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The Influence of Corporate Governance, Leverage, and Environmental Performance on Firm Value (Case Study of Plantation Subsector Companies Listed on the Indonesia Stock Exchange 2014-2022)

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ABSTRACT:

This study aims to examine the effect of an Independent Board of Commissioners, Managerial Ownership, Audit Committee, Leverage, and Environmental Performance on Firm Value as measured by Tobin's Q, with Firm Size as the control variable. This study focuses on the plantation subsector listed on the Indonesia Stock Exchange (IDX) between 2014 and 2022. Secondary data was collected from the IDX and company websites using a purposive sampling method, which resulted in 16 companies as samples. Data analysis was conducted using panel data regression with the Eviews 12 analysis tool. The results showed that managerial ownership has a significant positive effect on firm value, while the Independent Board of Commissioners and Audit Committee have no significant impact. The new findings indicate that environmental performance and leverage have an adverse impact on firm value. In addition, the independent variables simultaneously affect firm value. This study provides an important contribution for company management and stakeholders in understanding the factors that influence firm value in the plantation subsector.

Keywords: Firm Value, Good Corporate Governance, Leverage, Environment Performance, Crude Palm Oil.

INTRODUCTION

The palm oil industry is one of the most important sectors in the Indonesian economy. As the world's largest palm oil producer, Indonesia relies on this industry to contribute foreign exchange, provide jobs, and support regional economic growth. Palm oil (*Elaeis guineensis*) is a strategic agricultural commodity for Indonesia. Palm oil is used in a variety of products, ranging from food and cosmetics to biofuels. Indonesia produces millions of tonnes of palm oil per year, most of which is exported to various countries, including India, China, and the European Union.

The utilization of renewable energy to achieve equitable energy independence is implemented in accordance with the Minister of Energy and Mineral Resources Regulation No. 20/2014. The biodiesel law impacts the downstream plantation industry, with reports of 7.3 million tonnes in 2020 and 2021. In 2022, biodiesel use increased to 8.8 million tonnes of palm oil (Bangun et al., 2023). The mandatory increase in biodiesel on 1 August 2023 will reach B35 (35% biofuel and 65% fossil fuel). However, the low value of corporate acquisitions over the past six years has fuelled fierce disputes among investors. Purchase Enterprise Value (Tobin's Q) in the plantation subsector over the past six years:

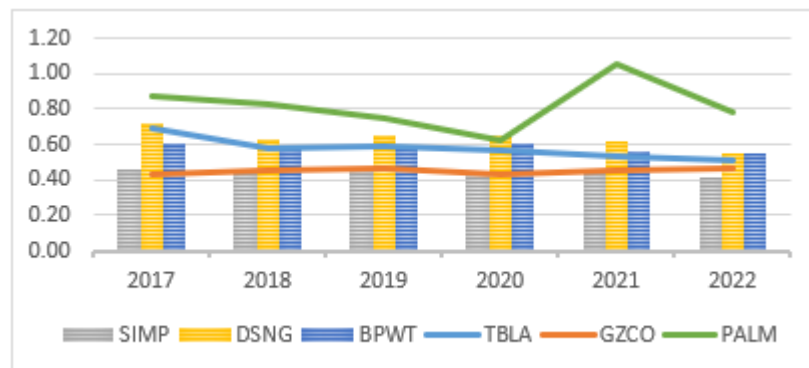


Figure 1. Acquisition of company value in the plantation subsector

According to Jamil (2022), the majority of palm oil providers are privately owned, yet 61% of palm oil company values are considered low. Tobin's Q measurement can be used to determine company value (Tamunotonye & Ifeanyichukwu, 2023). Lack of proper resource management is an indicator of low firm value. The cause of this decline in firm value urges academics to uncover what is really going on.

The role of corporate governance is critical in enhancing transparency, accountability and shareholder trust by ensuring that management decisions are taken with the interests of all stakeholders in mind (Azzahra et al., 2024). Good governance practices have been shown to be directly related to better corporate performance and increased enterprise value, as it creates an enabling environment for innovation, effective risk management, and clear accountability to all parties involved in the company. Research examining the relationship between Corporate Governance and Corporate Value presents conflicting findings. While some studies indicate positive impacts Choi et al. (2021), others suggest the opposite (Shan, 2019; Siswadi et al., 2023).

Good corporate governance is key in increasing the value of the company. Effective governance includes transparency, accountability and clear responsibilities, thereby increasing investor confidence and minimising business risks. The implementation of good corporate governance is crucial given the large impact of company operations on the environment and surrounding communities (Saebah et al., 2023).

Companies that implement good governance tend to have better risk management, higher regulatory compliance, and more harmonious relationships with stakeholders, including local communities and non-governmental organisations. This not only helps in reducing social conflicts but also enhances the company's reputation in the eyes of global investors who are increasingly concerned about Environment, Social, and Governance (ESG) aspects.

The use of leverage can affect a company's capital structure by increasing the proportion of debt to equity. This can increase the potential returns for shareholders, but it also increases financial risk as interest bonds and other debt obligations must be met. The findings regarding the impact of Leverage on Company Value remain inconclusive. Pratt et al. (2023) generally find that leveraging enhances company value. Conversely, Al-Slehat (2019) suggests that financial leverage has no influence on company value. Consistent with Al-Slehat's findings, Danso et al. (2021) report a significant negative association between financial leverage and company performance.

Optimal use of leverage can increase firm value through reduced cost of capital and increased return on equity. However, excessive use of leverage can increase the risk of bankruptcy, especially in industries that are vulnerable to commodity price fluctuations such as palm oil. In the palm oil industry, fluctuations in crude palm oil (CPO) prices can have a significant impact on company profitability. Companies with high levels of leverage may face difficulties in meeting their debt obligations when CPO prices decline, which may affect financial performance and firm value.

Environmental performance refers to the evaluation of a company's impacts and actions on the environment. In the context of oil palm plantation companies, environmental performance is particularly relevant as the industry is often implicated in issues of deforestation, land sustainability and social impacts. Improving environmental performance can improve a company's image, reduce regulatory risk, and increase access to global markets that are increasingly concerned with sustainable practices. Market perceptions of environmental performance can have a direct impact on company value, with investors and consumers tending to favour companies committed to responsible environmental practices, which in turn can increase share value and the long-term sustainability of palm oil plantation companies.

According to the discussion above, this study is necessary due to issues related to agency conflicts, debt risk levels, environmental accountability, and their direct influence on the capital market, which affects investors. The research aims to offer analytical insights for both practitioners and theorists, addressing organizational and individual interests in order to achieve optimal outcomes.

RESEARCH METHODS

The research method used includes a quantitative approach using secondary data from palm oil companies listed on the Indonesia Stock Exchange (IDX). Data collection was conducted by accessing the company's annual reports for the period 2014-2022. Data analysis was conducted using regression techniques with eviews v12 software. In addition, classical assumption tests in regression analysis were also conducted to ensure the validity of the results, such as multicollinearity and heteroscedasticity tests. This approach is expected to provide a deeper understanding of the factors affecting firm value in the palm oil sector, as well as implications for future corporate governance practices and environmental policies. The sample selection utilizes purposive sampling method for determining the sample.

Table 1. Criteria for Determining Research Samples

| No | Guideline | Number of companies |
|-------|--|---------------------|
| 1 | Companies within the Plantation Subsector listed on the IDX from 2014 to 2022. | 24 |
| 2 | The company does not release fully comprehensive financial reports. | (4) |
| 3 | The company's report data lacks the complete information needed for research purposes. | (4) |
| Total | | 16 |

Source: Researcher data processed, 2023

Conceptual Research

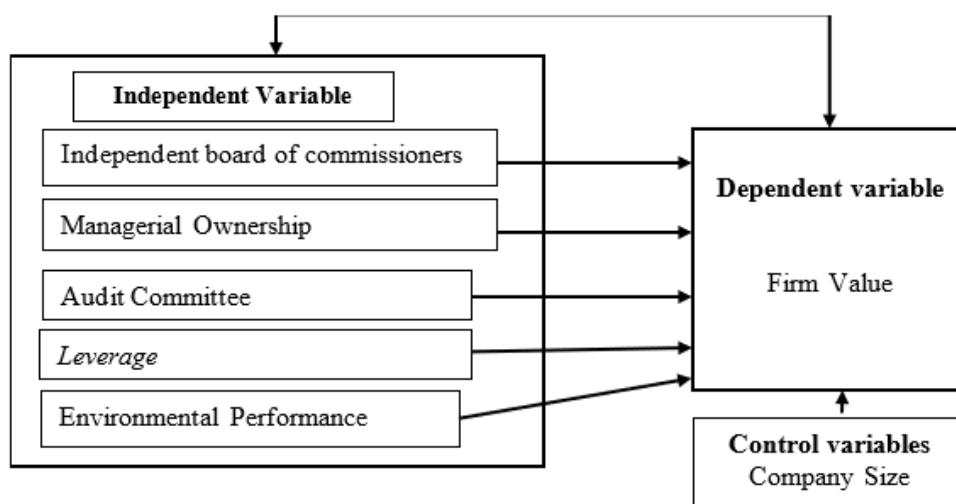


Figure 2. Research Framework

Hypothesis Development

1. Independent Board of Commissioners and Company Value

Independent commissioners, who do not have direct involvement in the company's operations and do not have significant personal interests, are expected to carry out supervisory functions more objectively and effectively. The hypothesis that can be proposed is that the presence of more independent commissioners in the corporate governance structure will increase firm value. This is because independent commissioners can reduce potential conflicts of interest, increase transparency and accountability, and provide advice and decisions that are more neutral and based on the best interests of all stakeholders. The Independent Board of Commissioners plays a role in overseeing and evaluating directors' performance while providing strategic guidance. When each board member possesses unique private information that is not fully shared among them, collectively, the board can leverage this diversity to make more informed decisions (Adam et al., 2023). Therefore, the researcher hypothesizes as follows:

H1: The Independent Board of Commissioners has a positive effect on Company Value.

2. Managerial Ownership and Company Value

When managers own company shares, they will be more motivated to improve company performance because the success of the company will directly affect their personal financial well-being. With share ownership, managers tend to focus more on making strategic decisions that increase profitability and long-term growth, while reducing harmful opportunistic behaviour. As a result, managerial ownership can increase the operational efficiency, innovation, and competitiveness of the company, which in turn will increase the value of the company in the eyes of investors and the market. Thus, the proposed hypothesis is:

H2: Managerial Ownership has a positive effect on Company Value.

3. Audit Committee and Company Value

The audit committee is responsible for overseeing the integrity of financial statements, ensuring compliance with accounting regulations and standards, and managing financial and operational risks. With a competent and independent audit committee in place, the potential for financial statement errors, fraud, and adverse management practices can be minimised. This will improve the transparency, accountability, and reliability of financial information delivered to investors. Higher trust from investors and the market in good corporate governance will be reflected in increased share prices and overall company value. Given the challenges encountered during the research period, the author proposes the following hypothesis:

H3: The Audit Committee has a positive effect on Company Value.

4. Leverage and Company Value

Optimal use of leverage can increase firm value through reduced cost of capital and increased return on equity. However, excessive use of leverage can increase the risk of

bankruptcy, especially in industries that are vulnerable to commodity price fluctuations such as palm oil. Companies that issue high levels of debt to many investors benefit from diverse perspectives, including creditors' views on reducing agency costs, which positively impacts company value (Jadiyappa et al., 2020; Panda & Leepsa, 2017). The supply of CPO is sensitive to market price changes; a high CPO supply lowers its selling price, impacting the government's biodiesel program, which initially planned for a mandatory increase to B50 in 2021. Rising CPO prices have led to company losses, affecting company value. Thus, the author proposes the following hypothesis:

H4: Leverage has a negative effect on Company Value.

5. Environmental Performance and Company Value

Companies that demonstrate a strong commitment to environmental responsibility tend to gain a better reputation, increase customer loyalty, and attract investors who care about sustainability. In addition, companies with good environmental performance can reduce legal and operational risks associated with violations of environmental regulations. This will ultimately increase market and stakeholder confidence, which is reflected in increased share prices and company value. Investments in environmental practices enable firms to develop capabilities that support environmental sustainability, ultimately creating a competitive advantage (Vu & Dang, 2021). In the context of a competitive capital market, achieving firm value is crucial. Research conducted by Aktas et al. (2023) shows that although strict environmental policies may have a negative impact in the short term, they ultimately bring a positive impact in the long term on the company's financial performance. Some analysts argue that Indonesia's mandatory biodiesel policy could be overly ambitious, potentially forcing land expansion to meet palm oil demand, which in turn could increase greenhouse gas emissions. The Ministry of Forestry, by conducting careful evaluations, aims to assess companies' environmental performance and enforce regulations on new land expansion to ensure that companies achieve Gold category standards. Investor interest in palm oil companies on the IDX has declined due to these environmental issues. Based on this, the authors propose the following hypothesis:

H5: Company environmental performance has a negative effect on company value.

Operational Definition

Table 2. Criteria for Determining Research Samples

| No | Variabel | Formula | Reference | Skala |
|----|---|--|--|---------|
| 1 | Firm Value (Dependent) | Tobins' q = $\frac{(EMV+D)}{(EBV+D)}$ | (Smithers dan Wright, 2000). | Rasio |
| 2 | <i>Good corporate governance</i> (Independent) | a) Independent board of commissioners = $\frac{\text{Independent board of commissioners}}{\Sigma \text{ Board of Commissioners}}$ b) Managerial ownership = $\frac{\text{managers who own shares}}{\Sigma \text{ outstanding shares}}$ c) Audit Committee = $\Sigma \text{ audit committee members}$ | (Al Farooque et al., 2020) | Rasio |
| 3 | <i>Leverage</i> (Independent) | <i>Debt equity ratio</i> = $\frac{\text{total liabilitas}}{\text{total equitas}}$ | (Pratt et al., 2023) | Rasio |
| 4 | Environment Performance (Independent) | a) Gold (very very good score), b) Green (excellent, score 4), c) Blue (good, score 3), d) Red (bad, score 2), e) Black (very bad, score 1) | Minister of Environment and Forestry Regulation Number 1 of 2021 | Ordinal |
| 5 | Company Size (control) | Ln Total Asset | (Silaban et al., 2017) | Rasio |

Source: eviews, data processed 2023

RESULTS AND DISCUSSION

Table 3. Descriptive Statistics

| Variables | N | Min | Max | Average | Std. Deviation |
|------------------------------------|-----|------|------|---------|----------------|
| Independent board of commissioners | 144 | 0.25 | 0.67 | 0.39 | 0.083 |
| Managerial ownership | 144 | 0.00 | 1.55 | 0.13 | 0.327 |
| Audit Committee | 144 | 3.00 | 4.00 | 3.05 | 0.215 |
| Leverage | 144 | 0.00 | 4.96 | 1.21 | 0.843 |
| Environment Performance | 144 | 2.00 | 5.00 | 3.00 | 0.727 |
| Firm Value | 144 | 0.16 | 1.78 | 0.69 | 0.259 |
| Company Size (<i>control</i>) | 144 | 26.9 | 32.0 | 29.8 | 1.031 |

Source: eviews, data processed 2023

The dependent variable in this study is firm value, which shows an average of 0.69, indicating a relatively low value. These results highlight the challenges of meeting the governance standards set by OJK, such as the minimum percentage of independent commissioners in the board of commissioners, which only reaches 0.25, far below the minimum requirement of 30% as per OJK Regulation No. 57/POJK.04/2017 Article 19 Paragraph 2. In addition, the minimum score for managerial leadership is 0.00, indicating weaknesses in corporate governance. However, the minimum audit committee score reached 3.00, fulfilling the OJK requirement of at least 3 audit committee members.

On the other hand, the maximum leverage score reaches 4.96, indicating a risky debt utilisation policy, while the minimum environmental performance score is 2.00, indicating an attempt to adapt to environmental evaluation, although most plantation companies already have a fairly good rating in this aspect. The control variable, firm size in terms of assets averaged 29.8, indicating that oil palm companies have considerable assets to support their operations.

Determination of the Panel Data Regression Model

Chow test results

The Chow test is used to determine whether to employ a common effect or fixed effect model. The test results showed a Chi-square cross-section Prob number of 0.0000, which is less than 0.05. Consequently, the common effect model will be used in the subsequent analysis.

Hausman test

The Hausman test was conducted to decide between a fixed effect model and a random effect model. The evaluation showed a random cross-section Prob value of 0.0031, which is less than 0.05. Therefore, the conclusion is that the panel data regression in this study employs a fixed effect model.

Classic assumption test

According to Prawoto & Basuki (2023), when analyzing panel data, the primary focus should be on multicollinearity, particularly when the research model includes more than one independent variable, and also on heteroscedasticity, due to panel data exhibiting characteristics more akin to cross-sectional rather than time series data. Based on this explanation, this study exclusively assesses multicollinearity and heteroscedasticity.

Table 4. Multicollinearity Test Results

| | X1 | X2 | X3 | X4 | X5 |
|------------------------------------|--------|--------|--------|--------|--------|
| Independent Board Of Commissioners | 1.000 | 0.220 | -0.149 | -0.215 | 0.066 |
| Managerial ownership | 0.220 | 1.000 | 0.027 | -0.209 | 0.033 |
| Audit Committee | -0.149 | 0.027 | 1.000 | 0.115 | 0.057 |
| Leverage | -0.218 | -0.209 | 0.115 | 1.000 | -0.083 |
| Environment Performance | 0.066 | 0.033 | 0.057 | -0.083 | 1.000 |

Source: eviews, data processed 2023

According to Table 4, the highest correlation value for X1 is 0.22, and no correlation value exceeds 0.9. The study model exhibits no signs of multicollinearity.

Table 5. Heteroscedasticity Test Results

| <i>Heteroskedasticity test</i> | <i>Breusch-Pagan-Godfrey</i> | | |
|--------------------------------|------------------------------|-----------------------------|--------|
| <i>F – statistic</i> | 1.1307 | <i>Prob F (6,137)</i> | 0.0560 |
| <i>Obs*R-squared</i> | 6.7944 | <i>Prob. Chi-Square (6)</i> | 0.0581 |

Source: eviews, data processed 2023

According to Table 5, the test results show a probability value (Prob) of Chi-Square (6) of 0.0581, which is more than 0.05. This panel data regression model doesn't show signs of heteroscedasticity.

Table 6. Panel Data Regression Results

| Variables | Coefficient | <i>t-statistic</i> | <i>Prob</i> | Significance |
|------------------------------------|-------------|--------------------|-------------|----------------------|
| Independent Board Of Commissioners | 0.278 | 1.43 | 0.155 | Not Significant |
| Managerial Ownership *** | 0.522 | 2.729 | 0.007 | Significant |
| Audit Committee | -0.011 | -1.63 | 0.105 | Not Significant |
| <i>Leverage</i> | -0.043 | -1.991 | 0.048 | Significant Negative |
| Environment Performance | -0.186 | -4.683 | 0.000 | Significant Negative |

Source: eviews, data processed 2023

From the results of panel data regression analysis, the following equation is derived:

$$\text{Company Value} = 6.782 + 0.278 + 0.522 - 0.011 - 0.043 - 0.186 + \text{eit.}$$

From this equation, the following explanations can be derived:

1. The constant of 6.7823 indicates that if the independent variables are held constant or equal to zero, the dependent variable will increase by 6.7823 units.
2. The Independent Board of Commissioners has a coefficient of 0.278. An increase of 1 unit in the Independent Board of Commissioners is associated with a 27.8% increase in Company Value.
3. Managerial Ownership shows a coefficient of 0.5222. A 1-unit increase in Managerial Ownership corresponds to a 52.22% increase in Company Value.
4. The Audit Committee coefficient is -0.011. A 1-unit increase in Audit Committee independence is associated with a 0.01% decrease in Company Value.
5. Leverage has a coefficient of -0.0436. An increase of 1 unit in Leverage results in a 0.0436% decrease in Company Value.
6. Environmental Performance has a coefficient of -0.1865, indicating that a 1-unit increase in Environmental Performance leads to an 18.65% decrease in Company Value.

Discussion

1. In this study, the role of the Independent Board of Commissioners did not show a significant effect on firm value. Previous research findings Potharla & Amirishetty (2021) similarly indicate that the Independent Board of Commissioners does not significantly impact Firm Value. Murinda et al. (2021) also concluded that corporate governance, as measured by Tobin's q, does not affect the capital market. These findings contrast with other studies (Choi et al., 2021; Huang et al., 2023) which suggest that an Independent Board of Commissioners enhances Firm Value through effective corporate governance practices. Therefore, many private companies implement Corporate Governance

practices primarily to comply with company law regulations and the requirements of investment providers, such as capital markets.

The Independent Board of Commissioners plays an important role in corporate governance with the main objective of safeguarding the interests of shareholders and ensuring that company management acts with integrity and transparency. However, research shows that the presence of an Independent Board of Commissioners does not always show a significant influence on firm value. One of the main reasons is that while they are expected to provide objective oversight, their effectiveness is often limited by their lack of industry-specific expertise, the limited information available to them, and the limited time they have to truly understand and oversee the company's operations in depth. As a result, their contribution to strategic decision-making that can enhance firm value is less significant.

In addition, the presence of an independent board of commissioners is often seen more as a fulfilment of regulatory formalities than as a truly influential factor in improving company performance. Some companies may appoint independent commissioners solely to fulfil regulatory requirements without giving them a meaningful role in the decision-making process. This makes the board less effective in performing its oversight and control functions. In addition, vested conflicts of interest or pressure from majority shareholders may also limit the independence and effectiveness of such boards. Therefore, while theoretically Independent Boards of Commissioners should increase firm value through better governance, in practice, their impact may not be as strong as expected.

2. Managerial ownership tends to prioritize the interests of shareholders who have authority (Brown & Caylor, 2006). The presence of managerial ownership influences Firm Value attainment. Research findings concerning the decline in Firm Value in the plantation subsector suggest that managers who hold company shares can significantly impact Firm Value. These results align with Jensen & Meckling (1979) assertion that managerial ownership aligns the interests of external shareholders (investors/society) with management, enhancing operational effectiveness. This research hypothesis is supported by previous studies indicating a positive relationship between managerial ownership and Firm Value (Yamanaka, 2020). Liu (2023) contends that managerial ownership effectively incentivizes management by providing benefits proven to be effective in resolving principal-agent conflicts over the long term. However, conflicting results exist in prior research; for instance, Siswadi et al. (2023) found an empirically antagonistic relationship between Firm Value and managerial ownership.

When managers own company shares, they have a greater incentive to improve company performance as their own financial gains are directly linked to an increase in

share value. This encourages management to make more prudent and strategic decisions, which in turn can increase the profitability and value of the company in the eyes of investors.

In addition, managerial ownership can increase shareholder and market confidence in the company. With management bearing the risk through share ownership, external shareholders tend to see managers as responsible partners who are dedicated to the long-term interests of the company. This trust can increase the market valuation of the company, improve stock liquidity, and reduce the cost of capital. In other words, managerial ownership creates motivation for management to work harder for the success of the company, which is ultimately reflected in an increase in firm value.

3. The Audit Committee variable in this study shows no significant influence on Firm Value as measured by Tobin's q. Companies determine the composition of their Audit Committees based on regulations from capital market authorities and internal corporate policies. The number of Audit Committee members does not correlate with the company's standing in the capital market. However, sound governance practices necessitate an Audit Committee to oversee corporate operations. Previous research that contradicts these findings includes studies by Amankwah & Agyemang (2020) and Musallam (2020) which assert a significant relationship between the Audit Committee's role and Firm Value. These results contrast with those of Zhou et al. (2018), who found no association between Audit Committee characteristics and company performance, and the findings of Laksana & Handayani (2022), who argue that the Audit Committee does not impact Firm Value.

One of the main reasons is that the effectiveness of audit committees is often limited by their limited resources and authority. Although they are responsible for overseeing internal and external audit processes, many audit committees do not have deep technical expertise or full access to the information necessary to conduct effective oversight. As a result, their ability to detect and prevent harmful financial practices may be limited, which impacts their influence on firm value.

Moreover, audit committees are often viewed more as a fulfilment of regulatory formalities than as a truly effective mechanism in enhancing firm value. Many companies establish audit committees to fulfil regulatory requirements and to demonstrate that they are implementing good governance practices, but do not give them a strong enough role in strategic decision-making. Without adequate support and recognition from top management, audit committees may not have a significant influence in improving the company's operational or financial performance. In addition, reliance on financial reports prepared by management may also limit the audit committee's ability to independently assess and ensure the quality of those reports. Therefore, while audit committees should

theoretically increase transparency and firm value, in practice the impact may not be as great as expected.

4. The level of company leverage, aimed at meeting the demand for palm oil production during periods of high commodity prices, poses a significant risk to the company. This study indicates that the decisions regarding leverage made by companies in the years 2014 to 2022 have contributed to a decline in company value. As leverage increases, the negative impact on achieving company value becomes more pronounced.

According to agency theory, the role of leverage in mitigating agency costs does not seem to apply effectively to companies in the plantation subsector during the years under observation. This study underscores that high levels of debt decision-making can elevate company risk and diminish company value, particularly when measured by Tobin's q . These findings align with previous research by Al-Slehat (2019), which similarly found no significant influence of financial leverage on company value. However, these conclusions contrast with the findings of Pratt et al. (2023), whose research generally supports the notion that leveraging can enhance company value.

The palm oil industry is known for its high level of volatility due to fluctuations in crude palm oil (CPO) prices that are influenced by various global factors such as world supply and demand, international trade policies, and weather conditions. This uncertainty makes the use of leverage more risky, as palm oil companies' earnings can change drastically in a short period of time. Investors may focus more on revenue stability and the company's ability to withstand volatile markets than on a highly leveraged capital structure.

5. Environmental performance, as measured by the PROPER ranking system using color codes, negatively impacts Company Value as assessed by Tobin's Q . Higher rankings in the plantation subsector correlate with decreased Company Value. Researchers have determined that palm oil production has been a major contributor to deforestation, forest degradation, and land fires over recent decades. The Ministry of Environment evaluates environmental risks and imposes stringent measures on companies engaged in extensive land expansion. This regulatory pressure can lead to reduced productivity, directly affecting company value in the capital market.

Contrary to the findings of SHARMA & VERMA (2021), which suggest that environmental size influences company value, and the perspective of Deswanto & Siregar (2018) that environmental performance affects market value through reputation built on publicized corporate environmental rankings, this study's results do not support these assertions. However, Kalash (2021) argues that improving environmental performance can benefit emerging markets by enhancing overall company performance through stronger environmental management. Previous research by Soedjatmiko et al. (2021)

similarly found no significant direct impact of environmental performance on company value.

In addition to the direct impact on reputation in the capital markets, poor environmental performance can also increase the operating costs and financial risks of palm oil companies. The costs of repairing environmental damage, paying regulatory fines and facing litigation can be a significant financial burden. In addition, companies with poor environmental performance may find it difficult to obtain financing from financial institutions that are increasingly looking at environmental risks in their investment decisions. Financial institutions and institutional investors are increasingly integrating environmental, social, and governance (ESG) factors in their risk analyses, so companies with poor environmental performance may incur a higher cost of capital or even be avoided by investors. All of these factors contribute to increased risk and decreased company value in the long run, emphasising the importance of good environmental performance to maintain and increase palm oil company value.

CONCLUSION

The combined impact of the Independent Board of Commissioners, Managerial Ownership, Audit Committee, Leverage, and Environmental Performance collectively influences the attainment of Company Value within the plantation subsector. This study examined 16 sample companies over a decade, finding that decreasing Company Value was attributed to managerial share ownership policies, decisions on leverage levels, and strategies compromising environmental performance assessments, impacting productivity and ultimately leading to declines in Company Value from 2014 to 2022. The decline in Tobin's Q ratio for plantation subsector companies can be attributed to varying levels of managerial ownership, where high or low percentages influence Company Value negatively. Corporate governance measures involving the Independent Board of Commissioners and Audit Committee did not demonstrate a significant impact on Company Value decline. Similarly, decisions regarding leverage levels were found to affect the attainment of Company Value adversely.

Additionally, responsibilities for environmental sustainability, as evaluated through the Company Performance Rating Assessment Program (PROPER), also negatively influenced Company Value. Future research endeavors could benefit from incorporating variables such as global palm oil prices or additional financial ratio metrics. For public investors, understanding these research findings suggests the importance of exploring current market conditions and conducting thorough analyses of their investment portfolios before making investment decisions.

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