



## Enhancing Sharia Stock Performance Through Board Commissioners' Characteristics: The Moderating Role of Educational Level

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### ABSTRACT

**Purpose** – This study aims to analyze the influence of the characteristics of the Board of Commissioners on sharia stock returns and explore the role of moderation of education levels in this relationship. **Methodology/approach** – The research method used is the regression of panel data with the Feasible Generalized Least Squares (FGLS) model. This study involves variables such as the number of board of commissioners, the frequency of meetings, the proportion of the board of commissioners, the level of education, age of members of the board of commissioners, and control variables in the form of company characteristics and macroeconomic factors, namely inflation. **Findings** – The results showed that the characteristics of the Board of Commissioners as a whole had no significant effect on sharia stock returns, both directly and as moderation variables by the level of education, which showed that the performance of sharia issuers was more influenced by other factors. In addition, the negative relationship between the age of the Board of Commissioners and stock returns underline the importance of a balance between experience and innovation in improving the performance of sharia issuers. These findings provide insight for sharia issuers to involve all stakeholders in strategic decisions. **Novelty/value** – This study shows experience alone is not enough, but innovation and adaptation to the development of digital technology is also important in the performance of the company's shares.

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### INTRODUCTION

The development of the Islamic capital market in Indonesia has shown significant growth in recent years. One of the main indicators in the performance of the Islamic capital market is the stock return, which is the concern of investors in making investment decisions. In line with sharia principles, in addition to financial aspects, corporate governance (corporate governance) also plays an important role in maintaining public trust and ensuring company operations in accordance with Islamic values (Munir et al., 2023). The performance of shares of companies in JII also tends to experience fluctuations and declines in recent years (Puteri, 2023). The stock returns of companies in JII which tend to be fluctuating and declining can have a significant impact on the development of sharia shares in Indonesia,

considering that JII is one of the indexes that are the barometer in the sharia stock market in this country. The potential impacts that can occur include a decrease in investor confidence (Muthi'ah & Chang, 2023). The decline in the net profit of companies in JII can reduce the attractiveness of Islamic shares for investors, especially if they are looking for a stable and profitable portfolio. This has the potential to affect the liquidity and capitalization of the Islamic stock market. The second impact is the development of the performance of the sharia stock index disrupted (Suwandi, 2020). As a leading index, JII's performance reflects the overall performance of sharia shares in Indonesia. The decline in the performance of companies in JII can trigger negative perceptions of the sharia stock market in general. Based on the description above, it can be concluded that if fluctuations and decreased performance of sharia issuers in JII takes place continuously, the rate of Islamic economic growth in Indonesia is hampered. The weakening contribution of JII can slow down the growth of this sector and affect the competitiveness of Indonesia's Islamic economy at the global level.

The Board of Commissioners as one of the main pillars of the corporate governance system has the responsibility in overseeing the course of management and protecting the interests of stakeholders. Characteristics of the Board of Commissioners such as independence, meeting frequency, education, and age composition, are believed to affect company performance. However, the effectiveness of these characteristics cannot be separated from the ability of individual members of the council in analyzing information, making strategic decisions, and understanding the latest regulations and issues, including sharia issues (Sueb et al., 2022).

The level of education is one of the variables that reflects the capabilities and competencies of board members in carrying out their duties. Higher education can increase understanding of good governance, business risk, and sharia principles. Therefore, it is strongly suspected that the level of education of members of the Board of Commissioners can moderate the relationship between the characteristics of the council and the return of sharia shares. This moderation means that the level of education can strengthen or weaken the influence of the characteristics of the council on the performance of sharia shares (Siregar & Khamimah, 2021).

This study aims to test whether the education level of members of the Board of Commissioners significantly moderate the influence of the characteristics of the council on sharia stock returns. The object of research are companies that are members of the Jakarta Islamic Index (JII) for the 2019-2023 period. The results of this study are expected to be able to contribute theoretical and practical in understanding the importance of the qualifications of human resources, especially in the context of sharia company governance in Indonesia.

## **LITERATURE REVIEW**

Measurement of company performance when viewed from an accounting and stock perspective, provides different insights on how the company operates, and how companies are expected to grow in the future. The right evaluation of these two aspects can help decision makers, both internal and external, to make more strategic decisions related to operations, investment, or company ownership. One of the instruments that is often used as a tool to measure the financial performance of sharia issuers is sharia stock returns. Measurement of sharia stock returns is the difference between the current sharia stock price, with the price of sharia shares in the previous period, plus dividend per share. Then the results are divided by the price of sharia shares in the previous period (Samsul, 2006).

The role of the Board of Commissioners is not only as a supervisor, but also as a proactive advisor in helping the Board of Directors make the right decision to encourage company performance. The Board of Commissioners also played a role in maintaining company compliance with external laws and regulations, including those related to industrial regulations, market provisions, and corporate governance standards. Law of the Republic of Indonesia Number 19 of 2003 concerning State-Owned Enterprises Article 31 Strengthens the responsibility of the Board of Commissioners in overseeing the performance of the Board of Directors in carrying out the company's management. The Board of Commissioners must ensure that the directors' actions are in line with the company's internal regulations and policies.

The relationship between the number of members of the Board of Commissioners and shares yield has attracted significant attention in the corporate governance literature. The larger board of



commissioners can improve the quality of financial supervision, which in turn has a positive impact on investor confidence and stock performance. Research shows that an increase in the number of commissioners can lead to better management supervision, which results in an increase in the quality of financial reporting and, as a result, higher stock yields (Nur et al., 2022). This is in line with findings that show a positive correlation between the size of the Board of Commissioners and market reactions, because investors are more likely to trust the company with a strong governance structure (Salim & Rusman, 2019). Therefore, the first hypothesis used as follows. Hypothesis 1 (H1): The number of members of the Board of Commissioners has a positive effect on stock returns.

The relationship between the Board of Commissioners' meetings and stock profits has become a substantial research subject, which reveals the nuanced interaction between corporate governance practices and financial performance. The Board of Commissioners Meetings which are often generally associated with increasing the supervision and improvement of company performance, which can affect stock profits positively. Research shows that regular council meetings increase the effectiveness of governance by facilitating communication and better decision making processes. Increased council meetings cause greater efficiency in the role of supervision, thereby improving company performance (Ramos & Olalla, 2011). Although meetings can often indicate a fundamental problem in some cases, the meeting can also reflect strong governance practices that improve performance (Sutejo et al., 2024). Furthermore, other research findings show that the higher level of supervision of the council, which is proxied by the frequency of meetings, correlates with an increase in company value, which is an important factor for stock performance (Brick & Chidambaran, 2010). Therefore, the second hypothesis used as follows. Hypothesis 2 (H2): The Board of Commissioners Meeting has a positive effect on stock returns.

The increasing number of independent commissioners in the company council has been linked to increasing stock returns, mainly because of their role in improving corporate governance and reducing agency problems. Independent Commissioner functions as an important mechanism for monitoring management, ensuring that the interests of the majority and minority shareholders are prioritized. This supervision is very important in harmonizing the interests of managers with shareholders, thus encouraging better financial performance and ultimately leads to an increase in stock returns (Murhadi et al., 2024; Winter et al., 2021). Another finding shows a positive correlation between the independence of the Board of Directors and the synchronism of the stock price, which shows that independent supervision contributes to the determination of more accurate stock prices in the market (Butar, 2019). Therefore, the third hypothesis used as follows. Hypothesis 3 (H3): The number of independent commissioners has a positive effect on stock returns.

The relationship between the educational qualifications of members of the Board of Commissioners and shares yields has attracted significant attention in the corporate governance literature. The higher level of education among board members is often associated with improvement of financial performance, so as to affect the return of stock yields positively. Research shows that the educational background of members of the council plays an important role in forming corporate governance and financial results. Research has shown that the council with members who have a follow-up degree tends to demonstrate the ability to make decisions and better strategic supervision, which can lead to improvement of financial performance, so that higher stock yields (Akpan & Amran, 2014; Darmadi, 2013). Specifically, the presence of a good educated board member can improve the ability of the council to monitor management effectively, thereby reducing agency costs and harmonizing management interests with the interests of shareholders (Fidanowski et al., 2014; Robiyanto & Susanto, 2020). Therefore, the fourth hypothesis used as follows. Hypothesis 4 (H4): The level of education of members of the Board of Commissioners has a positive effect on stock returns.

Research shows that older board members tend to bring a lot of experience and stability to corporate governance, which can increase investor confidence and lead to improvement of financial performance. The composition of the council, including the age of its members, plays an important role in corporate governance. Older board members often have extensive industrial knowledge and experience, which

can be important in navigating complex market conditions and making appropriate decisions (Setiawan et al., 2023). The presence of experienced members can increase the ability of the council to monitor management effectively, which leads to improvement of operational performance and, as a result, higher stock returns (Mary et al., 2019). Therefore, the fifth hypothesis used as follows. Hypothesis 5 (H5): The age of members of the Board of Commissioners has a positive effect on stock returns.

The education level of members of the Board of Commissioners can function as a positive moderation factor in the relationship between the characteristics of the Board of Commissioners and the company's performance. Good education not only increases individual competence, but also strengthens the effectiveness of the council in carrying out the function of supervision and strategic decision making, which in turn has a positive impact on the company's overall performance. Research shows that the experience and qualifications of the educational education of the Board of Directors contribute to better corporate governance practices, which can improve performance (Zulfikar et al., 2020). (Siregar & Khamimah, 2021) emphasizes that formal education members of the Board of Commissioners function as cognitive indicators that affect their ability to carry out their duties and responsibilities, which in turn contribute to company performance. In addition, (Sufina & Saputra, 2023) show that the managerial and intellectual abilities possessed by members of the council, including their education, have a significant effect on company performance. Therefore, the sixth hypothesis used as follows. Hypothesis 6 (H6): The level of education of members of the Board of Commissioners positively moderates the influence of the characteristics of the Board of Commissioners on the performance of sharia issuers.

## **METHOD**

### **Types and Sources of Data**

This research is a study with a quantitative approach supported by a descriptive approach using secondary data. Secondary data in the form of company performance data proxied by stock returns. In addition, other secondary data in the form of data on the characteristics of the Board of Commissioners, and data on the characteristics of the company proxied by the company's size and age of the company. These data are obtained from the annual report published on the website of each company. The variables in this study consist of dependent variables, independent variables, moderation variables, and control variables. The dependent variable in this study is the ratio of sharia stock returns. The independent variables used in this study include the number of Board of Commissioners, Board of Commissioners meetings, Independent Board of Commissioners ratios, Board of Commissioners Education Level, and Age of the Age of the Board of Commissioners. The moderation variable used in this study is the education level of the Board of Commissioners. While the control variables are company size, company age, and general inflation. The explanation of the dependent variable, independent variables, moderation variables, and control variables as follows.

### **Population and Sample**

Population in this study was 30 sharia issuers registered on JII period June 1 to 29 November 2024 in accordance with the announcement of the Indonesia Stock Exchange No. Peng-00178/BEI.POP/08-2024. Sampling techniques using purposive sampling techniques. The Purposive Sampling criteria are sharia issuers registered with JII which have complete annual report data from 2019 to 2023 in the form of company performance data that is proxied by sharia stock returns, the data characteristics of the Board of Commissioners, and the company's characteristics data. The sample used in this study was a sharia issuer listed at the Jakarta Islamic Index (JII) which met these criteria, namely as many as 22 sharia issuers. The following is a list of sharia issuer shares samples that meet the criteria.



Table 1. List of Samples of Sharia Issuers

No.	Code	Issuer's Name
1.	ACES	PT. Ace Hardware Indonesia, Tbk
2.	ADRO	PT. Adaro Energy Indonesia, Tbk
3.	ANTM	PT. Aneka Tambang Tbk
4.	ASII	PT. Astra Internasional, Tbk
5.	BRIS	PT. Bank Syariah Indonesia, Tbk
6.	BRMS	PT. Bumi Resources Minerals, Tbk
7.	BRPT	PT. Barito Pasific, Tbk
8.	CPIN	PT. Charoen Pokphand Indonesia, Tbk
9.	EXCL	PT. XL Axiata, Tbk
10.	ICBP	PT. Indofood CBP Sukses Makmur, Tbk
11.	INCO	PT. Vale Indonesia Tbk
12.	INDF	PT. Indofood Sukses Makmur, Tbk
13.	ITMG	PT. Indo Tambangraya Megah, Tbk
14.	KLBF	PT. Kalbe Farma, Tbk
15.	MAPI	PT. Mitra Adiperkasa, Tbk
16.	MDKA	PT. Merdeka Copper Gold, Tbk
17.	MEDC	PT. Medco Energi Internasional, Tbk
18.	PTBA	PT. Bukit Asam, Tbk
19.	SMGR	PT. Semen Indonesia (Persero), Tbk
20.	TLKM	PT. Telkom Indonesia (Persero), Tbk
21.	UNTR	PT. United Tractors, Tbk
22.	UNVR	PT. Unilever Indonesia, Tbk

Source: Bursa Efek Indonesia, 2024

### Data Analysis Method

The research data analysis method used is the panel data regression analysis method, which combines data from several objects or entities (sharia issuers) that are observed continuously in a period of time from 2019 to 2023. (Baltagi, 2005) states that panel data is a combination of cross-section data (data observing many entities at one point of time) and time series data (data observing one entity at many times). Panel data regression methods are used to analyze the relationship between independent variables and dependent variables by considering variations between different entities and changes that occur from time to time (Indrajaya, 2022a, 2022b; Indrajaya & Iskanto, 2023). The software used in identifying the panel data regression model is Stata.

The panel data regression model in this study was divided into baseline models and interaction models that can be written as follows.

Baseline Model:

$$RSSY_{it} = \beta_0 + \beta_1 BC_{it} + \beta_2 BCM_{it} + \beta_3 IBC_{it} + \beta_4 BCE_{it} + \beta_5 BCA_{it} + \beta_{10} CS_{it} + \beta_{11} CA_{it} + \beta_{12} INF_{it} + \lambda_i + \gamma_t + \varepsilon_{it}$$

Interaction Model:

$$RSSY_{it} = \beta_0 + \beta_1 BC_{it} + \beta_2 BCM_{it} + \beta_3 IBC_{it} + \beta_4 BCE_{it} + \beta_5 BCA_{it} + \beta_6 (BCE_{it} * BC_{it}) + \beta_7 (BCE_{it} * BCM_{it}) + \beta_8 (BCE_{it} * IBC_{it}) + \beta_9 (BCE_{it} * BCA_{it}) + \beta_{10} CS_{it} + \beta_{11} CA_{it} + \beta_{12} INF_{it} + \lambda_i + \gamma_t + \varepsilon_{it}$$

Keterangan:

$RSSY$	: Sharia Stock Return
$BC$	: Board of Commissioners
$BCM$	: Board of Commissioners Meeting
$IBC$	: Independent Board of Commissioners
$BCE$	: Board of Commissioners Education
$BCA$	: Board of Commissioners Age
$CS$	: Company Size
$CA$	: Company Age
$INF$	: Inflation
$\beta_0$	: Coefficient of Intercept/ Constant
$\beta_j$	: Independent Variable Regression Coefficient $j$
$\lambda_i$	: Individual Effects
$\gamma_t$	: Time Effects
$I$	: Individual Subscript
$T$	: Time Subscript
$E$	: Error Term

In estimating the panel data, there are three forms of calculation models that can be used, namely the Common Effect Model (CEM) or Pooled Ordinary Least Square (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM) (Juanda, 2009).

## RESULT AND DISCUSSION

As an initial stage in data analysis, descriptive statistics are used to provide a general picture of the characteristics of the research variable, namely the performance of sharia issuers, characteristics of the Board of Commissioners, the characteristics of the company, and inflation. This analysis includes analysis of data concentration sizes, analysis of data dissemination (standard deviation), and data distribution for each variable during the 2019-2023 observation period.

Table 2. Descriptive Statistics

Variables	Mean	Std. dev	Min	Max
RSSY	0,127404	0,7136173	-0,99284	5,818182
BC	6,281818	2,03696	2	10
BCM	0,274301	0,1760155	0	0,826923
IBC	42,96392	12,42653	20	83,33334
BCE	0,530747	0,2889302	0	1
BCA	61,7987	4,945509	53,3	73,666
CS	31,70057	1,011404	29,40939	33,73062
CA	39,44545	19,69147	1	90
INF	2,878	1,382925	1,68	5.51

Source: STATA Output, processed



In Table 2, it can be seen carrying several variables such as RSSY, BC, IBC, and CA which have very high variability (large standard deviations), which indicate significant variations between observations.

Table 3. Correlation and VIF Analysis

	RSSY	BC	BCM	IBC	BCE	BCA	CS	CA	INF	VIF
<b>RSSY</b>	1.00									
<b>BC</b>	-0.1829	1.00								1.66
<b>BCM</b>	-0.0821	0.1777	1.00							1.51
<b>IBC</b>	0.1472	0.1952*	-0.0227	1.00						1.17
<b>BCE</b>	-0.0795	0.5971*	0.3070*	0.0615	1.00					1.84
<b>BCA</b>	-0.0033	0.5106*	0.4273*	0.0719	0.6034*	1.00				2.33
<b>CS</b>	-0.0700	0.3773*	0.1898*	0.1417	0.2155*	0.0452	1.00			1.22
<b>CA</b>	-0.1020	0.0322	-0.1493	0.0335	0.0998	0.1762	0.1302	1.00		1.27
<b>INF</b>	0.1674	0.0139	0.0026	0.0458	0.0248	0.0519	0.1024	0.0076	1.00	1.18

Source: STATA Output, processed

Table 3 shows the results of correlation analysis between research variables, as well as VIF values for each variable. Positive and significant correlation occurred between the level of education of the Board of Commissioners (BCE) with the number of Board of Commissioners (BC), the level of education of the Board of Commissioners (BCE) with the Board of Commissioners (BCM) meetings (BCM), Corporate Size (CS) with the number of Board of Commissioners (BC), Company Size (CS) with the Board of Commissioners Meeting (BCM), and Company Size (CS) with the education level of the Board of Commissioners (BCE). While the negative and significant correlation occurred between the ratio of the Independent Board of Commissioners (IBC) with the number of Board of Commissioners (BC), the age of the Board of Commissioners (BCA) with the number of Board of Commissioners (BC), the age of the Board of Commissioners (BCA) with the Board of Commissioners (BCM), and the age of the Board of Commissioners (BCA) and the Board of Commissioners Meeting (BCE).

Table 4. Autocorrelation Test and Heteroscedasticity Test

No.	Tests	F-Stat/ Chi2	p-values	H <sub>0</sub>
1.	Wooldridge test for autocorrelation data panels	2.425	0.2173	Accepted
2.	Breusch-Pagan/ heteroscedality	Cook-Weisberg test for	1.18	0.2765

Source: STATA Output, processed

Based on Table 4, the results of the Wooldridge test showed that there was no autocorrelation in the panel data. This means the residuals of the regression model do not correlate with each other. Breusch-Pagan/ Cook-Weisberg test results show that there is no heteroscedasticity in the model. Residual variance is considered constant, thus meeting the classic assumptions of the linear regression model.

Although the data does not have autocorrelation or heteroscedasticity problems, FGLS can still be used because of its generalized nature, which is able to provide an efficient estimation in various data panel conditions. FGLS theoretically is more efficient than OLS or Fixed Effects Model (FEM), even if there are no heteroscedasticity or autocorrelation problems. In addition, when we enter the interaction variable (moderation of education level), the model becomes more vulnerable to violations of regression assumptions such as heteroscedasticity or autocorrelation. FGLS helps maintain the stability of the model in this condition.

Table 5. Baseline Model

Variable	OLS	REM	FEM	FGLS
Ln_BC	-0,72014818	-0,23014112	1,2931058	-0,7201482
Ln_BCM	-0,27725448	0,01791346	-0,87972407	-0,2772545
Ln_IBC	0,90519639	1,0936628	0,67193312	0,9051964
BCE	-0,9040937	-1,4312115	-5,4097313**	-0,9040937
Ln_BCA	-5,734.001	-3,9956935	14,182862*	-5,734001*
CS	-0,12514471	-0,13748911	0,39474267	-0,1251447
Ln_CA	-0,3251644	-0,43597156	-3,1459885	-0,3251644
Ln_INF	0,67014484	0,75148361**	0,91753607	0,6701448*
Kontanta	24,578358	17,26539	-65,53398	24,57836*
N	52	52	52	52
R <sup>2</sup>	0,19317083	0,1230	0,44335596	

Source: STATA Output, processed

In the FEM and FGLS models (Table 5), the average age of the Board of Commissioners has a negative influence on sharia issuer stock returns. While other variables have no significant effect on Islamic stock returns. The Board of Commissioners has a negative influence on sharia issuer stock returns, which means that the age of the board of commissioners increases, the decline in the value of sharia issuer shares. The older board of commissioners have a negative influence on sharia issuer stock returns due to limited adaptation to technology, conservative attitudes, and decreased productivity that can affect the performance of sharia issuers at JII. These results are contrary to the results of research by (Mary et al., 2019; Setiawan et al., 2023).

Table 6. Interaction Model

Variable	OLS	REM	FEM	FGLS
Ln_BC	0,6995084	0,69950837	1,661134	0,69950837
Ln_BCM	-0,6533833	-0,65338329	0,0596247	-0,65338329
Ln_IBC	1,048177	1,0481774	3,022142	1,0481774
BCE	0,1076235	0,1076235	-1,337603	0,1076235
Ln_BCA	-4,096312	-4,0963122	14,06915	-4,0963122
CS	-0,3494813	-0,34948135	0,9723413	-0,34948135*
Ln_CA	-0,2529564	-0,2529564	-7,575521	-0,2529564
Ln_INF	0,600067	0,60006704*	0,6867168	0,60006704*
BCE*BC	3,164114	3,1641139	0,7715215	3,1641139





Variable	OLS	REM	FEM	FGLS
BCE*BCM	-1,495902	-1,4959018	-1,659063	-1,4959018
BCE*IBC	2,68754	2,6875395	4,862498	2,6875395
BCE*BCA	-4,292199	-4,2921987	-5,745711	-4,2921987
Konstanta	20,48002	20,480024*	-79,17847	20,480024*
N	48	48	48	48
R <sup>2</sup>	0,2607	0,0761	0,5183	

Legend: \* p<0,1; \*\* p<0,05; \*\*\* p<0,01

Source: STATA Output, processed

The FGLS model shows that the number of Board of Commissioners, Board of Commissioners meetings, Independent Board of Commissioners, education level, age of members of the Board of Commissioners has no significant effect on sharia stock returns. The level of education also does not moderate the effect of the number of Board of Commissioners, Board of Commissioners Meetings, Independent Board of Commissioners, Age of Members of the Board of Commissioners on Sharia Stock Returns.

## Discussion

This finding supports the literature which states that the composition of the Board of Commissioners and macroeconomic factors such as inflation has an important role in determining company performance. The negative relationship between the age of the board of commissioners and stock returns in the baseline model, shows that experience alone is not enough, but innovation and adaptation are also important in the company's governance. The older board of commissioners may have difficulty adapting to technological changes, market trends, or new innovations. Sharia issuers, like other companies, often need a responsive strategy to industrial development, especially in the digital age. The inability to adopt a modern approach in decision making can affect company performance, so that it has a negative impact on stock returns. This study shows that Islamic companies need to consider a balance between experience and innovation in the composition of the Board of Commissioners. Recruiting a younger board of commissioners but still experienced can be a solution to improve company performance.

The number of Board of Commissioners has no significant effect on Islamic stock returns. The addition of the number of members of the Board of Commissioners does not always improve the quality of supervision or decision making. In fact, a large amount can cause inefficiency in the decision-making process. The frequency of the Board of Commissioners' meetings has no significant effect on sharia stock returns, because investors pay more attention to concrete results from meetings, such as strategic policies, compared to their frequency. The proportion of the Independent Board of Commissioners has no significant effect on sharia stock returns because investors may prioritize other factors such as the company's reputation, compared to the proportion of the Independent Board of Commissioners. The education level of the Board of Commissioners has no significant effect on Islamic stock returns, because investors are more interested in track records and the achievements of the Board of Commissioners than academic degrees. The age of members of the Board of Commissioners has no significant effect on Islamic stock returns in the interaction model, because age does not always reflect capability or productivity.

The level of education does not moderate the relationship between the number of board of commissioners and sharia stock returns because the addition of the number of members does not

necessarily improve the quality of governance despite the high level of education. The success of governance is more determined by collaboration and synergy between members, not just the number or level of education. The level of education does not moderate the relationship between the frequency of the Board of Commissioners' meetings and sharia stock returns because even though the board members have a level of higher education, unproductive meetings will not have a significant impact on the company's shares performance. The level of education does not moderate the relationship between the proportion of the Board of Commissioners and the return of sharia shares because it may be more influenced by the values of ethics and compliance than the level of formal education. The governance approach based on sharia principles may be more influenced by ethical values and compliance compared to the level of formal education. The level of education does not moderate the relationship between the age of members of the Board of Commissioners and sharia stock returns because age and education are independent in their influence on governance. The combination of age and education is not enough to produce significant impacts without the support of other factors, such as practical experience or adaptability.

## **CONCLUSION**

This study shows that the negative influence between the age of the Board of Commissioners and stock returns on the baseline model, shows that experience alone is not enough, but innovation and adaptation to the development of digital technology is also important in the performance of the company's shares. Whereas in the interaction model, the characteristics of the Board of Commissioners such as the number of members of the Board of Commissioners, the frequency of the Board of Commissioners' meetings, the proportion of the Board of Commissioners, the level of education, and age of the Board of Commissioners, did not have a significant influence on sharia stock returns, both directly and as moderation variables.

Theoretical findings indicate that the individual characteristics of the board of commissioners (number, meeting frequency, independent proportion, level of education, age) do not directly affect the performance of company shares in the context of sharia issuers. Sharia company shares performance is more influenced by other factors that are not examined in this study. Therefore, both companies and investors need to consider holistic aspects in their analysis.

Practically for companies or issuers, this study emphasizes that it is necessary to focus on the implementation of holistic Good Corporate Governance (GCG), involving all stakeholders, and not only on individual characteristics of members of the Board of Commissioners. In addition, increasing transparency and accountability can help increase investor confidence.

For investors, this study emphasizes that it should not only consider the characteristics of the Board of Commissioners but also examine other factors, such as business strategy, risk mitigation, and company growth. Portfolio diversification can help reduce risks related to stock return volatility.

For regulators, this study suggests to be able to encourage the application of tighter governance standards, including increasing the active participation of all stakeholders in strategic decision making.

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