THE IMPACT OF TAX AVOIDANCE, SUSTAINABILITY REPORT DISCLOSURE, AND EARNINGS MANAGEMENT ON FIRM VALUE IN THE DIGITAL ERA WITH CORPORATE GOVERNANCE AS A MODERATING VARIABLES

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Abstract
The issue of this research is the increasing number of companies that practice tax avoidance and earnings management, which causes the reports presented do not show actual firm value, so good corporate governance and sustainability report is needed in the company. This study aims to determine whether tax avoidance, sustainability reporting, and earnings management affected firm value with the moderating variable of corporate governance. This type of data is secondary data sourced from annual financial reports. Samples were collected from 80 companies listed on the Indonesian Stock Exchange (BEI) between 2015 and 2019. This research is an explanatory study that employs a quantitative approach, purposive sampling methods, the time series method of data collection techniques, the Absolute Difference Value Method to examine the moderating variable’s effect, to analyze the data. The finding indicates that while tax avoidance has no negative effect on firm value and Sustainability Report has no positive effect on firm value, earnings management negatively affects firm value. Corporate Governance did not weaken the effect of tax avoidance on firm value, Corporate governance did not strengthen the relationship between sustainability reports and firm value. Corporate Governance weakens the negative effect of earnings management on firm value. This study contributes to three different strands of research: determinants of tax avoidance in Indonesia for government literature, evaluation, improve, improvement, and performance for companies; for investors, as it is worthwhile to consider additional factors to aid in making an informed assessment of company’s value in this era of technology.

Keywords: Tax Avoidance, Sustainability Reporting Disclosure, Earnings Management, Corporate Governance, Firm Value

JEL Classification: G32, G34, M14

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INTRODUCTION

In the era of globalization, companies must be able to compete in an increasingly tight business due to increasing market complexity, climate change, and a dynamic environment in order to increase company value and shareholder welfare which is the company's goal (Tanjung & Wahyudi, 2019). The existence of tax avoidance influences firm value because in today's digital era, information is easily obtained between countries, this opens space for taxpayers to be able to take advantage of the opportunity to pay the smallest amount of tax to obtain maximum profit, so they can provide prosperity to owners or shareholders and increase company value. The results of research on China Tax Avoidance and Firm Value have a negative relationship. The information transparency can reduce this (Yee et al., 2018). The study were supported by Santa & Rezendu (2016) and Zemzem et al., (2015) tax avoidance activities. What they do does not always produce the company's value as previously believed. However, research according to Nugraha & Setiawan (2019) The effect of tax avoidance on the value of the company in a positive direction. In Indonesia, companies continue to avoid tax is more profitable. Investors' decisions are not only influenced by tax avoidance but other factors (Chen et al., 2014).

Other factors that affect the value of the company is sustainability report (Das & Das, 2014). Companies in Indonesia are required to report it so that public trust will increase (Kurniawan et al., 2018). There is a positive effect of sustainability report on firm value (Tanjung & Wahyudi, 2019; Yulianingsih et al., 2018; Kharima & Zulfiati, 2020; Loh et al., 2017; Harymawan et al., 2020). Different from the research results Rizki et al., (2019) that investors are more interested in profitable companies without sustainable reports so no effect. This result according to Marwa et al., (2017) and Ratanacharoenchai et al., (2017).

The next variable that also affects firm value is earnings management because managers do earnings management, company profits increase, so that the impact on the value of the company increases (Raoli, 2013), but according to research Oktavani & Devie (2017) earning management has an effect negative. This issue has become the center of attention, for example, fraud and manipulation of financial statements, which caused public and users' trust to wane. In Indonesia recently was the case of PT Garuda Indonesia and PT Asuransi Jiwasraya.

The impact of the influence of tax avoidance, sustainability reports, and earnings management on high corporate value can be achieved by implementing good corporate governance, because corporate governance includes (Transparency, Accountability, Responsibility, Indepenency, and Fairness), helps ensure that the company is directed and managed in order to create owner value while simultaneously fulfilling responsibilities to other stakeholders Ammann et al., (2011) and Sulistiyo et al. (2020).

This study examines whether the Indonesian Public Company (PT) value of the company can be increased when it is involved in tax avoidance activities, reports the sustainability report in its annual report, and performs earnings management with the moderating variable of corporate governance. The contribution of this research is expected to contribute ideas to users of financial statements and company management in understanding the role of corporate governance practices on earnings management practices carried out by companies in an effort to increase. For the government as a policy maker regarding corporate tax avoidance behavior so that it can produce legal
products with an effective and efficient tax system in Indonesia. For companies, evaluate, improve, improve performance, and investors can assist in making a wise assessment of the company’s value. It is better to pay attention to sustainability reports, good corporate governance and earnings management, as well as other factors. For investors to consider the factors of good corporate governance and earnings management of a company, as well as other factors that can affect financial performance, so that the value of shares owned has the potential to increase and have better prospects in the future. This study extends the previous study, Yee et al., (2018) analyzing the relationship between tax avoidance, corporate value and corporate governance in developing countries in the digital age. The difference with previous research is that the research location in Indonesia uses panel data by analyzing many companies at various points in time.

LITERATURE REVIEW

Agency Theory mentioned the emergence of agency, Jensen & Meckling (1976) relationships because they employ more than one other person (agent) to provide services, also agents are given the delegation of authority to make decisions. This could lead to a clashing of interest between the owner and the agent as a result of the management of a company that is handed over to another person (agent). To overcome this, agency theory explains that the company's activities will be seen from its financial performance. According to this approach, financial performance is structured to reduce conflict between various groups. In an agency relationship, managers as parties who have direct access to company information have asymmetrical information on external parties to the company, such as creditors and investors. This occurs because there is information that management has not disclosed to external parties, including investors. To minimize information asymmetry, supervision and control is needed to ensure that management is carried out in the same manner with existing legislation with full responsibility. The close supervision exercised for managers is seen as the basis for protecting shareholders’ interests, which are threatened when managers maximize their own interests at the expense of organizational profitability (Habbash, 2010).

Signaling theory for the first time, stating that the company’s stock price will change when there is a change in the dividend payout. Further develop by Ross (1977) and Pyle & Leland, (1977) and Bhattacharya (1979). Signaling theory explains the reasons for the importance of companies providing information to the public (Wolk et al., 2001). This information can be in the form of balance sheets, profit and loss, cash flow, changes in capital, and some information about the policies taken by the company or maybe other information that is voluntarily disclosed by the company's management. In the IPO process, companies often carry out earnings management and use the services of high quality third parties, such as auditors. as an effort to provide a signal to investors or potential investors so that the problem of information asymmetry can be reduced and that the company is of high quality

Stakeholder theory, a set of propositions suggesting that managers companies have obligations to several stakeholder groups (Freeman, 2015). so that this stakeholder theory provides a foundation on which a company must be able to provide benefits to its stakeholders because of corporate social responsibility not only to the owners or shareholders but also to the stakeholders related to and or affected by the existence of
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the company.

Legitimacy Theory can to explain the motivation for environmental disclosure by an organization. Environmental disclosure is the disclosure of corporate social responsibility in its efforts to gain legitimacy from the social community groups where the company is located and seeks to maximize the company's long-term strength in the financial aspect. The legitimacy that companies want to get from community groups is that the company's operating activities are in accordance with norms and limitations based on applicable regulations (Degaan & Unerman, 2011). Thus, the more attention to the norms and social values of the community, the more legitimate the company will be. The legitimacy itself will be obtained by the company if between the company and the community there are similarities in the expected results, so that it will reduce the long-term risk of demands from the public related to finance (Deegan, 2002). It is the determination of company values that are in accordance with the values of the community that causes it to gain legitimacy.

This topic about tax avoidance and firm value has been conducted previously by Yee et al., (2018) That the results of his research in Malaysia show that tax avoidance on corporate value does not increase the value and the relationship between the two variables is influenced by the influence of the moderating variable, namely corporate governance. Agency theorists have looked at tax avoidance issues as related to corporate governance issues (Chen et al., 2014). Based on the empirical literature, that corporate governance has an effect that can counteract agency problems and firm value results from control mechanisms that counter these problems. That not only the disclosure of the Sustainability Report has an influence on the company's share price, the publication of the Sustainability Report can have a positive impact, But also has a negative effect on firm value, depending on the results presented in the disclosure and as expected future obligations (Hughes et al., 2001). Earnings management is the use of managerial judgment to change financial reports to mislead external stakeholders and all shareholders (Healy & Wahlen, 1999).

Conceptual Framework of this research:

![Figure 1 Research Framework](image-url)
**Hypothesis Development**

Basically, companies attempt to minimize their tax payments by way of tax avoidance to obtain profits, benefits, or tax deductions (Brown, 2012) Agency theory states that agency problems may arise, both between shareholders and managers, and between controlling shareholders and minority shareholders. From an agency perspective, there is a relationship between tax avoidance and firm value. Strategies in reporting small profits for now by realizing future income, so that taxes paid can be as minimal as possible. Research support this, on how the market reacts to tax avoidance practices. Suppose tax aggressiveness is an effort to carry out tax planning and tax efficiency. In that case, the company value will increase and vice versa decrease if it is seen as non-compliance because this action can increase the risk. A high level of tax evasion, even though it does not violate the provisions of the law, is immoral in the opinion of most people (Kirchler et al., 2003; Prebble & Prebble QC, 2010; Dowling, 2014). Investors in Indonesia, have not been able to accept behavior that is morally still a question whether it is a positive or negative action, including tax avoidance Riahi-Belkaoui (2004) and Kirchler et al., (2003), the researchers formulated the following hypothesis:
H1. Tax Avoidance has a negative effect on Firm Value.

Stakeholder theory basically explains the parties that are company’s responsibility (Parmar et al., 2010). The strategy of maintaining relationships with stakeholders by disclosing the Sustainability Report provides information on economic, social and environmental performance. Legitimacy Theory, is about the certainty that activities are in accordance with environmental norms to be accepted by outsiders "legally". Deegan (2002) The Company's goal is to achieve high corporate value so as to increase prosperity for shareholders. Social disclosure carried out by the company, the company will feel that its existence and activities gain status in the community or environment around the company operating or it can be said that the company is legal. A long-term vision and help show how to increase the company's value on social and environmental issues. The Sustainability Report published by the company aims to attract investors to buy shares of the company. With the increase in the number of shares outstanding and the increase in the company's share price, the company hopes to increase the company's value, which is proxy by Tobin's Q. Sustainability Report Disclosure positive on company value has a positive Tanjung & Wahyudi, (2019) and Yulianingsih et al., (2018), Kharima & Zulfiat (2020). Based on the description above, this study takes the following hypothesis:
H2: Sustainability Report Disclosure has a positive effect on Firm Value.

Earnings management with judgment in making financial statements, causing misleading financial reports for participants about the company's financial results, or to have an effect on contract decisions made based on the results of financial statements(Healy & Wahlen, 1999). Earnings management occurs because there is an opportunity to make accounting decisions that can change financial reports (Shuli, 2011). Motivation of earnings management to avoid profit decline and loss. Base on stake holders and prospect theory (Burgstahler & Dichev, 1998). Earnings management is detrimental to companies experiencing financial difficulties Abbas & Ayub (2019) earnings management is the use of managerial judgment to change financial reports to mislead external stakeholders and all shareholders (Younis et al., 2016). Previous
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research results, Herawaty (2008), found that here is a negative effect of earnings management on firm value. This result supported by Priharta & Rahayu (2019).

Hypothesis:

H3: Earnings Management has a negative effect on Firm Value

Several studies discuss corporate governance as a moderating variable in the relationship between tax avoidance and company value. Good corporate governance, supervision of business activities and maximizing the interests of shareholders can be improved with GCG (Krenn, 2015). The interests of shareholders or stakeholders must be considered, therefore it is important to have a control mechanism (Andrei Shleifer & Vishny, 1997). Agency problems can be countered by governance; Agency theorists have looked at tax avoidance issues related to corporate governance issues, found that well-managed companies can reduce tax avoidance behavior, which can negatively affect firm value due to increased agency costs. The hypothesis as follows:

H4: The relationship between Tax Avoidance and Firm Value is weakened by the level of Corporate Governance in Indonesia.

Indications of good financial performance can be seen from high sustainability performance so that non-financial SR reports and company financial reports provide better information to investors (Whetman, 2017). The Good corporate governance is able to improve company performance which in turn can increase the company's CSR activities. Increased CSR activities will later provide added value which can be shown from the increase in investor valuation in buying shares. Astiyan & Astika (2014) stated sustainability report is the result of calculating CSR disclosure. Company management can meet company goals and stakeholder needs, inseparable from the important role of corporate governance in the disclosure of sustainability reports (Tyas & Khafid, 2020). The results show that sustainability can increase perceptions of company activities, acceptance, and reputation (Gomez-Trujillo et al., 2020). Good corporate governance implementation will encourage companies to disclose the Sustainability Report (Aziz, 2014). Companies with a high level of disclosure of sustainability reports tend to have high company values (Bachoo et al., 2013). Likewise, the relationship between corporate governance and firm value is positive (Siagian et al., 2013). Based on this description, the hypothesis is proposed as follows:

H5: Corporate Governance strengthens the relationship between Sustainability Reports Disclosure and Firm Value.

Earnings management can cause profits for the next period to decrease so that companies value will decrease. To limit these actions, it is necessary to implement GCG as control or supervision in the company. Better corporate governance can act as a control and supervisory mechanism and vice (Mappadang, 2019). Research results from Minnick (2011) show that investor uncertainty can be reduced in companies that are better managed by taking a proactive approach to disclosing bad news early, and Earnings management can lead to efficiency with corporate (Minnick, 2011). There is a relationship between company performance, earnings management and corporate governance (Kumari & Pattanayak, 2017)

H6: Corporate Governance weakens the negative effect of Earnings Management on Firm Value
METHODS

This research is an explanatory study that employs a quantitative approach, purposive sampling methods, the time series method of data collection techniques, the Absolute Difference Value Method to examine the moderating variable’s effect, and SPSS 23 to analyze the data. The data used in this research is secondary data. Data obtained from the annual reports of manufacturing companies, published on the Indonesia Stock Exchange through www.idx.co.id period 2015-2019.

Design Research and Operational Variables.

The variables used in the study are the dependent variable, namely Firm Value (FM). The independent variable used is tax avoidance (TA), Sustainability Report Disclosure, Earning Management and Corporate Governance as moderating variables that reinforce the positive or negative influence between tax avoidance, Sustainability Report Disclosure, and Firm Value. Variable control is profitability. The operational variables are as follows:

<table>
<thead>
<tr>
<th>Table 1. Operational Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Dependent: Firm Value (FV)</td>
</tr>
<tr>
<td>(Yee et al., 2018),</td>
</tr>
<tr>
<td>(Fambudi &amp; Fitriani, 2020),</td>
</tr>
<tr>
<td>(Wahyuningsih, 2020)</td>
</tr>
<tr>
<td>Independent: Tax Avoidance (TA)</td>
</tr>
<tr>
<td>(Lanis &amp; Richardson, 2011)</td>
</tr>
<tr>
<td>Sustainability Report Disclosure</td>
</tr>
<tr>
<td>(Rudyanto &amp; Pirzada, 2020),</td>
</tr>
<tr>
<td>(Iswati, 2020)</td>
</tr>
<tr>
<td>Earnings Management (Stubben, 2011);(Sofia &amp; Murwaningsari, 2019)</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>β2ΔRit x SIZEit+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>β3ΔRitxAGEit+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>β4Δrit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>β5ΔRitxAGE_SQit+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>β6ΔRit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRM_it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRM_SQit+ e</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Variable Moderating:
Corporate Governance
(Bhuiyan & Biswas, 2007)

Corporate Governance is a system that regulates and controls the company.

Corporate Governance Disclosure Index (CGDI)=number of items expected disclosure by company: number of items expected

Variable Control
Profitability
(Hoyt & Liebenberg, 2011)(Sriwati, 2021) (Silitonga, 2020)

The company's ability to earn a profit in relation to sales, total assets and own capital.

ROA=Net Income/Book Value of Asset

Population and Sample
Using secondary data from the financial statements of manufacturing companies on the BEI 2015-2019, via www.idx.co.id. Sample criteria: listed on the IDX 2015-2019, the company issued financial reports published for the period 2015 to 2019, the company had profit before tax which was positive in value. For the period 2015 to 2019, share price data are available during the observation period, the Company has an annual Cash ETR between 0 - 100 percent, the Company issues financial reports as of December 31, the Company issues financial statements in Rupiah. This study uses secondary data obtained by 80 companies listed on the Indonesia Stock Exchange, the number of research samples 5 year is (80 x 5) = 400, the outliers are 100, the number of samples after the outliers is 300.

Table 2
Summary of sample Selection

<table>
<thead>
<tr>
<th>Remarks</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing Company listed on the BEI</td>
<td>169</td>
</tr>
<tr>
<td>Based on the Criteria:</td>
<td></td>
</tr>
<tr>
<td>-Automotive and components</td>
<td>13-8 5</td>
</tr>
<tr>
<td>-Textiles and garments</td>
<td>18-11 6</td>
</tr>
<tr>
<td>-Heavy machinery and equipment</td>
<td>4-4 0</td>
</tr>
<tr>
<td>-Electronic</td>
<td>2-2 0</td>
</tr>
<tr>
<td>-Cable</td>
<td>6-0 6</td>
</tr>
<tr>
<td>-Footwear</td>
<td>2-1 2</td>
</tr>
<tr>
<td>-Food and beverage</td>
<td>26-14 12</td>
</tr>
<tr>
<td>-Cigarette</td>
<td>4-1 3</td>
</tr>
<tr>
<td>-Pharmaceutical</td>
<td>11-2 9</td>
</tr>
<tr>
<td>-Cosmetics and household goods</td>
<td>6-5 1</td>
</tr>
<tr>
<td>-Household appliances</td>
<td>4-4 0</td>
</tr>
<tr>
<td>-Other consumer goods</td>
<td>1-1 0</td>
</tr>
</tbody>
</table>
Research Method

Before the regression model was carried out to test the hypothesis, the classical test consisted of normality, autocorrelation, multicollinearity and heteroscedasticity tests. Test for the Influence of Moderating Variables using the Absolute Difference Value Method. This paper includes the analysis of panel data. With the multiple linear regression method formulated as follows:

**The Equation I: Hypothesis 1, 2, 3**

\[ FV = \beta_0 + \beta_1 TA + \beta_2 SRD + \beta_3 EM + \beta_4 P + \epsilon \]

- **FV** = Firm Value
- **TA** = Tax Avoidance
- **SRD** = Sustainability Report Disclosure
- **EM** = Earnings Management
- **\(\beta_0\)** = Constant
- **P** = Profitability
- **\(\epsilon\)** = Standard Error

**The Equation II: Hypothesis 4, 5, 6**

\[ FV = \beta_0 + \beta_1 TA + \beta_2 SRD + \beta_3 EM + \beta_4 TA*CG + \beta_5 SRD*CG + \beta_6 EM*CG + \beta_7 P + \epsilon \]

- **FV** = Firm Value
- **TA** = Tax Avoidance
- **SRD** = Sustainability Report Disclosure
- **EM** = Earnings Management
- **CG** = Corporate Governance
- **\(\beta_0\)** = Constant
- **P** = Profitability
- **\(\epsilon\)** = Standard Error
RESULT

Descriptive statistics
This study uses the independent variables (TA, SRD, EM, CG, P) and the dependent variable (FV) in the table below:

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA</td>
<td>300</td>
<td>-3.52</td>
<td>-0.01</td>
<td>-0.30</td>
<td>0.29</td>
</tr>
<tr>
<td>SRD</td>
<td>300</td>
<td>0.03</td>
<td>0.36</td>
<td>0.14</td>
<td>0.05</td>
</tr>
<tr>
<td>EM</td>
<td>300</td>
<td>0.14</td>
<td>9.80</td>
<td>1.78</td>
<td>1.03</td>
</tr>
<tr>
<td>CG</td>
<td>300</td>
<td>0.41</td>
<td>0.83</td>
<td>0.72</td>
<td>0.05</td>
</tr>
<tr>
<td>P</td>
<td>300</td>
<td>0.00</td>
<td>2.49</td>
<td>0.10</td>
<td>0.23</td>
</tr>
<tr>
<td>FV</td>
<td>300</td>
<td>0.01</td>
<td>16.13</td>
<td>2.15</td>
<td>2.48</td>
</tr>
<tr>
<td>Valid N (Listwise)</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the table, it can be seen that the amount of:
The relates to the independent and dependent variables for the top 300 firms with good disclosure. Overall, the average tax avoidance activity is -0.30, while the max value is -0.01 (ICBP 2015) and the minimum is -3.52 (FASW 2016) and the standard deviation is 0.29. The average SRD is 0.14 with a minimum of 0.03 (IKBI 2016), a max of 0.36 (WTON 2019) and a standard deviation of 0.05. For the Earnings Management Report, an average of 1.78 with a minimum value of 0.14 (KBLI 2015) and a maximum of 9.80 (PBRX 2018) and a standard deviation of 1.03. The average CG is .72 with minimum 0.41 (STTP 2018), maximum 0.83 (INDS 2016), standard deviation 0.05. The average P is 0.10 with minimum 0.00 (KAEF 2019), maximum 2.49 (UNIT 2017), standard deviation 0.23. Meanwhile, for Firm Value an average of 2.15 which means that average FV calculation > the value of the Tobin's Q indicator, the company is worth more than the cost of its assets indicates the company is highly valued with a minimum of 0.01 (PBRX 2016) and a maximum of 16.13 (HMSP 2017), Standard Deviation of 2.48.

Henceforth, the classical assumption test is carried out on multiple regression analysis because it is a requirement that must be taken to ensure the feasibility of the data. There are three test in this classic assumption test: the normality test, autocorrelation test, and multicollinearity test. The results of this test, the data that is owned can be considered as having a normal distribution, Durbin-Watson is still greater than one and less than three, and no multicollinearity,
Table 4
The Moderating Effect of Corporate Governance on Tax Avoidance, Sustainability Report and Earnings Management to Firm Value

Equation 1 : \( FV = \beta_0 + \beta_1 TA + \beta_2 SRD + \beta_3 EM + \beta_4 P + \epsilon \)

Equation 2 : \( FV = \beta_0 + \beta_1 TA + \beta_2 SRD + \beta_3 EM + \beta_4 TA*CG + \beta_5 SRD*CG + \beta_6 EM*CG + \beta_7 P + \epsilon \)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Prediction</th>
<th>Equation 1 Coefficients</th>
<th>t</th>
<th>Sig</th>
<th>Equation 2 Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td></td>
<td>0.30</td>
<td>0.177</td>
<td>0.907</td>
<td>0.173</td>
<td>0.619</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>TA</td>
<td>-0.193</td>
<td>-0.736</td>
<td>0.463</td>
<td>-0.224</td>
<td>-0.861</td>
<td>0.37</td>
</tr>
<tr>
<td></td>
<td>SRD</td>
<td>1.230</td>
<td>0.884</td>
<td>0.337</td>
<td>1.900</td>
<td>1.318</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>EM</td>
<td>-0.174</td>
<td>-2.282</td>
<td>0.023**</td>
<td>-0.215</td>
<td>-2.748</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td>TA*CG</td>
<td>+</td>
<td>-0.361</td>
<td>-1.915</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SRD*CG</td>
<td>+</td>
<td>-0.171</td>
<td>-1.563</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM*CG</td>
<td>+</td>
<td>0.310</td>
<td>2.270</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P</td>
<td>1.107</td>
<td>3.310</td>
<td>0.01</td>
<td>1.004</td>
<td>3.125</td>
<td>0.02</td>
</tr>
</tbody>
</table>

R Square | .055 | .084 |
Adjusted R2 | .043 | .062 |
F-Statistic | 4.325 | 3.830 |
Sig | 0.02b | 0.001b |
Number of Observation | 300 | 300 |

***Significant at a level of 1 percent; **Significant at a level of 5 percent; *Significant at a level of 10 percent

Discussion

From the results of hypothesis testing 1, it can be concluded that tax avoidance has no negative effect on firm value, so that the hypothesis is rejected. Supported by research Nugraha & Setiawan (2019) is inconsistent with by research Holiaiawati & Murwaningsari (2019) and Santa & Rezendu (2016). This result indicates that tax avoidance will not reduce the company’s value because it’s accordance with the tax rules (legal). As a result, practice tax avoidance will not reduce investor interest and creditors to invest to the company.
The sustainability report disclosure cannot affect firm value, which means hypothesis $h_2$ is rejected. This shows that the disclosure of the sustainability report is not able to play a role in an increase in the company's performance. It is supported by research Gunawan & Mayangsari (2015) disclosing sustainability reports so that it does not affect the price and number of company shares circulating on the stock market, (Iswati, 2020). Indriawati et al. (2021) the disclosure of sustainability reporting and corporate social responsibility do not affect firm value. In contrast to research by Kharima & Zulfiati (2020) and Harymawan et al. (2020) that sustainability report disclosure positive effect on the firm value.

The third hypothesis is accepted, which states the effect of Earnings Management on Firm Value is negative, supported by research (Oktavani & Devie, 2017) which states that there is a negative influence; however, the results of this study are not in accordance with (Raoli, 2013) that earnings management can increase firm value. The results of this study indicate the existence of earnings manipulation where reported earnings are not appropriate, so that it can reduce the value of the company. The form of the decline in the value of the company can be: a decrease in the share price, a reduction in the returns earned by shareholders, etc. The decline in the company’s value causes a reduction in the interest of investors to invest in the company.

The results of the analysis, show that the relationship between tax avoidance and firm value is weakened by the level of corporate governance in Indonesia, and hypothesis 4 is accepted. This result is in line with Chen et al. (2014), means tax avoidance practices are considered to still comply with tax regulations, and companies implement good corporate governance. But does not support Desai & Dharmapala (2006), which mentions a negative effect due to relatively weak governance.

For Variable Moderating between SRD with FV not effect. Based on the results of, H5 rejected. Supported by research Pujiningsih (2020) that good corporate governance dimension of social and environmental performance disclosure not effect on financial performance, (Clarissa & Rasmini, 2018). Quality GCG as variable moderating has not affected of social performance disclosure on financial performance, however not supported (Pujiningsih, 2020) Good Corporate Governance strengthens the relationship between the Economic Dimension information in the Sustainability Report and company value

Based on H6, corporate governance weakens the negative effect of earnings management on firm value, H6 is accepted. Supported by several studies Herawaty (2008), and Minnick (2011). Tangjitprom (2013) also support that corporate governance practices by companies can affect credibility or can provide useful guidance for investors (signaling theory). The bad behavior of agents or managers can be reduced by implementing governance appropriately. Thus, the relationship the quality of corporate governance with firm value is significantly positive. however not supported (Mawati et al., 2017).

The Results of the control variables in this study, Profitability has a significant effect on firm value, this shows that the rate of return on a company's assets will have a positive effect on the value of the company (Sucuahi & Cambarihan, 2016).
CONCLUSIONS, LIMITATIONS AND IMPLICATIONS

The results of this study and based on the background, theoretical basis, data analysis and hypothesis testing results to test the effect of tax avoidance, sustainability reports, corporate governance on firm value with the moderating variable is corporate governance and profitability as the control variable, as follows: The results of hypothesis testing state that the tax avoidance variable is not significantly negative for firm value, meaning that in Indonesia, the average company does legal tax avoidance to minimize tax payments for companies, and shows that companies prefer to increase company value in a way that tends to be safer, by following government regulations. The Sustainability Report variable does not have a significant effect on firm value, therefore it can be interpreted that the Sustainability Report in Indonesia is still a small part of the fulfilled disclosures, so it cannot play a role in increasing company value. The influence of earnings management variables on firm value is negative, so it can be concluded that the higher earnings management, the value of the company will decrease. The effect of tax avoidance and corporate value is weakened by the governance level, meaning that there is transparency with good corporate governance. Corporate governance does not strengthen the effect of sustainability on firm value, which means that the sustainability report produced by companies with the implementation of GCG are not paid attention by investors. Investors tend to see the company's performance in generating profit and dividend payments. The conclusion that good corporate governance is a variable moderating the relationship between earnings management and company value. Corporate governance as a regulator and controller of the company is expected to increase company value. The influence of good corporate governance which will affect management in earnings management so that company value increases.

Based on the results of this study, the company should improve corporate governance practices, sustainability report disclosure. The investor should choose to invest in the companies that implement good corporate governance, and potential investors are expected to make a sustainability report as decision making in investing.

The independent variables used in this study are still limited, therefore it is necessary to add other independent variables: Managerial Ownership, Benefit Policy, Debt Policy, Measurement Company, Corporate Growth. Sustainability Report Disclosure (SRD) has no effect on the value of the company, but it cannot be seen that the economic, social, or environmental aspects have no effect. Furthermore, the measurement of firm value can be using Price Earnings Ratio (PER), Price to Book Value (PBV). The research object consists of various industries. It is suggested that further research can be conducted in homogenous industry. Breakdown Sustainability Report consists of 3 aspects: economic performance disclosure, social performance disclosure and environment performance disclosure, and uses other variables as moderating: Financial Performance, Quality Auditor, Environmental Performance.

REFERENCES


