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Firm Value in The SRI-KEHATI Index : Audit Committees, Independent Commissioners, Corporate Social Responsibility, Investment Opportunity Set, and Firm Size

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Abstract

Among the companies included in the SRI-KEHATI index, this study looks at the impact of audit committees, independent boards of commissioners, firm size, corporate social responsibility, investment opportunity sets, and firm value from 2020 to 2024. In this study, ten firms that were part of the SRI-KEHATI index from 2020 to 2024 are examined. Secondary data is sourced from company and Indonesia Stock Exchange publications, including annual reports, sustainability reports, and financial reports. We employed panel-data regression with a Random-Effects Model and conducted Chow and Hausman tests to determine which model was the most reliable and appropriate for drawing conclusions. Using a random-effects panel regression, the number of audit committee members is negatively associated with Tobin’s Q. The proportions of independent commissioners, CSR disclosure, and IOS are not statistically significant. In contrast, firm size is positively associated with Tobin’s Q. These findings suggest that firm size demonstrates a stronger association with firm value than the CSR, IOS and corporate governance proxies used in this study. This study provides new evidence that, within sustainability-screened firms in the SRI-KEHATI Index, corporate governance and CSR mechanisms function more as baseline requirements than as value-enhancing signals, making firm size the dominant determinant of market-based firm value. The findings of this study should be useful for management, investors, and future research on the topic of sustainability-based corporate value.

KEYWORDS

audit committee; independent board of commissioners; corporate social responsibility; investment opportunity set; firm size; firm value.

Introduction

Stock market fluctuations can reflect changes in a firm value in investors’ eyes. When capital is in markets under pressure, companies with strong fundamentals and a commitment to sustainability principles and good governance tend to be better able to maintain their value than other companies (Erpina et al., 2025). In comparison to other key indices, such as the Composite Stock Price Index (IHSG), LQ45, and JII, firms belonging to the SRI-KEHATI index category have generally performed better since the index's inception (Kehati, 2024). This condition shows that sustainable-oriented stocks can provide better investment returns than the average Indonesian stock market. Stock prices are one factor in determining a firm value because they reflect investors’ assessment of its overall equity.

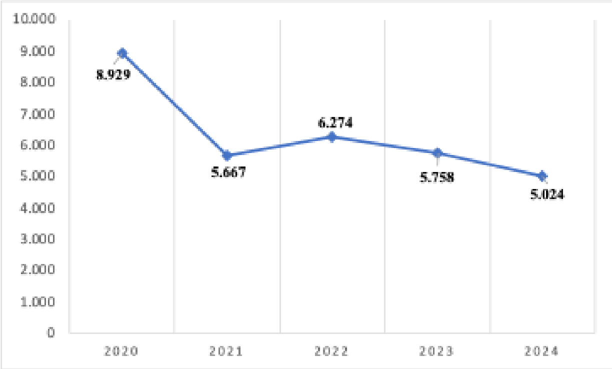


Figure 1. Average Share Price of the SRI-KEHATI Index for 2020-2024
Source: Indonesia Stock Exchange (Data reprocessed in 2025)

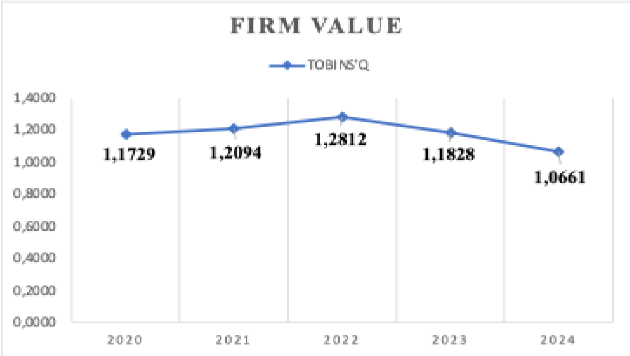


Figure 2. Average Value of SRI-KEHATI Index Companies in 2020-2024
Source: Indonesia Stock Exchange (Data reprocessed in 2025)

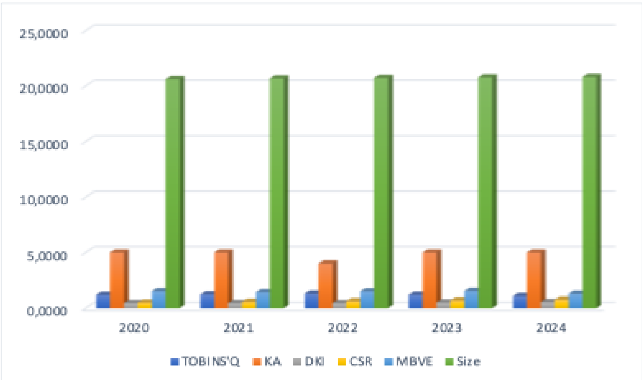


Figure 3. Average KA, DKI, CSR, IOS, SIZE SRI-KEHATI 2020-2024
Source: Indonesia Stock Exchange (Data reprocessed in 2025)

As Shown in Figure 1, from 2020 to 2024, There were still noticeable swings in the average share price of SRI-KEHATI index businesses. Because of this pattern of fluctuations, it is clear that sustainability is not enough to provide a stable firm value; further analysis of other internal elements that may impact variations in firm value is required. This study employs Tobin's Q as a proxy for firm value because it reflects market valuation relative to the firm's asset base, thereby capturing investors' expectations beyond accounting values. By incorporating both market value and book value components, Tobin's Q provides a comprehensive measure of firm value that accounts for market perceptions and underlying financial fundamentals. Since it takes liabilities factors into account, Tobin's Q ratio is a more reasonable way to measure a company's worth.

Based on Figure 2, the firm value in the SRI-KEHATI Index shows an upward trend until 2022, followed by a downward trend in 2023 and 2024. The increase in Tobin's Q from 2020 to its peak in 2022 indicates that during this period, the market gave a positive assessment of the prospects of sustainable companies included in this index. This reflects investors' perception that these companies are capable of creating long-term value through strong sustainability practices and relatively stable operational performance. Nevertheless, investors' views on the company's capacity to sustain value growth have shifted, as seen by the decrease in firm value following 2022. Accordingly, this study examines whether the number of audit committee members, proportions of independent commissioners, CSR disclosure, IOS, and firm size affect firm value as measured by Tobin's Q.

Figure 3 visually suggests an inverse co-movement between Tobin's Q and the number of audit committee members. This indicates that the quantity of audit committees does not necessarily reflect their effectiveness, so that an increase in the number of members does not automatically improve market perception. Theoretically, audit committees need to raise the bar for supervision and financial report quality. When audit committees are in place, they help with corporate governance by keeping an eye on how well managers are doing their jobs. This helps keep profit management, which lowers the quality of reported earnings and, ultimately, the value of a company, to a minimum (Surjadi & Tobing, 2016). According to research by (Salamah & Komara, 2025), the value of a company is positively and significantly affected by audit committees. Another study by Sanusi et al., (2022) states that audit committees do not affect firm value. Meanwhile, research by Ayu & Putu (2024) indicates that audit committees negatively affect firm value.

Independent commissioners, according to agency theory, are better able to make objective strategic decisions free of bias because they are not affiliated with management. This, in turn, helps to decrease conflicts of interest. An growth in the share of independent commissioners has not been converted into stronger company value, according to empirical data during the research period, which reveal a reverse tendency from 2020 to 2024. This suggests that independent commissioner effectiveness is not necessarily proportional to their number or percentage. According to research by Putri & Simatupang (2023), an independent board of commissioners positively affects firm value. Another study by Aurelian et al. (2021) states that independent boards of commissioners do not affect firm value. Meanwhile, Rahmania, (2018) research indicates that independent boards of commissioners have a negative impact on firm value. The Global Reporting Initiative (GRI) evaluation served as the yardstick for CSR in this research. Company social responsibility (CSR) disclosure should boost the company's reputation and revenue, if legitimacy theory is to be believed. Efforts to establish credibility with the public and investors, along with a deeper dedication to openness and sustainability, are reflected in a rise in corporate social responsibility (CSR). The research period's empirical results, however, reveal the inverse trend from 2022 to 2024, suggesting that more CSR initiatives do not automatically result in greater corporate value. Research by Nguyen (2025) indicates that CSR has a positive effect on firm value. Another study by Wahidahwati & Ardini, (2021) states that CSR does not affect firm value. Meanwhile, the study by Guo et al., (2020), states that CSR has a negative effect on firm value.

If you want to know how big a company can get, look no farther than its Investment Opportunity Set (IOS). In general, investors are more interested in companies with a high IOS since they are more likely to be successful in the future. The MBVE ratio, the most popular among financial researchers, represents IOS in this study (Gaver & Gaver, 1993). When IOS is calculated using the MBVE ratio, a high MBVE value indicates the market's perception that the company has strong growth prospects and future investment opportunities. However, empirical evidence from the research period indicates that an increase in firm value does not accompany this increase in IOS. This indicates that, even though the company theoretically has greater investment opportunities, the market does not respond positively because it sees higher risks or greater uncertainty about the company's ability to convert these opportunities into real profits. According to research, Utami & Paramita (2024) state that IOS has a positive effect on firm value. Another study by Rismawandi & Martini, (2025) states that IOS does not affect firm value. Meanwhile, the study Nikmah & Amanah, (2019) states that IOS has a negative effect on firm value.

One measure of a business's financial health is its total assets. The capacity of a firm to produce money and stay in business is directly proportional to its asset base (Han & Ying, 2018). Since total assets provide more consistent findings than total revenues, this metric is used to evaluate the size of the firm in this study (Nurhaliza et al., 2025). There is a favorable correlation between the size of a company and its worth because investors have a tendency to assign higher valuations to larger organizations. However, empirical evidence during the study period shows an opposite pattern from 2022 to 2024, indicating that firm size growth is insufficient to drive a positive market response. According to the study by Kencana et al., (2025), firm size has a positive effect on firm value. Another study by Dewi & Sembiring (2022), asserts that the worth of a company is unrelated to its size. Meanwhile, the study by Uliansyah et al., (2025), asserts that values of businesses decline with increasing scale.

Based on the background and phenomena above, and given the inconsistencies in previous research findings, the researcher was interested in testing whether audit committees, boards of independent commissioners, CSR, IOS, and firm size affect the value of SRI-KEHATI index companies from 2020 to 2024. In addition, the researcher is hoping that other researchers will find this study useful as a reference and take it into account when they do their own investigations. The study's results, the researcher adds, should provide additional information for prospective investors in assessing a firm value and increase their knowledge of the companies they want to invest in, enabling them to make wise, objective decisions. Companies included in the SRI-KEHATI Index differ from firms in conventional indices because ESG compliance and sustainability practices are already institutionalised, potentially weakening the signalling role of governance and CSR mechanisms. Accordingly, this study addresses this gap by examining whether traditional firm value determinants remain relevant within the SRI-KEHATI context during the 2020–2024 period using Tobin's Q as a market-based measure.

Agency Theory

The agency theory put out by Jensen & Meckling, (1976) clarifies the nature of the contractual connection between principals (business owners) and agents (managers). In actuality, managers (agents) often prioritise their personal interests over those of shareholders, which can result in agency conflicts due to competing goals. Agents' competing priorities are the root cause of agency conflicts. From Jensen dan Meckling (1976), the interests of agents must be aligned with those of principals in order to reduce conflicts of interest. To overcome these conflicts, companies must implement good corporate governance (GCG).

Legitimacy Theory

Parson (1960) defines legitimacy as the assessment of actions in terms of shared values, in the context of their involvement in society. Companies are required to publish information about their impact on the environment as part of a social compact, according to this view. This theory also holds that, to gain legitimacy or public recognition, a firm values must align with prevailing social values and norms. CSR is one way to meet social demands and strengthen legitimacy, because these methods facilitate cooperation between businesses and the communities in which they are based.

Signalling Theory

Managers typically have access to more up-to-date information than outside investors, leading signaling theorists to conclude that the two sets of data are not identical (asymmetric information) (Brigham & Houston, 2019). Annual reports, which should contain financial statements and reports on company sustainability, are a necessary tool for managers to combat asymmetric information by disseminating relevant data to stakeholders.

Firm Value

According to Brigham and Houston (2019), firm value reflects investors' perceptions of a company's prospects and risks. In this study, firm value is measured using Tobin's Q, a market-based indicator that compares the market value of equity and debt with the firm's total assets (Utomo, 2019).

$$\text{Tobin's Q} = \frac{MVE + D}{TA}$$

Audit Committee

In compliance with OJK Regulation Number 55/POJK.04/2015, the board of commissioners established and oversees the audit committee, a subcommittee that assists the board in carrying out its duties and obligations. Good corporate governance now includes audit committees. Actually, nearly all country's laws govern the establishment of audit committees in firms. Here is the formula to determine the audit committee:

Audit Committee =□ Audit Committee Members

Independent Board of Commissioners

Effendi (2016) defines independent commissioners as those who oversee a company's administration but are not themselves members of management, majority shareholders, officials, or otherwise tied to the majority shareholders in any way. One way to determine the Independent Board of Commissioners is by applying the following formula:

$$\text{DKI} = \frac{\sum \text{Number of Independent Commissioners}}{\sum \text{Number of Board Commissioners}} \text{ x } 100\%$$

Corporate Social Responsibility

CSR is a view of companies and their role in society that assumes companies have a responsibility to pursue goals beyond maximising profits, as well as an obligation among stakeholders to hold companies accountable for their actions (Chandler & Werther, 2014). The following formula can be used to compute CSR:

$$CSRI_j = \frac{\sum Xij}{nj}$$

Investment Opportunity Set

Financial backing Myers (1997) put out the idea of the IOS on the basis of the idea that a company's worth is determined by its current assets as well as its potential for future investments. The amount of IOS is based on the company's future expenditures and is established by prior management, who assume present investment choices to provide larger profits in the future, according to Gaver & Gaver (1993). The MBVE ratio, used to determine IOS in this research, can be expressed as follows:

$$\text{MBVE} = \frac{Market\ Value\ of\ Equity}{Book\ Value\ of\ Equity}$$

Firm Size

A company's size can be estimated using a variety of criteria, such as market value, total assets, and others (Suhardi, 2020). This study employs a natural logarithm (Ln) as a surrogate for the total assets of the corporation to estimate firm size. Simplifying assets with values in the hundreds of billions to trillions of dollars using natural logs does not alter the relative magnitude of the assets. If you want to know how big a company is, you can use this formula from Jogiyanto (2010):

$$Firm\ Size = Ln\ Total\ Asset$$

The Effect of Audit Committees on Firm Value

In line with agency theory, audit committees can reduce agency conflicts by protecting shareholders' interests against management's profit-maximising actions. If audit committees achieve quality and effectiveness, corporate management accountability can be trusted, and investor confidence will increase. By keeping an eye on things, audit committees can boost a company's performance and worth. The results of research carried out by Dakhlallh, (2020) and Kurnia et al., (2024), which shows positive effect on firm value.

H1: Audit Committees Have a Positive Effect on Firm Value

The Effect of Independent Board of Commissioners on Firm Value

It is thought that having a proportional, independent board of commissioners will reduce conflicts of interest between management and shareholders and increase the quality of strategic decisions. A board of commissioners that is separate from management is seen to have more unbiased oversight abilities. This, in turn, promotes corporate accountability and transparency. Effective supervision can curb management behaviour that prioritises personal interests and improve the quality of corporate governance. These conditions foster greater investor confidence in the company, reflected in its market value. Increased market confidence stemming from better supervision will raise the firm value. This idea has backing from Salamah & Komara, (2025) and Putri & Simatupang, (2023), which shows that an independent board of commissioners affects firm value.

H2: Independent Board of Commissioners has a positive effect on Firm Value

The Effect of Corporate Social Responsibility on Firm Value

From legitimacy theory, in order for a company to obtain community support, it must operate in line with social norms and values. Corporate social responsibility (CSR) disclosure helps organizations stay legitimate when public expectations and company actions don't match up. It shows that companies care about and are accountable for their social and environmental repercussions. Improving a company's reputation and boosting revenue are two outcomes of CSR disclosure. Businesses engage in CSR with the hopes of eliciting a favorable reaction from stakeholders in the market, including creditors and investors, which may subsequently lead to a rise in the firm's worth (Sulbahri, 2021). The findings from Nguyen, (2025) and Asyik et al., (2024), CSR increases the value of a company.

H3: Corporate Social Responsibility has a positive effect on Firm Value

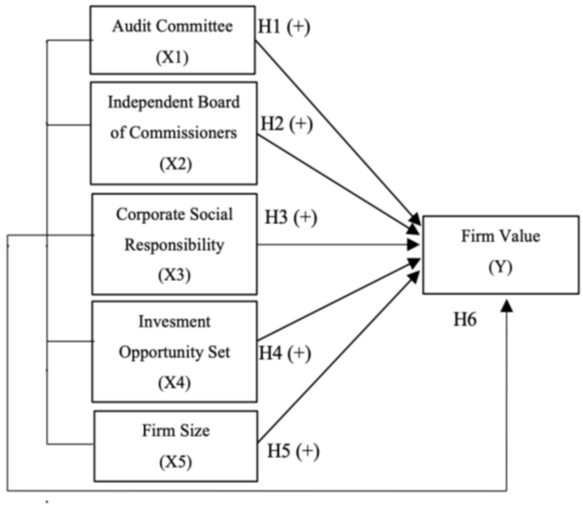
The Effect of Investment Opportunity Set on Firm Value

Investors' views of IOS are captured by the MBVE ratio, which compares a company's market value of equity to its book value of equity. According to signaling theory, a large MBVE indicates that a company has a large investment opportunity set (IOS), which in turn causes the market value of the company to rise. Since

Tobin's Q assesses the ratio of market value to book value of assets, it follows that a rise in IOS will have a positive effect on the firm's worth. In support of this notion, studies carried out by Tabe et al., (2022) and Utami & Paramita (2024), IOS increases the value of a company.
H4: Investment Opportunity Set has a positive effect on Firm Value

The Effect of Firm Size on Firm Value

In signal theory, firm size can reflect a company's growth potential, thereby attracting investor attention (Utami & Paramita, 2024). This indicates to investors that the company's business is stable and will be around for a while, which is good news. Large corporations are generally believed to have superior cash flow generation and long-term performance capabilities when it comes to market valuation. The market value of a corporation rises in direct proportion to its total assets, which are a measure of its size. Companies with extensive and solid asset bases typically have higher Tobin's Qs, as this measure compares a company's market value to its book value. This notion is backed by studies conducted by Al-slehat (2020) and Wulandari & Putri, (2023), according to which larger firms are worth more than smaller ones.
H5: Firm size has a positive effect on Firm Value



Methods

The Research methodology used in this study is quantitative and descriptive, with an emphasis on explanatory analysis to examine statistical associations among corporate governance, sustainability-related variables, and firm value. For this secondary data set, we combed through 2020-2024 SRI-KEHATI index businesses' annual reports, sustainability reports, and financial statements. The researchers established 47 companies as populations. The researcher uses a purposive sampling technique, selecting companies listed in the SRI-KEHATI index for the 2020-2025 period. The following is a sample that has been sorted based on the criteria that the researcher has compiled. (see Table 1).
The following is a list of companies included in the sample. (See Table 2).

Ten businesses were chosen for the sample based on these parameters. Panel data regression was used to conduct the analysis because it can generate more comprehensive estimates by combining time and inter-company dimensions. Views 12 served as the data tool for this study, which began with descriptive statistics, worked its way up to panel model selection, regression analysis, classical assumption testing, hypothesis testing with t-tests and F-tests, and finally, evaluated the model's capacity to explain variations in financial performance by evaluating the coefficient of determination.

Result and Discussion

Descriptive Statistical Analysis

A first summary of all study variables is provided by descriptive statistics. This strategy simplifies the evaluation process by condensing the amount of information regarding each variable. You may see the average, median, and range of data. Below are the outcomes of the descriptive statistical analysis. (See table 3).
Information derived from the aforementioned descriptive statistical test includes:

1. The Audit Committee (KA) variable has a min score of 3.00, a max of 9.00, a mean of 4.54, and a stdv of 1.79, indicating moderate variability in the number of audit committee members across firms and years.
2. The Independent Board of Commissioners (DKI) has a min score of 0.17, a max of 0.80, a mean of 0.47, and a stdv of 0.16, indicating moderate variability in the proportion of independent commissioners.
3. The CSR has a min score of 0.38, a max of 0.97, a mean of 0.62, and a stdv of 0.13, indicating moderate variability in CSR disclosure practices across firms and observation periods.
4. The IOS has a min score of 0.00, a max of 4.78, a mean of 1.44, and a stdv of 1.40, indicating relatively high dispersion across firms and years.
5. Firm Size has a minimum value of 16.59, a maximum of 31.01, a mean of 20.72, and a standard deviation of 3.73, indicating substantial variation in firm scale.
6. The dependent variable, Firm Value (Tobin's Q), has a min score of 0.45, a max of 3.76, a mean of 1.18, and a stdv of 0.72, indicating moderate variability in market-based firm value.

Selection of Panel Data Regression Model

Chow Test

The Chow test shows a Cross-section Chi-square probability of 0.0000 (< 0.05), indicating that H_0 is rejected and the FEM is the appropriate model.

Hausman Test

The Hausman test shows a cross-section random value of 3.907940 with a probability of 0.5627 (> 0.05), indicating that H_0 is accepted and the REM is the appropriate model.

Table 1. Sample Criteria

No	Sample Criteria	Violating the Criteria	Sum
1	Companies that were part of the SRI-KEHATI Index at least once between 2020-2024	-	47
2	Companies that were excluded because their index membership wasn't steady	(22)	25
3	Companies that published financial reports and annual reports during the 2020-2024 period	(5)	20
4	Companies that consistently reported sustainability reports during the 2020-2024 period.	(3)	17
5	Companies that reported GRI reports during the 2020-2024 period	(7)	10
Research Sample			10
Unit of analysis (10 x 5 years)			50

Source: Secondary data processed, 2025

Table 2. Sample

No	Company Code	Company Name
1	BBCA	PT. Bank Central Asia Tbk.
2	BBNI	PT. Bank Indonesia (Persero) Tbk.
3	BBRI	PT. Bank Rakyat Indonesia (Persero) Tbk.
4	BMRI	PT. Bank Mandiri (Persero) Tbk.
5	INDF	PT. Indofood Sukses Makmur Tbk.
6	JSMR	PT. Jasa Marga (Persero) Tbk.
7	KLBF	PT. Kalbe Farma Tbk.
8	SMRG	PT. Semen Indonesia (Persero) Tbk.
9	TLKM	PT. Telkom Indonesia (Persero) Tbk.
10	UNVR	PT. Unilever Indonesia Tbk.

Source: Secondary data processed, 2025

Table 3. Descriptive Analysis Results

	KA	**DKI**	**CSR**	**IOS**	**SIZE**	**TOBIN'S Q**
Mean	4.54	0.47	0.62	1.44	20.72	1.18
Median	4.00	0.44	0.61	1.04	20.06	0.98
Maximum	9.00	0.80	0.97	4,78	31.01	3.76
Minimum	3.00	0.17	0.38	0.00	16.59	0.45
Std. Dev	1.79	0.16	0.13	1.40	3.73	0.72
Observation	50	50	50	50	50	50

Source: Data processing results using E-views 12

Table 4. Results of Regression Model Selection Test for Panel Data

Test	**P-Value**	**Conclusion**
Chow	0.0000 < 0.05	FEM
Hausman	0.5627 > 0.05	REM
Lagrange Multiplier	0.0009 < 0.05	REM

Source: Data processing results using E-views 12

Table 5. Multicollinearity Test Results

Variable	**Centered VIF**
KA	1.221622
DKI	1.622665
CSR	1.263575
IOS	1.607902
SIZE	1.031441

Source: Data processing results using E-views 12

Table 6. Heteroscedasticity Test Results

F-statistic	2.151599	Prob. F(5,44)	0.0769
Obs*R-squared	9.823220	Prob. Chi-Square(5)	0.0804
Scaled explained SS	8.101723	Prob. Chi-Square(5)	0.1507

Source: Data processing results using E-views 12

Table 7. Regression Result with Random Effect Model (REM)

Variable	Coefficient	t-Statistic	P-Value
C	-1.932372	-3.883514	0.0003
KA	-0.095906	-2.532354	0.0150
DKI	0.280404	1.055412	0.2970
CSR	-0.241227	-.0977013	0.3339
IOS	0.026752	0.474485	0.6375
SIZE	0.170270	8.092143	0.0000

Source: Data processing results using E-views 12

Table 8. Simultaneous Test Results (F Test)

F-statistic	15.33101
Prob (F-statistic)	0.000000

Source: Data processing results using E-views 12

Table 9. Determination Coefficient Test Results

Adjusted R-squared	0.593884

Source: Data processing results using E-views 12

Lagrange Multiplier Test

The Lagrange Multiplier test shows a Breusch–Pagan probability of 0.0009 (< 0.05), indicating that H_0 is rejected and the REM is the appropriate model.

Classical Assumption Test

Multicollinearity Test

The multicollinearity test examines whether independent variables are highly correlated. Using the VIF, a value < 10, show there's no multicollinearity.

Based on the results, all independent variables have VIF < 10; therefore, H_0 is accepted and there's no multicollinearity.

Heteroscedasticity Test

Based on the result, the probability value of obs*R-Squared is 0.0804 (>0.05), it can be concluded that the assumption of heteroscedasticity has been met or that the data has passed the heteroscedasticity test.

Hypothesis Test

After conducting model selection testing, it was concluded that the REM model best suited this investigation. Here is the regression equation:

TOBIN'S Q = -1.932372 -0.095906*KA + 0.280404*DKI - 0.241227*CSR + 0.026752*IOS + 0.170270*SIZE

Partial Test (t-test)

1. The p-value for the audit committee (KA) is 0.0150, with a negative coefficient of -0.095906, meaning that audit committee have a negative effect on firm value.
2. The p-value for the independent board of commissioners (DKI) is 0.2970 > 0.05, so H0 is accepted and H2 is rejected, meaning that the independent board of commissioners has no partial effect on firm value.
3. The p-value for CSR is 0.3339 > 0.05, so H0 is accepted and H3 is rejected, meaning that CSR partially has no effect on firm value.
4. The p-value of the IOS is 0.6375 > 0.05, so H0 is accepted and H4 is rejected, meaning that the IOS has no partial effect on firm value.
5. The p-value for firm size is 0.000 < 0.05 with a positive coefficient of 0.170270, so H0 is rejected and H5 is accepted, meaning that firm size has a positive effect on firm value.

Simultaneous Test (f-test)

From simultaneous test results, the F-statistic result is 15.33101 with Prob. (F-statistic) of 0.000000 < 0.05, so the H_0 is rejected, and the Ha is accepted. So, all independent variables jointly affect firm value.

Determination Coefficient Test

Based on the test, the adjusted R-squared value of 0.593884 indicates that the audit committee, independent board of commissioners, CSR, IOS, and firm size explain 59.39% of the variation in firm value. In comparison, other variables outside this study influence the remaining 40.61%.

The Effect of the Audit Committee on Firm Value

Audit committees have a negative effect on firm value (Tobin's Q), according to the study. The negative, significant impact of audit committees on company value suggests that larger committees do not always improve market valuation. Since audit committees are represented only by the number of their members, this size may reflect formal compliance rather than effective oversight. In the context of SRI-KEHATI companies, where governance standards are already expected, an increase in committee size may be viewed by investors as bureaucratic inefficiency or symbolic governance with limited added value. These findings suggest that the market places greater emphasis on the substantive quality of governance mechanisms than on their numerical structure, meaning that quantity-based proxies may not adequately capture the value-relevant role of audit committees.

This finding are relevant with those of the investigation by Ayu & Putu, (2024) and research by Anwar, (2023), according to which audit committees reduce the worth of a company. However, this study contradicts Salamah & Komara (2025), which found that audit committees have a positive effect on firm value.

The Effect of Independent Boards of Commissioners on Firm Value.

An independent board of commissioners can boost a company's worth, according to the theory. In spite of this, Tobin's Q shows that DKI does no effect on firm value. Based on these results, it appears that DKI have failed to reduce principal-agent conflicts. It is believed that the current 30% independent board members do not have enough sway over managerial decision-making or corporate governance effectiveness to make a meaningful difference. Consequently, the value that the firm has gained has not been reflected in the supervisory role of independent board members.

Findings from this study corroborate those from Aurelian et al., (2021), which show that the value of a company is unaffected by independent boards of commissioners. However, this study contradicts Putri & Simatupang (2023), who discovered that the value of a company increases when independent boards of commissioners are in place.

The Effect of Corporate Social Responsibility on Firm Value

The hypothesis states that CSR can increase firm value. But, the study's results show that CSR does not affect firm value (Tobin's Q). The companies used as the sample are firms listed on the Sustainable and Responsible Investment (SRI)–KEHATI Index, which comprises companies that have consistently implemented principles of sustainability, good corporate governance, and environmental responsibility as core operational references. As the market already perceives firms included in this index as meeting minimum sustainability and CSR standards, investors tend to view CSR practices as an expected baseline rather than a differentiating factor. Consequently, CSR disclosure may no longer provide incremental or novel information that can significantly Influence investor perception or firm valuation. In this context, CSR disclosure becomes less informative in signalling additional firm value, which may explain the insignificant effect of CSR on firm value observed in this study.

This finding relevant with those of the investigation by Steven, (2025) and research by Sapitri & Hernawati, (2023) which found that CSR does not affect firm value. However, this study contradicts Nguyen (2025), who found that CSR has a positive and significant effect on firm value.

The hypothesis states that the IOS can increase firm value. Having said that, IOS doesn't have impact on firm value, according to the study. The insignificant impact of the IOS on company value indicates that growth opportunities do not serve as a distinguishing signal for investors among SRI-KEHATI companies. Given that companies included in this index are generally large, mature, and financially stable, variations in IOS may be relatively limited and already reflected in market prices, thereby reducing their additional explanatory power for Tobin's Q. In this context, investors may place greater emphasis on realised performance and company fundamentals than on prospective growth indicators. Consequently, the irrelevance of IOS does not mean that growth opportunities are unimportant, but rather that IOS-based measures provide limited additional information for assessing company value within a screened group of companies that are relatively homogeneous and ESG-focused.

Findings from this study corroborate those of previous studies conducted by Rismawandi & martini (2025), proving that IOS has no bearing on the worth of a company. However, this study contradicts the research by Utami & Paramita (2024), which determined that IOS increases the value of a firm.

The Effect of Firm Size on Firm Value

Firm value can rise as a function of firm size, according to the hypothesis. Research has shown that a larger firm has a higher Tobin's Q value, therefore this makes sense. According to signaling theory, investors are interested in a company's size because it indicates its potential for growth. This indicates to investors that the company's business is stable and will be around for a while, which is good news.

The research conducted by Kencana et al. (2025) and Al-Slehat, (2020) suggest that the value of a company increases as its size grows. Nevertheless, these findings run counter to Dewi & Sembiring, (2022) study, according to which company value is unaffected by firm size.

Conclusion

The aim of this research is to examine the SRI-KEHATI Index companies' values from 2020 to 2024 via the lenses of audit committees, independent boards of commissioners, CSR, investment opportunity sets, and firm size. The audit committee reduces the worth of the firm, according to the findings. Investment opportunity set, corporate social responsibility, and independent board of commissioners, on the other hand, do not significantly impact business value. On the other hand, firm value is positively correlated with business size.

These findings indicate that the existence and improvement of governance mechanisms and sustainability activities, in themselves, do not increase firm value unless they are accompanied by effective implementation and high-quality management. In the context of SRI-KEHATI Index companies, investors tend to respond more to tangible, easily observable factors, such as firm size, than to governance and non-financial indicators, whose benefits are long-term.

Several constraints, such as a small sample size of companies listed on the SRI-KEHATI Index and a relatively short observation time, limit the study's usefulness in providing empirical insights into the factors that impact firm value. So, to broaden the study's scope and time range and to create more comprehensive measurements of governance, CSR, and investment opportunity variables, additional research is suggested. Companies' efforts to sustainably increase company value will likely be better understood in future studies.

Author contributions

In this study, Aulia Wilianti served as the lead author, coordinating and carrying out all stages of the research, from formulating the problem to developing the theoretical and methodological framework, collecting and processing data, and analysing and discussing the research results. In addition, Aulia Wilianti was also responsible for compiling and writing scientific articles and presenting the research findings in the form of a final manuscript. Dr. Esi Fitriani Komara, S.E., M.S.M., AFA, contributed to the early stages of the research by guiding topic selection and problem formulation, and by sharpening the research's focus. Dr. Esi Fitriani Komara, S.E., M.S.M., AFA, also provided input on evaluating the analysis results, interpreting the findings, and editing the manuscript to improve the quality of writing and ensure compliance with scientific principles and journal guidelines. All authors were involved in the review, revision, and final approval of the manuscript before it was submitted for publication.

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