Tax Avoidance, Financial Performance and Growth on Firm Value : Capital Structure as Moderation

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ABSTRACT

This research aims to determine the impact of tax avoidance, financial performance, and growth on firm value with capital structure as a moderator. It is very important for companies to study ways to increase the value of the company in order to attract investor interest in investing capital and to enhance investor confidence. The high interest of investors of all ages in investing in the company's shares can be reflected in the company's good value. Financial ratios provide an overview of a company's condition and health, especially to external parties, one of which is investors. The population of this study consists of companies listed on the IDX in the cyclical and non-cyclical consumption sectors during the period from 2020 to 2023. There are 128 test samples using the purposive sampling method. The results of this study indicate that tax avoidance does not have an impact on the value of the company, which is considered to reflect the emergence of non-compliance by the company in fulfilling its obligations as a taxpayer. Meanwhile, financial performance and growth have an impact on the value of the company, as ROA and SIZE can reflect the movement of the firm value. The role of capital structure cannot moderate the influence of tax avoidance on firm value, whereas capital structure can moderate the influence of financial performance and growth on firm value. The results of this study concludes that investors and decision-makers needs to pay attention in financial ratio when evaluating a company.

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Introduction

The high value of the company is a concern for investors, shareholders, and management because it can reflect the performance of the company. The value of the company can change depending on how the internal party manages it. Fluctuations in the value of the company can also be caused by changes in global and domestic economic policies. The Nestlé, Inc., company in 2021 stated that it experienced growth of 7.5% due to increased retail sales and an increase in market share prices [1]. In the results of the PepsiCo Q4 company report in 2021, there was an increase where the total net profit owned by PepsiCo in 2021 was $7,618; this increased by 6.99% from 2020. In foreign countries, there are also several factors that cause this increase, including productivity savings and lower cost percentages due to the pandemic. Establishing a company requires a clear goal, namely maximizing the value of a company. The goal of increasing the value of the company is closely related to the stock price and directly fulfills the prosperity of shareholders [2]. According to research [11], [15], [16], dan [17] the ratio *Return on Asset* can be used as a tool to measure financial performance, with the existence of a well-systematized calculation of financial performance reflecting good firm value as well.

Table 1. Financial Performance Data (ROA) and Firm Value (PBV) of consumer sector companies for the period 2020-2023

Company Code	PBV				ROA			
	2020	2021	2022	2023	2020	2021	2022	2023
ADES	1.2295	2.0012	3.1708	3.2994	0.1416	0.2038	0.2218	0.1898
CAMP	1.8480	1.6686	1.9128	2.4834	0.0405	0.0872	0.1128	0.1170
INDF	0.7600	0.6411	0.6307	0.5637	0.0536	0.0625	0.0509	0.0616
LSIP	1.0102	0.7948	0.6333	0.5351	0.0637	0.0836	0.0834	0.0608
MYOR	5.3757	4.0151	4.3551	3.6430	0.1061	0.0608	0.0884	0.1359
SIMP	0.3593	0.3633	0.3093	0.2738	0.0096	0.0371	0.0418	0.0265

Source: Research's data, 2025

In the description of table 1, it shows that the PBV value of PT ADES from 2020 to 2022 has increased, which is also followed by an increase in *retur*n *on assets* from 2020 to 2022, but in 2023 the increase in the PBV level was not followed by an increase in ROA. In the company PT CAMP, the fluctuation in the firm value represented by PBV was not in line with the fluctuation in financial performance; for example, from 2020 to 2021, PT CAMP revealed a decrease in the PBV value while the ROA level increased by 1.15%. This also happened with PT SIMP, which also experienced an increase in book value from 2020 to 2021, and the decrease in 2022 did not experience fluctuations in line with the ROA level, where from 2021 to 2022 it increased by 0.0047, or 0.12%. From these phenomena, it can provide an overview of the financial ratios that affect the condition and health of a company, especially to external parties, one of which is investors, and causes inconsistency on the basis of the idea that the increase in the firm value can also be seen from the level of its financial performance. Firm value and stock price can conclude how good the company's condition is in the future or in the present [8]. The financial reports presented on the Indonesia Stock Exchange (BEI) are the source of data on the company's financial ratios. The financial ratio used in this study in assessing a company is the *price-to-book value* (PBV) ratio, where this measurement compares the price of outstanding shares to the company's book value. The importance of understanding first how to measure a firm value is to make it easier to determine the steps in investing for investors.

In this study, only four independent variables were used so that the research results obtained would be more effective, unbiased, and focused on certain limitations. These variables include *tax avoidance,* financial performance*, growth,* and capital structure. The reason for using the four independent variables is because of the differences in research results that are often found in previous research, such as research conducted by [9] and [10] stating that *tax* avoidance has an influence on the firm value but is in conflict with the research results conducted by [11], [12], [13] and [14], which state that *tax avoidance* does not affect the value of a company. Then another variable is financial performance. According to research [11], [15], [16], and [17] the ratio is stated: *return on assets* can be used as a tool

to measure financial performance. Growth variables research by [18], [19], [20], [17], [21], and [22] states that firm value can be influenced by growth rate and contradicts the research results of [11], [23], and [24], which state that growth variables do not influence firm value.

Because so many research results have inconsistencies, this study needs to be re-identified and compared to what factors are actually more needed and considered to assess a company because most studies generally only use probability variables, earnings management, or leverage on firm value without considering other supporting variables. This study adds moderating variables such as capital structure in forming a research model because previous studies [23], [25], [9], and [19] stated that firm value can also be influenced by capital structure variables. As the owner of the company's capital, increasing the firm value can also increase dignity among investors; high firm value can also attract more investors in developing the company [14]. In this study, s*ignaling theory* [26] Basically, investors need guidance in the form of signals given regarding the management's views regarding the prospects or sustainability of a company. However, it is unavoidable that outside parties or investors will not get information as good and as accurate as the information held by the company's management itself; this is what will give rise to the emergence of *asymmetric information or* information inequality [27].

Most citizens see paying taxes as something that is very difficult, so citizens try to find every way to avoid tax obligations [28]. *Tax avoidance* carried out by companies can be considered detrimental when viewed from the state's perspective. This is because, basically, tax levies are used by the state to meet the interests of the general public and the government itself. This state revenue has been optimized from tax revenue, and there is an assumption that the contribution made by taxpayers to public revenue is not comparable to the benefits received from the public sector [28]. However, when viewed from the perspective of companies that are required to pay taxes, this will increase the tax burden and will prevent companies from obtaining maximum profits, so there needs to be *tax planning* that is prepared by the company so that the tax burden does not have a significant impact on the value of a company [29].

Research according to [30], [31], [9], and [10] states that *tax avoidance* can affect the firm value. *Tax avoidance* according to [11] , it is an effort to save taxes that is empowered by the company in order to increase the firm value. Generally, companies are always oriented towards profit results, and a company will certainly try to minimize the tax burden by utilizing tax regulations. According to [10] , every decision in a company is to maximize the value of a company; sometimes management can use a strategy *of tax planning* to convey that management can manage tax burden efficiently.

Good tax burden management will provide a positive sign for the firm value in the eyes of investors; therefore, according to [14], companies tend to reduce their tax burden by doing *tax avoidance* in order to obtain greater after-tax profits. [32] stated that t*ax avoidance influences* the value of a company. According to [30], the interests of tax contributions must be questioned when the government seems to be misallocating the tax contributions; the government prioritizes narrow interests rather than broad public benefits. Such fiscal policies encourage companies to introspect on the effectiveness of their tax payments.

H_1: *Tax* avoidance affects the firm value.

Financial performance, according to research [11],and [16] is measured using ratio calculations. *return on asset.* The use of the ROA ratio aims to be an indicator of the company's ability to generate profits through investment activities on the amount of assets it owns. [33] states that financial performance becomes a measuring tool for the value of a company; the better the company's performance in gaining profit, the firm value will also continue to increase. According to [34], financial performance has an influence on the firm value; the higher the company's stock returns, the more efficient it will be regarding the turnover of assets or profits received by the company. [16] stated that a good signal can be shown to investors from the level of financial performance; a good signal can be shown by management along with the increasing profit of a company. This is very much needed by investors as a determinant of the effectiveness of the company's work [15]. Measurement of financial performance with the ROA ratio, which compares total assets with total company

profits, also aims to be an indicator of the company's ability to generate profits through investment activities on the amount of assets it owns [35].

H_2: Financial performance affects the firm value.

Growth rate affects firm value, where this can indicate that the higher the growth rate, the greater the value of the company. The growth variables studied by [17], [18], [19], and [20] state that growth variables can affect the value of a company. The high growth rate can reflect the value of the company. This understanding occurs because the total assets owned by the company this year have increased compared to previous years, which can be interpreted as how much the increase in assets in one period can affect the value of a company [25]. The level of growth and development, according to [18] , will show investors the company's future prospects; the greater the investment given by investors, the more the stock level will increase and affect the increase in the value of a company. This is in line with *signaling theory* [26] and [17] , which state that company growth can provide a positive signal to investors to invest. From the investor's point of view, increasing company size is the company's ability to grow. A company that has good asset growth is a company that can manage its income resources so that it can help increase the company's assets [19].

H_3: Growth affects the firm value.

Capital structure is the financing of a company by comparing the shares or equity capital owned with the total debt that exists [26]. Capital structure is an important thing that needs to be seen in assessing a company, because the financial condition of a company can be seen through its capital structure. *A high ratio of debt to equity* can indicate that the capital owned by the company is small when compared to its debt and will potentially go bankrupt [36]. Capital structure can provide signals for companies and investors, but if the company's debt is higher, this will reduce the firm value [37].

In accordance with research [23] , which states that there is an influence between capital structure and the firm value, and its relationship to *signaling theory* [26] on capital structure variables. *Signaling theory* explains that not all information held by management will be given to shareholders, thus creating an information imbalance, or what is known as as*ymmetric information.* The company does *tax avoidance to* reduce the company's tax

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burden, and many companies still use debt to pay the tax burden [38]. So this research was conducted to find out whether there is an influence of capital structure as a moderating variable on firm value.

H4: Capital structure can moderate the effect *of tax avoidance* on firm value.

Company performance can be seen from total assets, total debt, or total investment. owned, financial performance is needed in measuring the level of efficiency of a company's profit generation. One of the measurements that can reflect company performance is *return on asset ratio*. The higher *the return on assets* generated, the more i*t* can show that the company can manage its assets efficiently to generate profits [33]. Investors tend to look at return on assets, debt, and investment as indicators of company performance before making investment decisions [35]. The right capital structure can help companies in calculating profit increases and explaining signals regarding the success or failure of management that will be conveyed to the shareholders. *Principally*, if the company has too much debt, this can burden net income and reduce financial performance [15] and [17]. This study aims to determine whether the influence of capital structure as a moderating variable can have an impact on financial performance and firm value.

H5: Capital structure can moderate the effect of financial performance on firm value.

Companies that want to have a high growth rate will certainly carry out large-scale expansion, but this activity will require more funds in the future; therefore, the growth rate of a company will also be assessed from the amount of loan levels needed to finance the expansion [18]. This growth rate is in line with *signaling theory [26]* and supported by [17] *,* where the amount of growth based on the amount of loans can provide information to investors in making assessments and making decisions regarding the value of the company. The growth rate seen based on the comparison of total assets last year with the current year makes investors need to find out more about funding for the increase in assets [25]. If the increase in assets is accompanied by an increase in debt or expenses, this can reduce the

value of the company. So this study was conducted to obtain an explanation of whether the influence of capital structure as a moderating variable can strengthen the influence of growth on firm value.

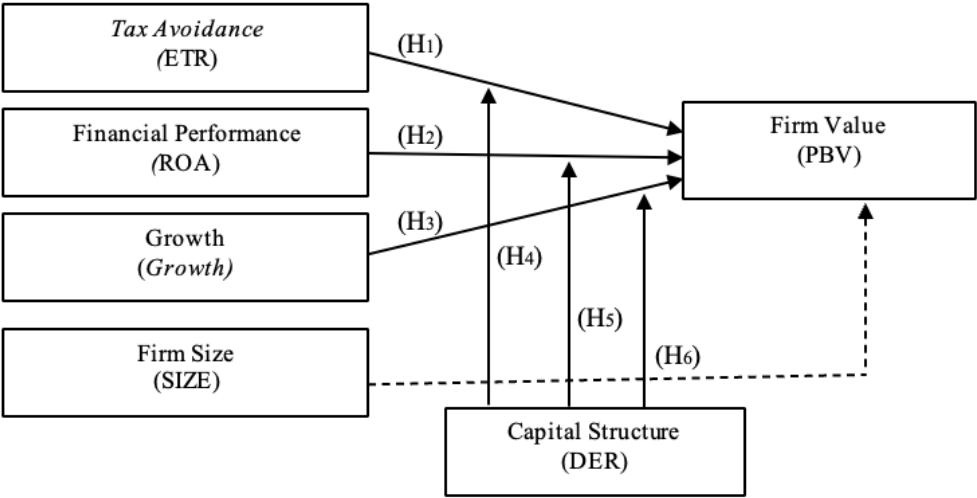H_6: Capital structure can moderate the effect of growth on firm value.

Figure 1. Conceptual Framework Diagram
Source: Research's data, 2025.

Method

The data used is secondary data originating from financial reports of companies listed on the Indonesia Stock Exchange (IDX). www.idx.co.id and the company's official website. This study has a population taken from consumer sector companies, c*yclicals, and non-cyclicals listed* on the Indonesia Stock Exchange (IDX) during the period 2020 to 2023. The panel data sample used in this study uses the method of *purposive sampling*, with several criteria as follows:

Table 2. Purposive Sampling

Criteria	Amount
Companies that have been listed on the IDX consecutively in the period 2020-2023.	190

Companies whose financial reports are not presented in full during the 2020-2023 period.	(14)
Companies whose financial reports do not use the rupiah currency during the 2020-2023 period.	(13)
Companies that consistently during the 2020-2023 period did not make a profit.	(97)
Companies that have a negative tax expense from 2020 to 2023.	(10)
Companies that have no investments from 2020 to 2023.	(24)
Total companies that meet the criteria	32
Number of research periods	4
Total research sample	128

Source: Research's data, 2025

The firm value in this study is a dependent variable. According to [39] the firm value can indicate the long-term financial performance of a company. [23] and [22] state that signals and a sense of trust in the company's increasingly advanced prospects and increasing stock prices can be expressed from the increasingly high firm value. The firm value in this study is measured by *price-to-book value,* the same as research conducted by [23]:

$$Price\ to\ book\ value = \frac{Price\ per\ share}{Book\ Value\ per\ share} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(1)$$

According to [40], *tax avoidance is* an effort to reduce tax rates by implementing tax planning in several ways, such as *tax management, tax planning, and tax evasion*. The amount of tax that needs to be paid by the company without having to violate the applicable tax regulations. According to [36] , the measurement used to reflect this ratio is the *effective tax rate* :

$$Effective\ Tax\ Rate = \frac{Income\ Tax\ Expense}{Income\ Before\ Tax} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots.(2)$$

Financial performance According to [35] , this is performance that can show the company's ability to use all funds that have been invested in assets used for all operations in order to obtain profit for the company. In this study, financial performance is measured by *return on assets,* similar to the measurements made by [11]:

$$Return\ on\ Asset = \frac{Net\ Income}{Total\ Assets} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots..(3)$$

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Growth, according to [25], is a movement of either an increase or decrease in total assets experienced by a company during a period. Company growth is an increase in the size of the company through increased sales; this growth can be measured in various ways, such as increased production or increased total assets, as used by [17] and [22]. Growth measurement in this study was also carried out by [35]:

$$\text{Growth} = \frac{\text{Total Asset} - \text{Total Asset}_{(t-1)}}{\text{Total Aset}_{(t-1)}} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(4)$$

Capital structure is a comparison between the ratios that measure the proportion of debt to capital of a company. According to [23] , the level of return and the level of risk are balanced in maximizing the value of the company. If the company uses an efficient level of funding, then it can be said that the company has an optimal structure [41] dan [22]. The value of the company is reflected in the capital structure. can be indicated from the desired income in the future, and the capital structure can be an indicator of market share in examining the overall value of the company [25]. The capital structure in this study is proxied by the *debt-to-equity ratio*:

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(5)$$

In this study, the hypothesis testing technique used was multiple regression analysis of panel data. Data processing was carried out using *software* application *EViews* 13. The model used in the panel data analysis of this research is the *common effect model*. The following is the regression equation used:

$$PBV_{it} = a + b_1ETRd_{it} + b_2FP_{it} + b_3Growth_{it} + b_4DER + b_5Taxavd_{it}* DER_{it} + b_6FP_{it}*DER_{it} + b_7Growth_{it}*DER_{it} + b_8SIZE_{it} + e_{it}\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(6)$$

Description:

PBV   : Firm Value

ETR   : *Tax Avoidance*

FP   : Financial Performance

Growth : Growth

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DER : Capital Structure

SIZE : Firm Size

Results and Discussion

Multiple regression analysis can be carried out after ensuring that the classical assumption test and multiple linear regression analysis are met. Before carrying out the classical assumption test, a model selection test is carried out first [42] , with the test results obtained being the *common effect model.* Furthermore, classical assumption tests were conducted in this study, including autocorrelation tests, heteroscedasticity tests, and multicollinearity tests. Autocorrelation tests were conducted using the *Breusch-Godfrey* test with the probability value of Obs*R > 0.05 being 0.3848, so the results of this study do not experience autocorrelation. The multicollinearity test, according to [42] , is used to test the discovery of a relationship between more than one independent variable in the regression model that has been used. The multicollinearity test on this regression model shows that there is no multicollinearity problem.

Next, the heteroscedasticity test, according to [42] , is carried out to find out whether there is inequality in the variance of the residuals of an observation against other observations from the regression model used. This heteroscedasticity test uses the *Glesjer test,* where the results of this test show that there are variables that have a probability value < 0.05 so that this study detected heteroscedasticity. To improve the model, the method was carried out *cross-section weighted*.

According to [43] descriptive statistics are tests conducted in data analysis by describing or explaining how data is collected. Descriptive statistics will show a picture of the data and can be understood from the average value (mean), standard deviation, min. and max. variance of the research variables used, namely firm value, *tax avoidance,* company performance, growth, capital structure, and company size.

Table 3. Statistic Descriptive

Variabel	Mean	Max.	Min.	Std Dev.	Obs.
PBV	2,3627	54,8527	0,1607	5,0249	128
ETR	0,2666	0,9429	0,0038	0,1576	128
ROA	0,0752	0,2266	0,0006	0,0515	128
GROWTH	0,0893	1,6761	-0,1621	0,1789	128
DER	0,7677	5,3192	0,0723	0,7659	128
SIZE	12,9256	14,2709	11,4926	0,6861	128

Source: Research's data, 2025

Firm value is measured using *price-to-book value, which* has a minimum value of 0.1607 for Global Mediacom Tbk. (BMTR) in 2023 and a maximum value of 54.8527 for the company Gaya Abadi Sempurna Tbk. (SLIS) in 2020 and has a mean value of 2.3627 with a standard deviation of 5.0249. This standard deviation means that the highest firm value is in 2023 by the company Gaya Abadi Sempurna Tbk. (SLIS) in 2020, while the lowest firm value is in Global Mediacom Tbk. (BMTR) in 2023. The firm value variable has a standard deviation greater than the average figure, and this explains that there is a variation in firm value that exceeds the average. Variable *tax avoidance is* measured by the ETR proxy, where the minimum value obtained was 0.0038 at MNC Land Tbk. (KPIG) in 2020, the maximum value was 0.9429 at Gema Grahasarana Tbk. (GEMA) in 2022, and the mean value was 0.2666 with a standard deviation value of 0.1576. This shows that there is a large variation in *tax avoidance.* Company performance variables get minimum values with proxies *Return on Asset* (ROA) of 0.0006 from Gema Grahasarana Tbk. (GEMA) in 2022, a maximum value of 0.2266 at Selamat Sempurna Tbk. (SMSM) in 2023, and a mean of 0.0752 with a standard deviation of 0.0515.

Growth variables *Orgrowth* also has a maximum value of 1.6761 in the Indofood CBP Sukses Makmur Tbk company in 2020, a minimum value of -0.1621 by the Sawit Sumbermas Sarana Tbk company in 2021, and an average value of 0.0893 with a standard deviation of 0.1789. This standard deviation means that the greatest growth in 2020 was in the Indofood CBP Sukses Makmur Tbk company, while the company with the smallest growth value was the Sawit Sumbermas Sarana Tbk (SSMS) company in 2021. Furthermore, with the moderating variable, namely the capital structure, it gets a maximum value of

5.3192 in the SSMS company in 2021, a minimum value of 0.0723 in the Multi Prima Sejahtera Tbk (LPIN) company in 2023, and a mean of 0.7677 with a stat. deviation of 0.7659. The control variable represented by company size with the proxy of the logarithm of total assets has a minimum value of 11.4926 in the LPIN company in 2021 and a maximum value of 14.2709 in the Indofood Suksses Makmur Tbk (INDF) company in 2023 with a standard deviation of 0.6861.

To analyze the influence *of tax avoidance,* financial performance, growth, and the role of capital structure as a moderator of firm value, panel data regression analysis needs to be done. The results of this panel data analysis can be seen in the table:

Table 4. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8,6983	1,6815	5,1730	0,0000
ETR	0,2631	0,4351	0,6047	0,2733
ROA	15,9560	2,2584	7,0652	0,0000
GROWTH	-3,5120	1,6591	-2,1168	0,0182
DER	0,7567	0,5751	1,3158	0,0954
ETR_DER	-0,4848	1,2483	-0,3884	0,3492
ROA_DER	6,7899	3,8304	1,7726	0,0394
GROWTH_DER	3,6442	1,5698	2,3214	0,0110
SIZE	-0,7033	0,1250	-5,6267	0,0000

Source*:* Output e-views 13, 2025

Discussion

The Influence of Tax Avoidance on Firm Value

Based on the results of panel data regression with CEM, the probability value has been presented *for tax avoidance* of 0.2733. This indicates that H_1 is *rejected, meaning tax avoidance* has no influence on the firm value. This means that companies tend not to pay attention to t*ax avoidance* as a way to increase the firm value. Companies will tend to comply more with the legal regulations that have been set by the government. High firm value can reflect investor perceptions to make investments; in the results of this study, it can be

concluded that investors are more attracted to companies that have stable profits, and the existence of *tax avoidance* carried out by the company gives the impression that there is company non-compliance with applicable tax regulations [44].

According to *signaling theory* [26], *tax avoidance* cannot provide relevant signals for investors in assessing the company's performance and prospects because this is considered an action that violates state regulations. Although *tax avoidance* This increases the company's profitability in the short term because it reduces the company's tax burden [11]. Investors do not see that t*ax avoidance is* an activity that can be profitable even though *Tax avoidance* can increase the company's net profit in the short term, because, on the other hand, *tax avoidance* increases other expense [45] and may give rise to potential sanctions or tax audits in the future.

According to [14] , the public does not yet have sufficient awareness to fulfill tax obligations, so they do not pay attention to the amount of tax paid by companies; thus, it is clear that companies have not taken advantage of the use of *tax avoidance* to increase the firm value. Research conducted by [46], [44], [13], [11], [14], and [12] supports the test results, which state that t*ax avoidance* has no influence on the firm value.

The Influence of Financial Performance on Firm Value

Financial performance is represented using proxies*, return on asset ratio* (ROA). The probability result of financial performance in this panel data regression is 0.0000, which means that H_2 is accepted, that financial performance affects the firm value. Companies that increase profits from assets owned can make investors happier about investing in the company. *Return on assets* can also show how the company manages assets well; this understanding is in accordance with the opinion of [26] regarding *signaling theory*, where financial performance is considered to be able to provide a signal to investors with increasing company performance, and the company's profit will also increase. If the level of *return on assets* is managed well, the signal given by ROA becomes more effective because the signal can explain an action taken by an internal party, which will have an impact on the firm value, namely, the share price will increase and attract investor interest [33]. According to [34], because of the high *return* The company's shares will be higher, and the asset turnover or

profit received by the company will affect financial performance on the firm value. The results of this study are supported by [11], [15], [16], and [33] , who say that financial performance has an effect on the firm value.

The Influence of Growth on Firm Value

The results of this study present the probability value of the growth variable as 0.0182 < 0.05, meaning H_3 is accepted, so it can be explained that the test results in this study revealed an influence on the growth rate with the firm value. Based on the results of this test, it explains that company growth has an effect on the firm value; high growth is a sign that the company has future prospects because it is considered to have the ability to produce *profit* as time goes by. In accordance with *signaling theory* [26] supported by [17] , company growth provides a positive signal to investors in investing. Reflecting from the investor's point of view, high growth will increase *return,* which is high and provides a good signal for investors and is a sign that the company has profitable aspects so that the higher the growth, the better the performance, which will increase the firm value [44].

The rapid growth of a company can also cause skepticism from investors, as rapid growth can cause financial risks such as cash flow imbalance or inability to manage expansion properly [18]. Investors can consider the current growth to be unsustainable so that it can reduce the value of the company [21]. In general, a company requires large investments in assets, research, development, or business expansion to have rapid company growth, but if this growth is not accompanied by an increase in the level of profitability, it will reduce the value of the company due to a decrease in margins or an increase in debt [25]. If the company's debt is not managed well, it will result in the risk of decreasing the attractiveness of shares in the eyes of investors. According to , company growth can provide a signal to investors; if it is not accompanied by stable finances, increasing profitability, and a controlled expansion strategy, then the growth can provide a negative signal. So that the company can show that the growth rate of a company has an influence on the value of the

company. According to [18], [25], dan [21] who said there is an influence between the growth and the value of the company.

The Moderating Role of Capital Structure Between Tax Avoidance and Firm Value

Capital structure as a moderator in this study has a probability of 0.3942, namely a probability value > 0.05, which can be interpreted as H_4 rejected, that capital structure has no influence on the relationship *between tax avoidance* and the firm value. This result is supported by research [44], [22]. One of the important points in corporate finance is the capital structure, which combines debt and equity to finance the company's operations [47]. Capital structure does not affect between-*tax avoidance* on the firm value; this is caused by several factors. Basically, investors are more concerned with other aspects such as tax compliance by the company. If the company has a capital structure with a high level of debt, *tax avoidance* will be considered as an effort to maintain cash flow to pay debts, not as a strategy to reflect tax efficiency [45]. From the results of this study, the relationship between *tax avoidance* and the firm value cannot be influenced by the capital structure.

The Moderating Role of Capital Structure Between Financial Performance and Firm Value

The probability of capital structure as a moderator on the influence of financial performance represented by ROA on the firm value is 0.0394 with a probability level < 0.05, meaning H_5 is accepted. With these results, it can be concluded that capital structure has an influence on firm value and financial performance, supported by research results from [37], [23], and [36] that capital structure has an influence on firm value. *Return on asset* describes the company's ability to create profits from the assets it owns; investors will be happier investing in companies that have a great ability to increase profits. *Return on assets* can also show how the company manages assets well to generate profits from every investment made by investors [48], With an optimal and balanced capital structure between debt and equity, this can influence the relationship between financial performance and firm value by showing that the company has an efficient funding strategy and can manage financial risk well. If *the return on asset*s is high and the capital structure can be controlled, it can provide a signal to investors that the profit is not only obtained from good asset management but also from wise

funding policies [15]. *Return on assets* and the capital structure are managed well, the signal given by ROA becomes more effective, because the signal can explain an action taken by an internal party in the capital structure that will have an impact on the firm value, the share price will increase and attract investor interest [33].

The Moderating Role of Capital Structure Between Growth and Firm Value

The probability value of capital structure as a moderation of growth in firm value is $0.0110 < 0.05$, meaning H_6 is accepted. This explains that capital structure can affect the relationship between growth rate and firm value. Capital structure will be considered as a company's funding policy; the determination of capital structure policy affects the condition of the company by utilizing debt and making it a mainstay for obtaining funding sources that affect stock prices [44]. The higher the growth can increase the value of the company; the growth of a company requires adequate funding sources to finance the expansion or expansion of the company [18]. Companies that have growth can be represented by the increase in total assets each year, and with an optimal capital structure, it can allow the company to obtain sufficient funds for investment in productive assets and innovation.

In accordance with the *signal*ing theory [26] supported by [17], company growth provides a positive signal to investors in investing, and with a well-managed capital structure, it can provide added value in the growth of the firm value. The addition of total assets to the company also needs to be a concern for investors to assess whether the growth of assets that occurs is not burdened by large debts. The company has access to efficient funding sources with controlled capital costs so that growth can be achieved more sustainably. This provides a signal for investors in assessing each company and can convince investors that the company's funding strategy and growth rate have future prospects and sustainable expansion.

Conclusion

Based on the results of the tests carried out, it was stated that t*ax avoidance* does not affect a firm value, *tax avoidance* not making Investors see that this is an activity that can benefit the company because of the low tax burden that will be paid to the government. This also provides a view that the emergence of corporate non-compliance in carrying out its obligations as a taxable entrepreneur. While financial performance affects the value of the company, *return on asset*s can show how the company manages assets well to generate profits from every investment given by investors. If the dividends received by investors increase, this will attract other potential investors to invest in the company. This is also in line with *signaling theory because* financial performance is considered to be able to provide a signal to investors, where increasing financial performance means that the firm value is increasing. If the level of *return on assets is* managed properly, the signal given by ROA becomes more effective, because the signal can explain an action taken by an internal party that has an impact on the firm value, namely, the stock price will increase and attract investor interest, and the growth variable affects the firm value. The company's growth that moves quickly and rapidly can also raise awareness among investors, but rapid growth can cause financial risks such as cash flow imbalances or the inability to manage expansion properly. In general, a company requires large investments in assets, research, development, or business expansion to have rapid company growth, but if this growth is not accompanied by an increase in the level of profitability, it will reduce the firm value due to a decrease in margins or an increase in debt.

The role of capital structure as a moderating variable cannot be explained through interactions with *tax avoidance* because the capital structure does not affect the relationship between firm value and *tax* avoidance. Investors are more concerned with other aspects such as tax compliance by the company. If the company has a capital structure with a high level of debt, *tax avoidance* will be considered as an effort to maintain cash flow to pay debts, not as a strategy to reflect tax efficiency. However, the role of capital structure as a moderating variable can be explained in other independent variables, namely financial performance and growth, where the level of capital structure and *return on as*sets are well managed; then the signal given by ROA becomes more effective, because the signal can explain an action taken

by internal parties in the capital structure that will have an impact on the firm value, namely the stock price will increase and attract investor interest. Capital structure provides an influence on the relationship between the dependent variable of firm value and growth. Companies that have growth can be represented by the increase in total assets each year, and with an optimal capital structure, it can allow the company to obtain sufficient funds for investment in productive assets and innovation. In accordance with *signaling theory,* compan*y* growth gives a positive signal to investors in investing, and with a well-managed capital structure, it can provide added value in the growth of the firm value. The company has access to efficient funding sources with controlled capital costs, making growth more sustainable. This shows a positive signal in assessing each company for investors and can convince investors that the company's funding strategy and growth rate have future prospects and sustainable expansion.

The scope of the sample is limited to manufacturing companies in the consumer sector. *cyclical* and *non-cyclical* listed on the Indonesia Stock Exchange from 2020 to 2023. The sample selection in this study has limitations because 2020 and 2021 were years when the whole world was affected by Covid-19, so the world economy declined, especially in manufacturing companies. Another limitation of the data is seen from the test results, which state that the firm value has not been fully explained by the independent variables in the research model. Suggestions for further research are to add years of the period, add independent variables or moderation for the next research model, and it is hoped that the sample can be increased by adding other industrial sectors.

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