good.
3. *Age diversity* The minimum value for this data is 0 for PT Gaya Abadi Perfect Tbk in 2022 where all the board of directors are under 50 years old and the maximum value is 1 for PT Akasha Wira International Tbk in 2019 where all the board of directors are over 50 years old. The standard deviation for the age diversity variable is 0.251139 with a mean value of 0.667108, which means that on average 66.71% of manufacturing companies have board of directors who are over 50 years old.

#### Classical Assumption Test

In this research, tests have been carried out with the results of the research data being normally distributed, there is no heteroscedasticity, there is no multicollinearity, and is free from autocorrelation.

#### Hypothesis Testing

##### a. Simultaneous F Test

The F test is carried out to determine the influence of all independent variables on the dependent variable simultaneously and significantly.

Table 4.2

## Simultaneous F Test Results

Cross-section fixed (dummy variables)			
R-squared	0.705398	Mean dependent var	-0.074431
Adjusted R-squared	0.587006	S.D. dependent var	0.484819
S.E. of regression	0.311567	Akaike info criterion	0.743926
Sum squared resid	10.38692	Schwarz criterion	1.623134
Log likelihood	-12.16642	Hannan-Quinn criter.	1.101106
F-statistic	5.958173	Durbin-Watson stat	1.760079
Prob(F-statistic)	0.000000		

*Prob (F-Statistic)* shows a number of 0.00000. This value meets the requirement of being smaller than the significance value, namely  $0.00000 < 0.05$ . Besides that, *F-statistic* The result obtained is 5.958173, which meets the requirements of being greater than the F table of 3.9. This shows that the independent variable, namely *board size* has a simultaneous influence on the dependent variable in the form of *firm performance*.

## b. Uji t

The t test is carried out in order to understand whether each independent variable has an influence on the dependent variable.

Table 4.3  
Statistical t test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.075527	0.711534	1.511561	0.1336
LOG(X)	-0.604321	0.517807	-1.167076	0.2458
Z	-2.432474	0.910814	-2.670661	0.0088
XZ	0.451920	0.208737	2.165026	0.0326

In the t-test that was carried out, the t table value used was 2.021. In Figure 4.8, it is shown that the calculated t-value for the variable *board size* is -1.167076 with a *probability* of 0.2458. The calculated t value does not meet the requirement of t calculated > t table, namely  $-1.167076 < 2.021$ , then the value *probability* also does not meet the requirements, namely  $0.2458 > 0.05$ . It can be concluded that the board size (X) variable influences the variable *firm performance* (Y) negatively but not significantly.

c. Coefficient of Determination Test (R<sup>2</sup>)

Coefficient of determination testing is carried out in order to find out how much the independent variable can influence the dependent variable.

Table 4.4  
Coefficient of Determination Test Results

Cross-section fixed (dummy variables)			
R-squared	0.705398	Mean dependent var	-0.074431
Adjusted R-squared	0.587006	S.D. dependent var	0.484819
S.E. of regression	0.311567	Akaike info criterion	0.743926
Sum squared resid	10.38692	Schwarz criterion	1.623134
Log likelihood	-12.16642	Hannan-Quinn criter.	1.101106
F-statistic	5.958173	Durbin-Watson stat	1.760079
Prob(F-statistic)	0.000000		

Mark *Adjusted R-Squared* for the coefficient of determination test, it shows a figure of 0.587006 or 58.7%. This value can be interpreted as the independent variable in this research in the form of *board size* influence *firm performance* amounting to 58.7%, the remainder is influenced by other factors.

### Analysis Moderated Regression Analysis

Analysis *moderated regression analysis* used to gain an understanding of the influence of moderating variables in the relationship between two variables, namely the independent variable and the dependent variable.

**Table 4.5**  
**Results Moderated Regression Analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.075527	0.711534	1.511561	0.1336
LOG(X)	-0.604321	0.517807	-1.167076	0.2458
Z	-2.432474	0.910814	-2.670661	0.0088
XZ	0.451920	0.208737	2.165026	0.0326

Through the results of this research, the probability value of the interaction variable between variables *board size* (X1) with variables *age diversity* (MO) is 0.0326, which is smaller than the value *probability* (0.05). This means it is variable *age diversity* able to moderate influence *board size* to *firm performance*.

### b. Discussion

#### Influence Board Size to Firm Performance

Based on the results of hypothesis testing, the number of boards of directors does not affect *firm performance* in this research. This is shown by the board of directors' probability value of 0.2458 > 0.05.

This can be seen in the data that has been collected where in 2019 PT Budi Starch & Sweetener Tbk (BUDI) had a board of directors of 7 people and *price to book value* amounting to 0.36481. Meanwhile, in 2019 PT Semen Indonesia Tbk (SMGR) had a board of directors of 7 people and *price to book value* amounting to 2.10015. Then in 2022 PT Madusari Murni Indah Tbk will have a board of directors of 3 people and a *price-to-book value* of 0.37625. Meanwhile, PT Gaya Abadi Perfect Tbk (SLIS) in 2022 will have a board of directors of 3 people and *price to vook value* amounting to 2.05043.

According to Amukti and Sampurno (2023), a board of directors will act in accordance with the interests of the principal because the focus of the board of directors is on organizational goals rather than personal interests. Therefore, increasing or decreasing the position of directors as supervisors will not have an impact on how managers as agents manage principal resources. Thus, it can be concluded that the size of the board of directors is not an effective way to manage a company and improve its performance in Indonesia.

The results of this research are in line with research findings by Amukti and Sampurno (2023) which show that the performance of the board of directors is very dependent on the quality of decision-making, not just the number of board members. Too many board members have the potential to cause internal conflict and slow down strategic decision-making. This can lead to board members not working together and disagreeing about the company's goals. Therefore, companies must ensure that the board of directors structure emphasizes synergy and competence between members rather than quantity.

#### Influence Age Diversity which moderates between Board Size and Firm Performance

The research results show that variable *age diversity* can moderate the influence of *board size* on *firm performance*. This can be seen from the probability value of the interaction variable between variables *board size* with variables' *age diversity* amounting to 0.0326, which is smaller than the probability value (0.05).

These results can be seen in the data collected that in 2022 PT Sinergi Inti Plastindo Tbk shows an interaction variable of 1 and has a *price-to-book value* of 0.38958. In the same year, PT Duta Pertiwi Nusantara



Tbk showed an interaction variable of 2 and had a *price-to-book value* of 0.40142. Then in 2023 PT Indocement Tungal Prakarsa Tbk has an interaction variable of 6 and has a *price-to-book value* amounting to 1.53804. In 2020, PT Semen Indonesia Tbk showed an interaction variable of 5 and had a *price-to-book value* amounting to 2.06710.

According to John *et al.*, (2020) show that the age and education of top-level executives can influence how they make strategic decisions. With varying ages on the board of directors in this context, in-depth perspectives and experience can help make decision-making and policy-making processes more effective and efficient.

The results of this research are in line with John *et al.*, (2020) where if the board of directors has a small age difference and is classified as senior, it will result in a more in-depth and balanced discussion because they tend to have broad experience and the same opinion. By having more perspective and experience, companies can avoid making decisions that are biased or too risky. The board of directors can be more flexible in communicating to produce strategic decisions with careful consideration and by the company's needs to compete with companies in similar industries.

## CONCLUSIONS AND SUGGESTIONS

### The knot

This research was carried out to find out whether it is a variable *board size* influence on *firm performance* with *age diversity* as a moderating variable in manufacturing sector companies listed on the Indonesia Stock Exchange in 2019-2023. Based on the previous discussion, the following conclusions can be drawn:

1. *Board size* which is proxied by the number of members of the board of directors does not have a significant effect on *firm performance*. Through these results, it can be concluded that the number of members of the board of directors does not determine quality decision-making.
2. *Age diversity* able to moderate relationships *board size* with *firm performance* So the age of a board of directors is an important factor in making decisions to improve company performance. This is because a person's experience and skills usually go in the same direction as the person's age increases.

### Research Limitations

Based on the results of the research conducted, some things are limitations in the research, namely:

1. The research carried out was limited to manufacturing sector companies listed on the Indonesia Stock Exchange for five periods in 2019-2023.
2. The research only uses three variables, namely *board size* which is proxied by the number of members of the board of directors, *age diversity* which is proxied by the proportion of board of directors members who are more than 50 years old, and *firm performance* which is proxied by *price to book value*.
3. It does not differentiate between pandemic periods which have a major impact on the business world.

### Suggestion

In accordance with the results of the analysis, discussion and limitations of the research carried out, there are several suggestions given for companies and further research, namely:

1. For companies to optimize company performance by managing the size of the board of directors (*board size*) effectively by ensuring each member has a clear strategic role that is relevant to the company's needs. Apart from that, companies can also take advantage *age diversity* on the board of directors to improve company performance. Companies can create programs *sharing* or *mentoring* so that it is easier for a young board of directors to access the knowledge and insight possessed by an older and more senior board of directors. This is expected to build closer relationships between the board of directors and communication between the board of directors will be more established so that they can jointly discuss the right decisions for the company in order to achieve its goals.
2. For future researchers, they can continue this research by using independent variables other than the variables of this research. Mark *Adjusted R-Square* what you get from the coefficient of determination test

that was carried out was 58.7%. This means that there is an influence of other variables besides the research variables of 41.3% on *firm performance*. Therefore, the author suggests further authors to examine the influence of other variables such as management policy, proportion of independent board of directors, institutional ownership, and number of audit committees.

## REFERENCE

- [1] Amukti, B. A. R., & Sampurno, R. D. (2023). The Influence of Board of Directors Characteristics on Company Performance with Sales Growth and Leverage as Control Variables. *Diponegoro Journal of Management*, 12(1).
- [2] Asaoka, Daisuke. 2022. Financial Management and Corporate Governance. *Singapore: World Scientific Publishing Co. Pte. Ltd.*
- [3] Biswal, A. (2023, Oct 11). *What is Hypothesis Testing in Statistics? Types and Examples*.
- [4] Bradley University. (n.d.). What's The Difference Between Descriptive And Inferential Statistics?. *Bradley University*. <https://onlinedegrees.bradley.edu/blog/whats-the-difference-between-descriptive-and-inferential-statistics/>
- [5] EmadEldeen, R., Elbayoumi, A. F., Basuony, M. A. K., & Mohamed, E. K. A. (2021). The Effect of the Board Diversity on Firm Performance: An Empirical Study on the UK. *Corporate Ownership & Control*. Volume 18, Issue 3, Special Issue, Spring 2021, 18(3).
- [6] Fadillah, M. G. (2022). *Mayora Indah (MYOR) Focuses on New Products and Increases Production Capacity in 2022*. Retrieved December 9, 2024, from <https://investor.id/market-and-corporate/278223/mayora-indah-myor-fokus-produk-baru-dan-tambah-kapasitas-produksi-di-2022>
- [7] Fan, Y., Y. Jiang, K. John, and F. H. Liu. 2021. From Watchdog to Watchman: Do Independent Directors Monitor a CEO of Their Own Age?. *Journal of Empirical Finance* 61: 206–229. <https://doi.org/10.1016/j.jempfin.2021.01.008>
- [8] Fernando, Jason (2024). *Price-to-Book (P/B) Ratio: Meaning, Formula, and Example*. Retrieved November 14, 2024, from <https://www.investopedia.com/terms/p/price-to-bookratio.asp>
- [9] Ghozali, I. (2021). Multivariate Analysis Application with the IBM SPSS 26 Program. Semarang: Diponegoro University Publishing Agency.
- [10] John, J. S., Sudiono, R. R., Hayono, L., & Adelina, Y. E. (2020). The Diversity of Board of Directors Characteristics and Firm Value: Analysis From Indonesian Public Companies. *Journal of Applied Accounting and Taxation*, 5(2), 233–245.
- [11] Kanakriyah, Raed. 2021. The Impact of Board of Directors' Characteristics on Firm Performance: A Case Study in Jordan. *Journal of Asian Finance, Economics and Business* 8(3):341–50. doi: 10.13106/jafeb.2021.vol8.no3.0341.
- [12] Katsiampa, P., McGuinness, P. B., & Zhang, H. (2023). The Role of Board Age Diversity in the Performance of Publicly Listed Fintech Entities. *The European Journal of Finance*, 30(11), 1295–1326. <https://doi.org/10.1080/1351847X.2023.2287066>
- [13] Coordinating Ministry for Human Development and Culture of the Republic of Indonesia. *Large-Scale Social Restrictions*. Retrieved December 9, 2024, from <https://www.kemenkopmk.go.id/pembatasan-sosial-berskala-besar>
- [14] Magnanelli, Sveva, B., & Pirolo, L. 2021. Corporate Governance and Diversity in Boardrooms: Empirical Insights into the Impact on Firm Performance. *Switzerland: Palgrave Macmillan Cham*.
- [15] Melati, W. P. (2023). *The Covid-19 Pandemic and the Decline of the Indonesian Economy*. Directorate General of State Assets, Ministry of Finance of the Republic of Indonesia. Retrieved December 9, 2024, from <https://www.djkn.kemenkeu.go.id/artikel/baca/16064/Pandemi-Covid-19-Dan-Menurunnya-Perekonomian-Indonesia.html>
- [16] Muliani, M., Ilham, rico nur, & Maimunah, S. (2023). The Influence Of Profit Management And Financial Performance On Company Value In Building Materials Construction Sub-Sector Companies Listed On The

- Indonesia Stock Exchange 2018-2021. *Journal of Management Research, Utility Finance and Digital Assets*, 1(4), 323–335. <https://doi.org/10.54443/jaruda.v1i4.52>
- [17] Ningrum, S. C. (2024). The Impact of the Board of Diversity on Financial Performance. *Owner*, 8(3), 2172. <https://doi.org/10.33395/owner.v8i3.2172>
- [18] Novitasari, N. E., & Andayani, A. (2021). The Influence of Financial Management Policies and Financial Performance on Company Value. *Journal of Accounting Science and Research (JIRA)*, 10(9)
- [19] Financial Services Authority Regulation (2014). *Financial Services Authority Regulation no. 33 / POJK.04 / 2014 which regulates the Board of Directors and Board of Commissioners of Issuers or Public Companies*. Jakarta.
- [20] Ruslim, H., & Santoso, I. (2018). The Influence of the Proportion of Independent Commissioners, Number of Directors, Number of Audit Committees, Institutional Share Ownership, Management Share Ownership, and Company Size on Company Financial Performance. *Journal of Economics*, 23(3), 334–346.
- [21] Silvia, V. (2020). Descriptive Statistics. Yogyakarta: Andi Publishers.
- [22] Soviatun, N., & Rodianto, D. (2024). The Influence of Financial Management Policies on Company Value. *Journal of Economics and Business*, 13(2).
- [23] Sugiyono (2019). Quantitative, Qualitative, and R&D Research Methods. Bandung: Alfabet.
- [24] Law No. 40 Years (2007). *Law no. 40 of 2007 which regulates limited liability companies*. Jakarta.
- [25] United Nations (2023). *World Population Day 11 July*. Retrieved November 16, 2024, from <https://www.un.org/en/observances/world-population-day>
- [26] Wibowo, Y. K., & Honggowati, S. (2022). The Influence of Firm Age on Profitability Performance of Indonesian Manufacturing Companies With the Age Level of Directors as Moderating Variable. *Journal of Economics*, 23(3), 334–346.
- [27] Wijaya, H., & Memarista, G. (2024). Board Size and Firm Performance: The Moderating Role of Female Representation. *Journal of Accounting and Finance*, 26(1), 18–28. <https://doi.org/10.9744/jak.26.1.18-28>
- [28] Wijayanti, R. I. (2023). *List of Manufacturing Companies Listed on the IDX 2023*. Retrieved October 21, 2024, from <https://www.idxchannel.com/market-news/deretan-perusahaan-manufaktur-yang-terdaftar-di-bei-2023>
- [29] Yulianti, A., & Chayonowati, N. (2023). The Influence of the Board of Directors, Board of Commissioners, Independent Commissioners, Audit Committee, Managerial Ownership and Institutional Ownership on Financial Performance. *Diponegoro Journal of Accounting*, 12(3).