



The Effect of Dividend Policy and Corporate Governance on Company Value: The Role of Tax Avoidance Moderation in Manufacturing Companies

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Abstract

Background: Corporate value reflects market assessments of managerial decisions and governance quality. While prior studies have examined determinants of firm value, the combined effects of dividend policy, leverage, gender diversity, and CEO compensation remain underexplored in Indonesia's non-cyclical consumer sector, particularly the moderating role of tax avoidance.

Objective: This study investigates the effects of dividend policy, leverage, gender diversity, and CEO compensation on firm value (Tobin's Q) in non-cyclical consumer companies listed on the Indonesia Stock Exchange (IDX), and examines whether tax avoidance, proxied by the Cash Effective Tax Rate (CETR), moderates these relationships.

Methods: A quantitative causal-comparative design was applied using panel data from 36 IDX-listed non-cyclical consumer companies over 2020–2024, yielding 180 firm-year observations. Purposive sampling was employed, and data were analyzed through panel data regression with the Fixed Effect Model (FEM), followed by Moderated Regression Analysis (MRA).

Results: Gender diversity exerts a significant negative effect on firm value, suggesting that greater board diversity is associated with lower Tobin's Q. Tax avoidance significantly and positively moderates the relationship between gender diversity and firm value. Conversely, dividend policy, leverage, and CEO compensation show no statistically significant effects, either directly or in the moderated models.

Conclusion: Governance dynamics and tax management outweigh traditional financial indicators in shaping firm value. Gender diversity negatively affects Tobin's Q, reflecting market skepticism toward uninstitutionalized board changes, yet tax avoidance positively moderates this relationship. The findings emphasize strategic tax management and sound governance as key drivers of corporate value.

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INTRODUCTION

Corporate value has emerged as a central concern in financial research, particularly in emerging markets where structural and institutional factors interact in complex ways (Risi et al., 2023; Tandiawan et al., 2025). In Indonesia's non-cyclical consumer sector, empirical evidence from the 2020–2024 period reveals a persistent and troubling trend of undervaluation. Data on Tobin's Q—a ratio comparing a firm's market capitalization plus total liabilities to the book value of its total assets—indicates that numerous listed companies recorded values consistently below 1.0, signifying that the market valued these firms at less than their recorded net assets. Issuers such as CEKA, GZCO, INDF, MBTO, SIMP, TCID, and TBLA exhibited declining or highly volatile Tobin's Q trajectories throughout this period, suggesting a sustained disconnect between market

expectations and the fundamental performance of these businesses. This phenomenon is particularly concerning given that the non-cyclical consumer sector is widely regarded as defensive and resilient, raising the question of which internal and governance-related factors are suppressing market valuations in an otherwise stable industry.

Understanding firm value is critical not only from an academic standpoint but also from the perspectives of investors, management, and long-term corporate sustainability (Kavadis & Thomsen, 2023). For investors, firm value serves as a primary signal for capital allocation decisions, reflecting the market's aggregate assessment of a company's future cash flows and risk profile. For management, it functions as a performance benchmark that captures how effectively organizational resources are being deployed to generate shareholder wealth. From a sustainability perspective, firms with consistently strong valuations are better positioned to access capital markets, attract talent, and withstand external shocks (Flammer & Ioannou, 2021).

From another perspective, the strategic importance of manufacturing to the national economy remains significant. According to 2024 records from the Central Statistics Agency, Indonesia's industrial landscape includes more than 31,000 companies classified as medium or large scale. However, the growth of this sector, which only reached 4.43%, indicates challenges in maintaining the sustainability of industrial performance. The case experienced by PT Fast Food Indonesia Tbk (FAST) in 2024, which recorded a significant decline in revenue and share prices, exemplifies how company value is highly vulnerable to external pressures such as declining purchasing power, increased operational costs, and supply chain disruptions.

Against this backdrop, the theoretical literature identifies several internal variables as key determinants of firm value, each anchored in a distinct theoretical framework. The evidence on gender diversity is mixed: while some scholars confirm a positive board diversity premium, others—including Adams (2009)—caution that excessive board monitoring can impede operational agility, thereby reducing firm value in certain institutional settings. CEO compensation studies are similarly inconclusive, with outcomes varying substantially across industries and governance environments.

CEO compensation is interpreted through agency theory as a contractual mechanism designed to align the interests of self-serving managers with those of shareholders; performance-linked remuneration theoretically reduces moral hazard and encourages value-creating behavior on the part of top executives. Critically, most prior studies in the Indonesian manufacturing context examine these variables in isolation or within simple multivariate frameworks, without accounting for the conditional role of moderating factors that may explain why these relationships differ across firms and time periods. This constitutes a concrete and meaningful research gap that the present study seeks to address. Gender diversity on corporate boards is also analyzed within the agency theory framework, wherein diverse board composition is theorized to enhance the quality of managerial oversight, reduce opportunistic behavior by executives, and mitigate principal-agent conflicts—ultimately contributing to more value-maximizing corporate decisions (Adams & Ferreira, 2009).

Dividend policy is examined through the lens of agency theory D'Udekem (2021), which posits that dividend distributions serve as a disciplining mechanism to reduce agency conflicts between managers and shareholders. By committing to regular dividend payouts, managers signal their restraint from retaining excess free cash flow for personal benefit, thereby reducing information asymmetry and enhancing investor confidence in firm value (Adiputra & Hermawan, 2020). Leverage, on the other hand, is grounded in trade-off theory, which holds that firms optimize their capital structure by balancing the tax shield benefits of debt against the rising costs of financial distress (Abdeljawad & Farhood, 2025; Ai et al., 2020). While moderate leverage can amplify returns and reflect growth commitment, excessive reliance on debt elevates default risk and may erode market valuation.

One variable that has received insufficient attention as a moderator in this literature is tax avoidance. Legally defined as the strategic minimization of tax liabilities through permissible means, tax avoidance reduces a firm's effective tax burden and directly increases its retained cash flows—resources that can be reinvested to generate value or redistributed to shareholders (Amiram et al., 2019; Fadhila & Handayani, 2019). Crucially, the impact of tax avoidance on firm value is not uniform; rather, it is contingent on the quality of the governance structures through which such practices are supervised and executed (Lv et al., 2025; Yee et al., 2018). A firm with

strong board oversight—potentially enhanced by gender-diverse leadership or well-incentivized executives—may implement tax avoidance strategies more transparently and strategically, resulting in a net positive market signal. Conversely, where governance is weak, aggressive tax minimization may be perceived as entrenchment or opportunism, thereby eroding investor trust and suppressing firm value. This conditional dynamic suggests that tax avoidance functions not merely as a standalone determinant of firm value but as a moderating variable capable of amplifying or attenuating the effects of dividend policy, leverage, gender diversity, and CEO compensation on firm valuation. Yet this moderating role remains largely untested in integrated models within the Indonesian non-cyclical consumer sector, representing a significant gap in the existing body of knowledge.

This study therefore addresses the dual gap of empirical inconsistency and theoretical incompleteness by constructing an integrated model in which tax avoidance moderates the relationship between four internal governance and financial variables and firm value, as proxied by Tobin's Q. Using panel data from 36 non-cyclical consumer companies listed on the Indonesia Stock Exchange over the 2020–2024 period, the study applies Moderated Regression Analysis (MRA) to produce findings that are both empirically rigorous and contextually relevant. By doing so, this research advances both theoretical understanding and practical guidance for corporate leaders and policymakers committed to strengthening firm value in Indonesia's manufacturing landscape.

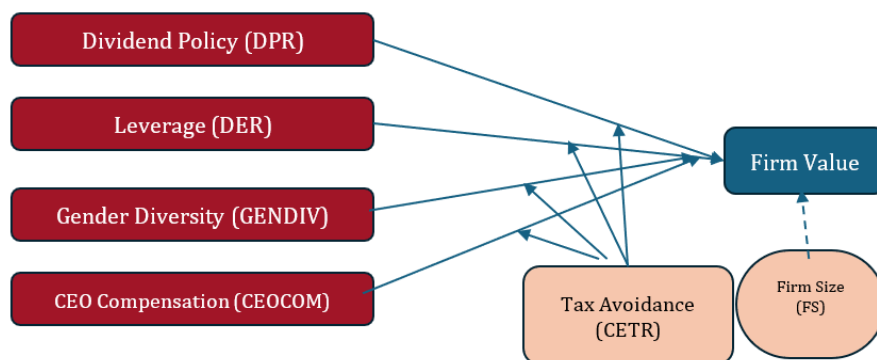


Figure 1. Frame of Mind

This framework of thought is designed to accommodate the complexity of the relationships between variables and provide more comprehensive and accurate results in explaining the dynamics that determine the company's value. This study builds its hypotheses on existing theory and past findings to create testable predictions. These conjectures will be evaluated using statistical methods to provide answers to the central research objectives. The research utilizes a theoretical synthesis of agency and trade-off theories alongside fiscal efficiency and governance concepts to examine the variables affecting market value. The analysis centers on the causal links between dividends, leverage, gender diversity, and CEO compensation and the company's total value, while assessing whether tax avoidance acts as a moderator that alters the strength of these relationships.

The first hypothesis was developed from the argument that a good dividend policy can improve operational efficiency and increase profitability, ultimately creating added value for shareholders. Under the tenets of agency theory, an optimal dividend strategy serves as a mechanism to harmonize the objectives of corporate management with those of both majority and minority shareholders. This theoretical alignment provides the basis for the development of the first hypothesis:

H1: "Dividend policy affects the value of the company."

The second hypothesis centers on leverage and trade-off theory, positing that firms must reconcile the tax advantages of debt with the perils of bankruptcy. Achieving this balance demonstrates sound financial management, which led to the idea that it would increase the company's value:

H2: "Leverage affects the value of the company."

The third hypothesis is based on the premise from agency theory that gender diversity acts as a governance mechanism to lower agency costs. This reduction in costs is hypothesized to

lead to a higher company value, forming the basis for this study's third proposition:

H3: "Gender diversity affects company values."

The fourth hypothesis relates to CEO compensation, in which agency theory Bonazzi (2007) identifies the separation of ownership and control as the source of CEO compensation conflicts of interest. Executive compensation is designed as an agency solution to align interests between management and shareholders, thereby increasing the company's value. Based on this rationale, the fourth hypothesis has been developed for empirical testing:

H4: "CEO compensation affects the value of the company."

This study treats tax avoidance as a moderating factor that could further intensify the positive connections between internal governance pillars, such as board diversity and capital structure, and the firm's overall value. Legitimate tax avoidance practices can enhance a firm's dividend-paying capacity by boosting the net cash flow available for shareholder distribution. Furthermore, in relation to leverage, lawful tax planning increases financial agility and lessens reliance on external borrowing by serving as an alternative tax shield (Dharmawan & Tampubolon, 2024). The existence of gender diversity enhances the quality of governance and conservatism in tax strategies (Muhammad et al., 2025; Zhang et al., 2022). In the case of CEO compensation, legal tax avoidance increases the justification for high compensation because measurable tax savings create a stronger alignment between the CEO and shareholders in optimizing the company's value.

Therefore, the fifth, sixth, seventh, and eighth hypotheses were developed to test the role of these interactions, formulated respectively as:

H5: "Tax avoidance strengthens the influence of dividend policy on the value of the company."

H6: "Tax avoidance reinforces the influence of leverage on the value of the company."

H7: "Tax avoidance reinforces the influence of gender diversity on company values."

H8: "Tax avoidance reinforces the influence of CEO compensation on the value of the company."

METHOD

The research design followed a quantitative, causal-comparative approach intended to measure how specific internal factors and tax avoidance moderation affected corporate value. By examining secondary data from financial statements, the study focused on a five-year period (2020–2024) for Indonesian manufacturing companies in the consumer non-cyclicals industry.

Applying a purposive sampling method to the original 86 companies resulted in a research sample of 46 firms, which was further narrowed to 36 to account for statistical outliers. Outliers were identified based on financial ratio analysis and statistical diagnostic tests, necessitating a reduction in the final sample size. The outlier issues were categorized into two problems: first, certain companies exhibited financial ratio values that deviated from the acceptable procedural thresholds; and second, certain companies contained inconsistent variable data that led to failure in meeting the assumptions required for statistical testing.

The sample was selected using purposive sampling based on the following criteria: the company operated in the consumer non-cyclical sector listed on the Indonesia Stock Exchange (IDX), consistently published annual financial reports throughout the 2020–2024 observation period, used Indonesian Rupiah as its reporting currency, and distributed dividends at least once during the observation period. Based on the selection criteria, an initial sample of 46 firms was obtained. To ensure data quality and the validity of regression estimates, outlier detection was subsequently performed using the Z-score method. This procedure resulted in the elimination of 10 firm-year observations, reducing the final sample to 36 firms, yielding a total of 180 panel observations over the five-year period (2020–2024).

The sample selection was as follows:

Table 1. Sample Selection Criteria

No.	Sample Selection Criteria	Number of Companies	Total of Data
1.	Consumer non-cyclical sector companies listed on the Indonesia Stock Exchange	86	430

(IDX) during the 2020-2024 period.		
2.	Companies that did not consistently publish audited financial statements during the 2020-2024 period.	(2) (10)
3.	Companies that did not use rupiah as the reporting currency in their financial statements during the 2020-2024 period.	(4) (20)
4.	Companies that did not distribute dividends at least once during the observation period..	(40) (200)
Total research sample before outliers		46 230
Total outlier data		10 (50)
Total research sample after outliers		36 180

Sources: Processed data from IDX and Financial Statements

To facilitate the measurement and analysis process, each variable was operationally defined and converted into a quantitative form using specific proxies derived from secondary data obtained from annual financial reports. Firm value was proxied by Tobin's Q as the dependent variable in this research. The independent variables included DPR, DER, gender diversity, and CEO compensation, while CETR was utilized as a moderating variable for tax avoidance, and firm size was controlled. The measurement calculations were as follows:

Table 2. Measurement Formula

Variable	Measurement Formula	Scal
Firm Value	$\text{Tobin's } Q = \frac{\text{Market value of Equity} + \text{Book value of total liabilities}}{\text{Book Value of total asset}}$	Ratio
Dividend Policy	$DPR = \frac{\text{Dividen per shares}}{\text{Earning per share}}$	Ratio
Leverage	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$	Ratio
Gender Diversity	$GENDIV = \frac{\text{Number of Female Directors}}{\text{Total Board Members}}$	Ratio
CEO Compensation	$CEOCOM = \text{Ln}(\text{Total monetary compensation received by the CEO as disclosed in the annual report})$	Ratio
Tax Avoidance	$CETR = \frac{\text{Payment of Tax}}{\text{Earnings Before Tax}}$	Ratio
Firm Size	$FS = \text{Ln}(\text{Total Assets})$	Ratio

To analyze the data, the study used panel data regression, picking the best mathematical model (CEM, FEM, or REM) by running Chow, Hausman, and Lagrange Multiplier tests. The researchers used t-tests and R^2 scores to see if their guesses were right, while also checking for common errors like multicollinearity and heteroscedasticity. The final research equation is written below:

$$\begin{aligned} \text{Tobin's } Q_{it} = & \alpha_0 + \beta_1 \text{DPR}_{it} + \beta_2 \text{DER}_{it} + \beta_3 \text{GENDIV}_{it} + \beta_4 \text{CEOCOM}_{it} + \beta_5 (\text{DPR} * \text{CETR}_{it}) \\ & + \beta_6 (\text{DER}_{it} * \text{CETR}_{it}) + \beta_7 (\text{GENDIV}_{it} * \text{CETR}_{it}) + \beta_8 (\text{CEOCOM}_{it} * \text{CETR}_{it}) \\ & + \beta_9 \text{FS}_{it} + \varepsilon_{it} \end{aligned}$$

The study used EVIEWS to run an MRA, testing whether the product of the independent

variable and CETR acts as a significant moderator.

RESULTS AND DISCUSSION

Results

Classical Assumption Test Results

According to Basuki and Prawoto (2016), the classical assumption tests employed in linear regression utilizing the Ordinary Least Squares (OLS) methodology encompass the assessments of Linearity, Autocorrelation, Heteroscedasticity, Multicollinearity, and Normality. Nevertheless, it is noteworthy that in the context of panel data regression, not all of these tests are requisite.

Within the framework of the panel data regression model, the classical assumption tests that are applied pertain solely to multicollinearity and heteroscedasticity, as delineated by Basuki and Prawoto (2016).

Multicollinearity Test Results

Table 1 presents the findings of the multicollinearity diagnostics performed during the course of the investigation:

Table 3. Multicollinearity Test Results

Variable	DPR	THE ER	GENDIV	CEOCOM	FZ (VC)	DPR* CETR	DER* CETR	GENDIV* CETR	CEOCOM* CETR
DPR	1,000000	-0,159331	0,193107	0,199532	0,072084	0,729666	0,088549	0,199489	0,244857
THE ER	-0,159331	1,000000	-0,174928	-0,031072	0,052238	0,044483	0,471386	-0,174781	0,050799
GENDIV	0,193107	-0,174928,	1,000000	0,001949	-0,119745	0,001899	-0,100662	0,779364	-0,027454
CEOCOM	0,199532	-0,031072	0,001949	1,000000	0,733760	0,096146	-0,109004	0,002961	0,017932
FZ (VC)	0,072084	0,052238	-0,119745	0,733760	1,000000	0,106143	-0,002105	-0,007300	0,122806
DPR*CETR	0,729666	0,044483	0,001899	0,096146	0,106143	1,000000	0,382352	0,140069	0,496992
DER*CETR	0,088549	0,471386	-0,100662	-0,109004	-0,002105	0,382352	1,000000	-0,028628	0,721901
GENDIV* CETR	0,199489	-0,174781	0,779364	0,002961	-0,007300	0,140069	-0,028628	1,000000	0,193301
CEOCOM *CETR	0,244857	0,050799	-0,027454	0,017932	0,122806	0,496992	0,721901	0,193301	1,000000

Source: Data Processed Eviews

Results of Data Processing of the multicollinearity test did not find a number or correlation ratio of variables above or more than 0.9. The highest correlation number is found in the *Gender diversity* variable with a value of 0.7793, the research data is considered free from multicollinearity.

Heteroscedasticity Test Results

Table 2 presents diagnostic tests ensuring stable residual variance across the data:

Table 4. Heteroscedasticity Test Results

Variable	Coefficient	Std.Error	T-Statistic	Prob.
DPR	0,086832	0,105158	0,825728	0,4104
THE ER	-0,025297	0,032279	-0,783699	0,4346
GENDIV	-0,359823	0,403744	-0,890996	0,3745
CEOCOM	-0,010939	0,036587	-0,298976	0,7654
FZ (VC)	0,177574	0,158654	1,119251	0,2650
DPR*CETR	-0,116001	0,207883	-0,558009	0,5778
DER*CETR	0,018578	0,062919	0,295275	0,7682

GENDIV*CETR	0,067327	0,810923	0,083025	0,9340
CEOCOM*CETR	-4,656151	0,006227	0,122296	0,9028

Source: Data Processed Eviews

Based on Table 4, the probability values for dividends, leverage, gender diversity, and CEO Compensation are 0.4104, 0.4346, 0.3745, and 0.7654, respectively. The moderation variables also show probabilities above 0.05, specifically between 0.2650 and 0.9340. With all values greater than the 0.05 benchmark, the study concludes that no heteroscedasticity exists in the research model.

Panel Data Regression Model Selection

Determining the most suitable model between CEM, FEM, and REM requires subjecting each to the specific statistical tests listed below:

Chow Test Results (Common Effect Model vs Fixed Effect Model)

Researchers use the Chow test to identify the best panel model. A p-value greater than 0.05 justifies CEM's uniform approach, whereas a lower value requires FEM's fixed effects to handle unit-specific differences.

Table 5 shows the Chow test findings for selecting the optimal model:

Table 5. Chow Test Results

Redundant Fixed Effect Test

Equations: Untitled

Test cross-section fixed effects

Effect Test	Statistic	D.F.	Prob.
Cross-section random	26.495279	(35,135)	0.0000
Cross-section random	371.330929	35	0.0000

Source: Data Processed Eviews

Table 5 reports a p-value of 0.000, meaning unit differences are significant. Consequently, H0 is rejected and FEM is used instead of CEM.

Hausman Test Results (Fixed Effect Model vs Random Effect Model)

Table 4 displays the Hausman test results used to choose between REM and FEM. A p-value below 0.05 rejects the null hypothesis, favoring FEM to avoid biased results, while a higher value supports the more efficient REM:

Table 6. Hausman Test Results

Correlated Random Effects – Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. D.F.	Prob.
Cross-section random	17.721017	9	0.0386

Source: Data Processed Eviews

Because the Hausman test p-value is 0.0386, the study adopts FEM. This choice is necessary because the significant result suggests that individual unit characteristics are correlated with the independent variables.

Panel Data Regression Estimation Method

Three distinct methodologies exist for estimating panel data regression models: the CEM, the FEM, and the REM. Each approach offers a different framework for handling cross-sectional and time-series data variations.

Fixed Effect Model

The Fixed Effect Model operates on the premise that intercepts vary between individual companies, accounting for unique entity-specific characteristics. While these intercepts remain constant across the time-series period, the slope coefficients for each independent variable are assumed to be uniform across all firms and time intervals. The following results illustrate the regression output using the FEM.

Table 7. Results of Data Regression Panel *Fixed Effect Model*

Dependent Variable: TOBINS_Q (Y)

Method: Panel Least Squares

Sample: 2020–2024

Periods included: 5

Cross-sections included: 36

Total panel (balanced) observations: 180

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DPR	-0.008575	0.185593	-0.046206	0.9632
THE ER	0.012214	0.056969	0.214398	0.8306
GENDIV	-1.613750	0.712742	-2.264143	0.0252
CEOCOM	0.110139	0.064572	1.705678	0.0904
FS (vc)	-0.863967	0.280008	-3.085507	0.0025
DPR*CETR	-0.111549	0.366891	-0.304039	0.7616
DER* CETR	0.055320	0.111045	0.498174	0.6192
GENDIV*CETR	2.952746	1.431193	2.063137	0.0410
CEOCOM*CETR	-0.008908	0.010990	-0.810501	0.4191
C	24.51411	8.064824	3.039634	0.0028
Effects Specification:				
Cross-section fixed (dummy variables)				
R-squared	0.904474	Mean dependent var	1.718047	
Adjusted R-squared	0.873339	S.D. dependent var	1.255945	
S.E. of regression	0.446984	Akaike info criterion	1.439729	
Sum squared resid	26.97224	Schwarz criterion	2.237968	
Log likelihood	-84.57557	Hannan-Quinn crister.	1.763380	
F-statistic	29.05055	Durbin-Watson stat	1.481879	
Prob(F-statistic)	0.000000			

Source: Data Processed Eviews

The adjusted R-squared value of 0.873339 shows that 87.33% of the research model is explained by the chosen variables and their interactions with tax avoidance. The other 12.67% is influenced by factors not included in this analysis.

Random Effect Model

The REM assumes constant slopes but allows intercepts to differ across individuals and time. The following results were obtained using the random effect regression method:

Table 8. Results of Correlation Coefficient Analysis

Dependent Variable: TOBINS_Q (Y)

Method: Panel EGLS (Cross-section random effects)

Sample: 2020–2024

Periods included: 5

Cross-sections included: 36

Total panel (balanced) observations: 180

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DPR	0.062660	0.179723	0.348648	0.7278
THE ER	-0.006468	0.055089	-0.117405	0.9067
GENDIV	-0.820238	0.645628	-1.270449	0.2057
CEOCOM	0.122935	0.062966	1.952422	0.0525
FS (vc)	-0.352229	0.126431	-2.785926	0.0059
DPR*CETR	-0.149629	0.358466	-0.417416	0.6769
DER*CETR	0.094271	0.105822	0.890844	0.3743
GENDIV*CETR	3.407462	1.409108	2.418170	0.0167
CEOCOM*CETR	-0.014484	0.010481	-1.381858	0.1688
C	9.119083	3.511222	2.597125	0.0102
Effects Specification:				
		S.D.	Rho	
Cross-section random		1.086280	0.8552	
Idiosyncratic random		0.446984	0.1448	
Weighted Statistics:				
R-squared	0.082473	Mean dependent var	0.310934	
Adjusted R-squared	0.033898	S.D. dependent var	0.466277	
S.E. of regression	0.458305	Sum squared resid	35.70746	
F-statistic	1.697856	Durbin-Watson stat	1.143794	
Prob(F-statistic)	0.092877			
Unweighted Statistics:				
R-squared	0.076016	Mean dependent var	1.718047	
Sum squared resid	260.8910	Durbin-Watson stat	0.156548	

Source: Data Processed Eviews

The REM estimation yields an adjusted R-squared of 0.033898, meaning the independent variables and tax avoidance moderation explain 3.38% of the variation. This suggests that 86.62% of the influence on the dependent variable comes from external factors not captured in the model.

Model Selection Conclusion

After running the Chow and Hausman tests to pick the best way to analyze our data, we have concluded that the FEM is the correct method to use:

Table 9. Conclusion of Model Selection Testing

No.	Method	Testing	Results
1.	Chow Test	Common Effect vs Fixed Effect	Fixed Effect
2.	Hausman Test	Random Effect vs Fixed Effect	Fixed Effect

Source: Data Processed Eviews

Panel Data Regression Analysis

The study utilizes a FEM to examine how independent variables and tax avoidance interactions influence the sample over time. The results of this panel data regression analysis are as follows:

$$\text{Tobin's } Q_{it} = 24,51411 - 0,008575 \text{ DPR} + 0,012214 \text{ DER} - 1,613750 \text{ GENDIV} + 0,110139 \text{ CEOCOM} - 0,111549 \text{ DPR} * \text{CETR} + 0,055320 \text{ DER} * \text{CETR} + 2,952746 \text{ GENDIV} * \text{CETR} - 0,008909 \text{ CEOCOM} * \text{CETR} - 0,863967 \text{ FS} + \varepsilon_{it}$$

Hypothesis Test Results

Results of the t-test (Partial test)

The t-test is employed to evaluate the individual statistical significance of each independent variable alongside the moderating effect of tax avoidance on firm value.

Table 10. Results of the t-test (Partial test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DPR	-0.008575	0.185593	-0.046206	0.9632
THE ER	0.012214	0.056969	0.214398	0.8306
GENDIV	-1.613750	0.712742	-2.264143	0.0252
CEOCOM	0.110139	0.064572	1.705678	0.0904
FS (vc)	-0.863967	0.280008	-3.085507	0.0025
DPR*CETR	-0.111549	0.366891	-0.304039	0.7616
DER*CETR	0.055320	0.111045	0.498174	0.6192
GENDIV*CETR	2.952746	1.431193	2.063137	0.0410
CEOCOM*CETR	-0.008908	0.010990	-0.810501	0.4191
C	24.51411	8.064824	3.039634	0.0028

Source: Data Processed Eviews

Based on the table of 10 results of the t-test (partial test), it can be found as follows:

1. The p-value of 0.9632 is above 0.05, indicating that dividend policy does not significantly impact firm value.
2. The p-value of 0.8306 is above 0.05, indicating that leverage does not significantly impact firm value.
3. The p-value of 0.0252 is below 0.05, confirming that gender diversity significantly impacts firm value.
4. The p-value of 0.0904 is above 0.05, indicating that CEO compensation does not significantly impact firm value.
5. The p-value of 0.7616 is above 0.05, indicating that tax avoidance does not significantly moderate the relationship between dividend policy and firm value.
6. The p-value of 0.6192 is above 0.05, indicating that tax avoidance does not significantly moderate the relationship between leverage and firm value.
7. The p-value of 0.0410 is below 0.05, confirming that tax avoidance significantly moderates the relationship between gender diversity and firm value.
8. The p-value of 0.4191 is above 0.05, indicating that tax avoidance does not significantly moderate the relationship between CEO compensation and firm value.

F Test Results (Simultaneous Test)

The F-test determines the simultaneous influence of all independent variables and tax avoidance moderation on the company's value. It verifies if these factors collectively impact the dependent variable.

Table 11. F Test Results (Simultaneous Test)

R-squared	0.904474
Adjusted R-squared	0.873339
S.E. of regression	0.446984
Sum squared resid	26.97224
Log likelihood	-84.57557
F-statistic	29.05055
Prob(F-statistic)	0.000000

Table 9 shows an F-test p-value of 0.000000. Since this is less than 0.05, H₀ is rejected and H_a is accepted, meaning all variables simultaneously affect the dependent variable.

Results of R² Determination Coefficient Test

Adjusted R² measures the model's explanatory capacity. Values closer to zero suggest the independent variables provide minimal explanation for the dependent variable, while values closer to one indicate a significant portion of the variance is captured by the model.

Table 12. Results of the R2 Determination Coefficient Test

R-squared	0.904474
Adjusted R-squared	0.873339
S.E. of regression	0.446984
Sum squared resid	26.97224
Log likelihood	-84.57557
F-statistic	29.05055
Prob(F-statistic)	0.000000

The adjusted R2 of 0.873339 shows that 87.33% of the variation in company value is explained by the model's variables. The other 12.67% stems from factors not included in this analysis.

Moderated Regression Analysis (MRA)

MRA assesses interaction effects by multiplying independent variables by the moderator. This model specifically examines whether tax avoidance changes the strength or direction of the influence that dividend policy, leverage, gender diversity, and CEO compensation have on the company's Tobin's Q value.

Table 13. Moderated Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DPR*CETR	-0.111549	0.366891	-0.304039	0.7616
DER*CETR	0.055320	0.111045	0.498174	0.6192
GENDIV*CETR	2.952746	1.431193	2.063137	0.0410
CEOCOM*CETR	-0.008908	0.010990	-0.810501	0.4191

Source: Data By Eviews

The results from our MRA test are shown in table 11, detailing how the different factors interacted with each other:

1. A p-value of 0.7616 rejects the hypothesis that tax avoidance moderates dividend policy's effect on value.
2. A p-value of 0.6192 rejects the hypothesis that tax avoidance moderates the effect of leverage on firm value.
3. A p-value of 0.0410 accepts the hypothesis that tax avoidance moderates the effect of gender diversity on firm value.
4. A p-value of 0.4191 rejects the hypothesis that tax avoidance moderates the effect of CEO compensation on firm value.

Discussion of Research Results

The Effect of Dividend Policy on Company Value

The t-test result of 0.9632 is much higher than 0.05, meaning dividend policy doesn't affect company value. In the consumer non-cyclicals sector from 2020 to 2024, changes in dividends had no impact on how much companies were worth. The results of the study received support from several researchers, namely Bon (2022) and Shubita (2023) because the factor of a company's ability to provide dividends is sometimes not considered by investors and dividends are not the main goal when buying shares, but investors pay attention to the company's ability to generate income. According to the study, dividend decisions are handled through the company's governance framework via the General Meeting of Shareholders, often focusing the financial gains on large-scale investors.

The statistical analysis produces a t-test probability value of 0.9632, which is considerably higher than the established significance threshold of 0.05. Consequently, the null hypothesis (H_0) is upheld, indicating that dividend policy does not exert a statistically significant influence on corporate valuation within the consumer non-cyclicals sector during the observational period spanning 2020–2024. The sign of the coefficient suggests a minimal and statistically insignificant correlation, implying that variations in dividend disbursements do not systematically align with fluctuations in firm valuation within this sector and time frame. From a theoretical perspective,

this outcome is elucidated through the framework of agency theory, which investigates the dynamics between shareholders (principals) and managers (agents) in the context of corporate governance.

Agency theory asserts that dividend policy functions as a tool to mitigate agency conflicts by allocating surplus free cash flow to shareholders, thereby constraining managerial latitude over capital allocation and diminishing the likelihood that managers engage in self-serving investment choices at the detriment of shareholders. These results are consistent with the findings of Bon (2022), who demonstrated that dividend policy does not significantly influence firm value, arguing that a company's ability to pay dividends is not always the primary consideration for investors. Similarly, Shubita (2023) concluded that investors tend to prioritize a company's capacity to generate sustainable income over its dividend distribution behavior, reinforcing the view that agency-related dividend signaling carries limited weight in stable non-cyclical markets. From a practical standpoint, management in the consumer non-cyclicals sector should recognize that altering dividend policy alone is unlikely to enhance market valuation. Instead, strategic emphasis should be directed toward strengthening operational efficiency, improving profit margins, and communicating long-term earnings sustainability to investors. Capital allocation decisions should be evaluated based on their contribution to income generation rather than their effect on dividend payouts, and governance frameworks should prioritize transparent performance reporting as a more credible tool for reducing agency conflicts.

The Effect of Leverage on Company Value

The t-test score of 0.8306 is higher than 0.05, meaning debt levels do not affect company value. In the consumer non-cyclicals sector between 2020 and 2024, choosing to have more or less debt did not change how much a company was worth. The results of the study were supported by researcher Krisnawijaya (2020) because the use of debt that is still within the limit (not extreme) does not have much impact on the company's value and investors pay more attention to the company's ability to generate profits than *leverage*. The researcher believes that investors do not primarily judge a company based on debt-related capital structure choices, implying that consumer non-cyclicals management should instead emphasize profit optimization and efficient operations to improve market standing.

The t-test probability value for leverage is 0.8306, which exceeds the 0.05 significance level. Accordingly, the null hypothesis (H_0) is accepted, indicating that leverage does not have a statistically significant effect on the value of companies in the consumer non-cyclicals sector between 2020 and 2024. The coefficient direction reflects an inconclusive and non-significant relationship, implying that neither higher nor lower levels of debt consistently drive changes in firm valuation within this context. According to trade-off theory, moderate levels of leverage can enhance firm value by reducing taxable income through interest deductions; however, as debt increases beyond the optimal threshold, rising bankruptcy risks and financial distress costs begin to outweigh these benefits, ultimately eroding firm value. In the consumer non-cyclicals sector, where firms tend to maintain conservative and moderate leverage ratios, debt utilization does not cross into the zone where financial distress costs become material, nor does it generate tax shield benefits large enough to produce a measurable positive effect on firm valuation.

As a result, the trade-off between tax benefits and distress costs reaches a point of equilibrium that produces no net effect significant enough to alter investor perception of firm worth, with investors remaining more attentive to profitability and return on assets than to the firm's capital structure composition. This finding is consistent with Krisnawijaya (2020), who argued that the use of debt that remains within reasonable bounds does not substantially impact company value, as investors prioritize profitability indicators over debt-related capital structure choices.

The implication is that when sector conditions remain stable and debt levels are non-extreme, the trade-off between tax benefits and financial distress costs produces no net effect significant enough to alter investor perception of firm worth. From a practical perspective, managers in the consumer non-cyclicals sector should not rely on adjusting their capital structure as a primary tool for enhancing firm valuation. Rather, value creation should be pursued through profit optimization, cost efficiency, and maintaining strong operational performance. Nonetheless, firms should continue to monitor their debt levels prudently to preserve financial

health and creditor confidence, as leverage can still influence the firm's risk profile even when it does not directly affect market value.

The Influence of Gender Diversity on Company Values

Partial testing revealed that gender diversity significantly reduced company value in the consumer non-cyclicals sector between 2020 and 2024, given the p-value of 0.0252. Supporting the findings of Adams (2009), the research indicates that the high level of board oversight associated with gender diversity can hinder operational efficiency and flexibility, thereby reducing overall firm value. The study contends that simply having female representation is insufficient; instead, the success of gender diversity depends on thoughtful implementation and the strategic positioning of female directors within the board to ensure sustainable growth.

Partial testing yields a probability value of 0.0252, which is beneath the significance threshold of 0.05, thereby indicating that gender diversity exerts a statistically significant impact on corporate value within the consumer non-cyclicals sector during the 2020–2024 timeframe. Consequently, the null hypothesis (H_0) is rejected, thereby affirming that the presence of gender diversity on the boards of directors has a substantial effect on firm valuation. The sign of the coefficient is negative, signifying that an increased proportion of female directors correlates with a decline in firm value within this specific sector and temporal context. This seemingly paradoxical outcome can be elucidated through agency theory, which, in relation to corporate governance, emphasizes the monitoring responsibilities of directors as agents tasked with overseeing management on behalf of shareholders.

Agency theory suggests that diverse boards, including those with greater gender representation, tend to engage in more intensive monitoring of managerial behavior, which is generally expected to reduce agency costs and enhance firm value. However, when board oversight becomes excessively intensive, it can produce the opposite effect: slowing down executive decision-making, constraining managerial flexibility, and creating governance friction that impairs operational efficiency. Adams (2009) demonstrated precisely this dynamic, showing that while gender-diverse boards conduct more rigorous oversight, this heightened scrutiny can in certain contexts reduce overall firm value by limiting the speed and autonomy with which management responds to market opportunities.

In the consumer non-cyclicals sector, where operational agility and swift strategic execution are important, the intensified monitoring associated with gender diversity may thus introduce a governance cost that exceeds its anticipated benefits. Furthermore, this finding suggests that merely increasing female representation on the board—without strategic consideration of roles, decision-making authority, and integration into the firm's governance culture—may not produce the anticipated positive outcomes and may in fact deepen agency-related tensions rather than resolve them. The results are in line with Adams (2009), whose research demonstrated that while gender-diverse boards tend to engage in more diligent oversight, this increased scrutiny can in certain contexts reduce overall firm value by constraining managerial autonomy.

This stands in contrast to studies that find positive associations between gender diversity and firm performance, highlighting that contextual and implementation factors are crucial in determining whether board diversity reduces or amplifies agency costs. Practically, these findings underscore the importance of thoughtful board composition strategies. Companies should not pursue gender diversity as a mere compliance exercise or numerical target, but should instead ensure that female directors are positioned in roles where their expertise, experience, and decision-making contributions are meaningfully integrated. Organizations should invest in creating an inclusive board culture where diverse perspectives translate into reduced agency costs and strategic value rather than governance friction, ensuring that gender diversity becomes a genuine driver of sustainable long-term firm performance.

The Effect of CEO Compensation on Company Value

In the 2020–2024 observation years, CEO compensation had no measurable effect on company valuation within the consumer non-cyclical sector. The results of the study were supported by researchers Suherman (2016) because executive compensation is more influenced by short-term accounting performance such as profitability. These findings suggest that current

executive pay lacks a significant link to company valuation, highlighting the importance of designing compensation frameworks that encourage sustainable growth.

The statistical test yields a probability value that exceeds the 0.05 significance threshold, indicating that CEO compensation does not significantly affect company valuation in the consumer non-cyclicals sector during the 2020–2024 period. The null hypothesis (H_0) is therefore accepted, confirming the absence of a statistically meaningful relationship between executive pay and firm value within this sector and timeframe. The coefficient direction suggests no clear or consistent relationship between changes in CEO compensation and movements in firm value, reinforcing the conclusion that executive remuneration, in its current form, does not serve as a meaningful signal of value creation for investors in this context.

Theoretically, this finding is examined through the lens of agency theory, which prescribes that executive compensation should function as an incentive alignment mechanism, linking CEO behavior with the long-term wealth maximization objectives of shareholders. Under agency theory, well-designed compensation packages—particularly those incorporating equity-based or long-term performance-linked components—are expected to reduce the divergence of interests between principals (shareholders) and agents (CEOs), thereby generating positive signals about future firm value. However, when compensation packages are predominantly tied to short-term accounting-based performance metrics such as profitability and earnings per share, rather than long-term value indicators such as stock price performance or market capitalization, the intended alignment function breaks down. In such cases, CEO compensation ceases to serve as a credible proxy for long-term value creation, and investors in this sector therefore do not incorporate changes in executive pay into their valuation assessments.

The absence of a significant relationship suggests that prevailing compensation structures in the Indonesian consumer non-cyclicals sector have not yet succeeded in aligning executive incentives with shareholder value in a manner that is discernible to the market, implying that the agency problem remains at least partially unresolved. These results are supported by Suherman (2016), who found that executive compensation is more strongly influenced by short-term accounting performance than by firm value outcomes, suggesting a structural disconnect between how executives are rewarded and how markets assess firm worth.

This implies that the agency problem in this sector may be partially unresolved, with compensation frameworks failing to fully bridge the gap between managerial interests and long-term shareholder value creation. From a practical standpoint, boards of directors and remuneration committees in this sector should critically evaluate and redesign executive compensation frameworks. Pay structures should incorporate long-term performance metrics, including market value-based criteria, to better align CEO incentives with sustainable value creation and to address the underlying agency conflict more effectively. Transparent disclosure of how compensation is linked to both financial and non-financial performance indicators would also enhance investor confidence and signal a commitment to governance best practices.

Tax Avoidance Moderates the Influence of Dividend Policy on Company Value

Statistical evidence ($0.7616 > 0.05$) confirms that tax avoidance does not influence how dividend policy impacts firm value for these specific companies. In the 2020–2024 Indonesian non-cyclical sector, tax avoidance does not influence how dividend policy affects firm value. Investors focus on dividends as a primary signal of profitability and stability, viewing them as more credible than tax practices when evaluating a company's worth. Meanwhile, tax avoidance does not always send a positive signal, as it is not only difficult for investors to observe directly but can also create perceptions of risk, such as the potential for penalties or regulatory non-compliance.

Because the non cyclical consumer goods sector remains largely predictable, shareholders typically emphasize fundamental indicators such as revenue consistency and dividend history. Tax avoidance tactics do not carry enough weight in this sector to modify the relationship between dividend payments and overall company valuation. Therefore, whether or not a business minimizes its tax obligations, such actions do not serve as a primary driver in how dividends impact the total value of the organization.

The moderation analysis produces a probability value of 0.7616, which significantly exceeds the 0.05 significance threshold. Consequently, the null hypothesis (H_0) is upheld, thereby

affirming that tax avoidance does not exert a significant moderating effect on the relationship between dividend policy and firm value within the Indonesian consumer non-cyclicals sector for the period spanning 2020 to 2024. The direction of the coefficient associated with the interaction term is found to be statistically insignificant, signifying that the existence or non-existence of tax avoidance activities does not modify the intensity or characteristics of the association between dividend disbursements and corporate valuation.

This finding is interpreted within the framework of agency theory, which posits that dividend policy serves as a mechanism for regulating the principal-agent dynamic by diminishing the free cash flow accessible to managers, thereby limiting their potential for opportunistic behavior. When tax avoidance is introduced as a moderating variable, agency theory would predict that it could either reinforce or undermine the disciplining effect of dividends, depending on how investors perceive the risk profile of a firm that simultaneously distributes dividends and minimizes its tax obligations. However, the findings suggest that tax avoidance does not carry sufficient credibility in this context to modify investor interpretation of dividend signals.

Tax avoidance strategies are often opaque and difficult for external investors to monitor accurately, meaning they lack the informational quality needed to alter the agency-cost-reduction perception that dividends are intended to convey. Moreover, tax avoidance can generate perceptions of additional agency risk, including potential regulatory penalties, reputational damage, or non-compliance with evolving tax legislation, which may introduce new principal-agent concerns rather than alleviating existing ones. Because the consumer non-cyclical goods sector tends to exhibit predictable cash flows and earnings patterns, shareholders are unlikely to assign significant weight to tax efficiency strategies when evaluating the implications of dividend decisions. No prior study directly mirrors this moderation test; however, the result is consistent with broader literature suggesting that tax practices carry limited informational value for investors in stable, low-volatility sectors where fundamental indicators are the primary basis for valuation.

Practically, these findings suggest that companies in this sector cannot rely on tax avoidance strategies to amplify the agency-cost-reducing signals conveyed through dividend distributions. Management should instead focus on maintaining a consistent and transparent dividend policy backed by genuine earnings performance, as investors in this sector appear to respond primarily to fundamental financial indicators rather than tax-driven financial engineering. Governance frameworks should ensure that dividend decisions are communicated clearly and independently of tax strategy, preserving the credibility of dividends as an agency conflict resolution mechanism.

Tax Avoidance Moderates the Influence of Leverage on Company Value

Statistically, tax avoidance does not moderate the relationship between debt levels and firm worth, given the calculated value of 0.6192. This suggests that the impact of leverage on a firm's market value is independent of its tax strategies. For Indonesian firms in the non cyclical consumer goods industry from 2020 to 2024, leverage is seen as a more direct representation of capital structure and financial risk for investors. Shareholders evaluate whether utilizing debt boosts a firm's results or simply increases its risk profile, keeping the main emphasis on the organization's capacity to fulfill its debts and preserve its financial health.

Meanwhile, tax avoidance is not a primary consideration due to its lack of transparency and its failure to consistently yield clear benefits for enhancing corporate value. In fact, such practices may be perceived as risky, as they carry the potential to trigger compliance and reputational issues. Furthermore, in the relatively stable non-cyclical consumer goods sector, investors prioritize fundamental factors such as cash flow, profitability, and performance consistency over tax efficiency strategies. Accordingly, tax avoidance fails to exert enough pressure to shift or regulate the existing relationship between leverage and corporate valuation.

The moderation analysis produces a probability value of 0.6192, which exceeds the 0.05 threshold, indicating that tax avoidance does not significantly moderate the relationship between leverage and firm value. Consequently, the null hypothesis (H_0) is accepted, and it is concluded that the impact of capital structure decisions on firm valuation is independent of a company's tax avoidance behavior in the Indonesian non-cyclicals consumer goods sector during the observed period. The direction and magnitude of the interaction term's coefficient are statistically

negligible, confirming that tax avoidance neither strengthens nor weakens the leverage-value relationship. This finding is examined through the trade-off theory of capital structure, which argues that firms optimize their debt levels by balancing the marginal tax benefits of debt financing against the marginal costs of financial distress.

Under trade-off theory, when a firm already engages in tax avoidance strategies to reduce its tax burden, the incremental tax shield benefit that would normally be attributed to leverage is diminished, since part of the tax reduction function has been displaced by non-debt tax-minimization activities. This substitution effect means that the classical positive relationship between leverage and firm value—driven by interest deductibility—is neutralized when tax avoidance is present, as both mechanisms target the same fiscal outcome through different channels. Consequently, investors in the consumer non-cyclicals sector evaluate leverage primarily as an indicator of capital structure soundness and financial risk management capacity, rather than as a tax optimization instrument, and the addition of tax avoidance strategies does not alter this evaluative framework. Tax avoidance strategies also lack the transparency necessary to function as a reliable moderating signal, and their associated risks—including compliance penalties and reputational concerns—may further reduce their informational relevance to investors. In relatively stable sectors, fundamental factors such as cash flow stability, profitability, and performance consistency consistently outweigh tax efficiency as determinants of investor sentiment regarding leverage.

While this specific moderation has not been extensively studied in prior Indonesian literature, the finding aligns with general evidence suggesting that investors in defensive sectors prioritize observable financial fundamentals over tax strategy in their assessment of capital structure decisions. Practically, this implies that firms should not expect tax avoidance activities to enhance the value impact of leverage strategies. Management should prioritize maintaining an optimal and transparent capital structure, demonstrating to investors that debt is used responsibly to support growth and operational efficiency rather than as a tax optimization mechanism. Strengthening financial health indicators such as debt service coverage and profitability ratios will be more effective in improving market valuation than pursuing tax-driven financing strategies.

Tax Avoidance Moderates the Influence of Gender Diversity on Company Values

Evidence from the partial tests shows that tax avoidance acts as a moderator variable, with a value of 0.0410. These results suggest that the relationship between gender diversity and firm value is amplified by tax avoidance strategies. In the specific case of Indonesian non cyclical consumer goods firms between 2020 and 2024, the presence of diverse gender perspectives in management contributed to better governance, higher innovation, and superior decision making. Companies that pair effective tax avoidance with their operations have the opportunity to refine their financial performance, resulting in a positive shift in corporate worth.

Furthermore, gender diversity is often associated with increased transparency and better oversight, allowing tax avoidance practices to be implemented more cautiously and strategically not merely to reduce the tax burden but also to support overall corporate performance. The combination of diverse management and tax-related efficiency acts as a favorable indicator for investors in stable markets. This study therefore concludes that tax avoidance strengthens the link between gender diversity and the overall worth of the firm.

The moderation test yields a probability value of 0.0410, which falls below the 0.05 significance threshold, indicating that tax avoidance significantly moderates the relationship between gender diversity and firm value. The null hypothesis (H_0) is therefore rejected, confirming that tax avoidance acts as a significant moderating variable in shaping how gender diversity influences company valuation in the Indonesian consumer non-cyclicals sector during 2020–2024. The positive direction of the interaction term's coefficient indicates that the combination of gender diversity and tax avoidance is associated with an increase in firm value, suggesting that tax avoidance amplifies the positive governance effects of board gender diversity. This finding is explained through agency theory, which frames board diversity as a mechanism that enhances monitoring quality and reduces the information asymmetry between management and shareholders.

Under agency theory, gender-diverse boards are associated with more effective oversight,

greater transparency, and more rigorous scrutiny of managerial decisions, all of which are expected to reduce agency costs and generate positive signals to the market. When this enhanced governance is combined with tax avoidance strategies, the resulting dynamic suggests that the more disciplined and transparent oversight provided by gender-diverse boards enables tax avoidance to be implemented in a strategically sound and compliance-conscious manner, rather than as a purely opportunistic or high-risk maneuver. In this context, tax avoidance, under the governance umbrella of a gender-diverse board, transitions from a potential source of agency risk into a credible signal of financial sophistication and managerial efficiency, contributing positively to investor perceptions of firm value. The combination of reduced agency costs through board diversity and disciplined tax management may therefore be interpreted by investors as a dual indicator of governance quality and financial competence, creating a compounding positive effect on firm valuation. The finding is consistent with the broader literature suggesting that governance quality moderates the value implications of corporate financial strategies, although direct comparisons with prior moderation studies on this specific combination are limited. These results extend the work of researchers who have independently documented the governance benefits of board gender diversity by demonstrating that its value implications are context-dependent and can be enhanced through complementary financial practices.

Practically, these findings offer important guidance for corporate governance practitioners and policymakers. Companies should recognize that gender diversity's potential to reduce agency costs and create value is not automatic but depends on the broader strategic and financial environment in which it operates. Firms that integrate gender-diverse governance with disciplined, transparent, and strategically sound financial management—including responsible tax planning—are better positioned to realize the full value-enhancing potential of inclusive board composition. Policymakers should also note that promoting board diversity alongside sound corporate governance frameworks may yield compounding benefits for firm valuation and investor confidence.

Tax Avoidance Moderates the Influence of *CEO Compensation* on Company Value

With a value of 0.4191 exceeding the 0.05 threshold, the partial test confirms that tax avoidance does not function as a moderator. Consequently, the impact of CEO compensation on firm worth is not altered by tax avoidance strategies. In the specific case of Indonesian non cyclical consumer companies during the 2020–2024 period, compensation packages served as a more direct reflection of efforts to align executive interests with those of the owners. The main concern for investors is whether compensation matches actual performance, leading them to concentrate on managerial efficiency, the attainment of goals, and the CEO's proficiency in keeping the business stable while driving it forward.

Meanwhile, tax avoidance has no direct link to CEO compensation policies, so it is not strong enough to influence that relationship. Furthermore, tax avoidance practices are often not clearly visible to investors and can create negative perceptions because they potentially increase compliance risks, penalties, or damage to the company's reputation. In relatively stable sectors, investors also place greater emphasis on fundamental factors such as profitability, cash flow, and performance consistency rather than tax efficiency strategies. Consequently, the presence of tax avoidance does not change how much CEO compensation affects a firm's value, meaning that these two elements function independently from one another when determining the organization's market price.

The partial moderation test produces a probability value of 0.4191, which is above the 0.05 significance level, confirming that tax avoidance does not significantly moderate the relationship between CEO compensation and firm value. The null hypothesis (H_0) is accepted, indicating that the presence or intensity of tax avoidance activities does not alter how CEO remuneration affects market valuation in the Indonesian consumer non-cyclicals sector during the 2020–2024 period. The coefficient direction of the interaction term is statistically negligible, confirming that these two variables—CEO compensation and tax avoidance—operate independently and do not interact in a manner that materially shifts firm value. This result is interpreted through agency theory, under which CEO compensation is prescribed as the primary instrument for aligning executive interests with shareholder wealth maximization, thereby reducing the principal-agent divergence that is central to agency conflicts.

Agency theory anticipates that if tax avoidance were to amplify the incentive alignment effect of executive compensation—for instance, by freeing up additional cash flows that could be channeled into value-enhancing activities—it might strengthen the compensation-value relationship. However, the non-significant interaction term suggests that tax avoidance does not enhance or reinforce the incentive alignment function of CEO compensation in this sector. This may be because investors evaluate CEO compensation as a direct and visible signal of managerial accountability and performance alignment, while tax avoidance operates in an opaque fiscal domain that investors cannot easily connect to the quality or direction of executive incentives. Furthermore, the potential downside risks of tax avoidance—including regulatory scrutiny, reputational harm, and investor concern over compliance—may introduce new dimensions of agency risk that offset any perceived benefit from the interaction between compensation and tax strategy. As a result, the agency conflict resolution expected from executive pay remains unaffected by the firm's tax behavior, and both variables continue to operate as independent determinants of firm value.

These results align with Suherman (2016) in the sense that executive compensation is assessed on its own terms, primarily through accounting performance metrics, and is not substantially influenced by peripheral financial strategies such as tax avoidance. While direct empirical comparisons on this specific moderation are scarce in the Indonesian context, the finding is theoretically consistent with broader evidence that tax practices and executive pay structures operate through distinct channels in influencing investor perceptions. From a practical perspective, remuneration committees and boards should design executive compensation systems that stand independently as clear and credible signals of managerial performance and accountability. Linking CEO compensation to transparent, long-term performance indicators—such as total shareholder return, return on invested capital, or strategic milestone achievement—will be more effective in enhancing firm value than pairing compensation with tax efficiency strategies. Regulators and governance advocates should encourage firms to maintain clear boundaries between executive incentive structures and tax strategy, ensuring that each domain is governed by its own set of transparent and stakeholder-aligned principles.

The Effect of Company Size on Company Value

Based on the results of the partial test presented in Table 10, company size has a negative and significant effect on company value. This is indicated by the coefficient value of -0.863967 with a probability value of 0.0025, which is lower than the significance level of 0.05. Therefore, the hypothesis stating that company size affects company value is accepted, while the direction of the relationship is negative. This finding means that an increase in company size tends to decrease company value in the Indonesian consumer non-cyclicals sector during the 2020–2024 observation period.

The negative coefficient suggests that larger companies are not always perceived positively by investors. Although large firms are generally associated with stronger resources, wider market coverage, and better access to funding, excessive firm size may also create operational inefficiency. Larger companies often have more complex organizational structures, higher administrative costs, and slower decision-making processes. These conditions may reduce flexibility and weaken the company's ability to respond quickly to market changes, thereby lowering investor confidence and market valuation.

This result may also be explained by the possibility of diseconomies of scale. When a company becomes too large, the benefits of expansion may be outweighed by increasing coordination costs, bureaucratic complexity, and inefficiency in resource allocation. In the consumer non-cyclicals sector, where companies must continuously adjust to changes in consumer preferences, distribution patterns, purchasing power, and market competition, excessive scale may become a burden rather than an advantage. As a result, investors may view larger firms as less agile and less capable of generating optimal returns.

Furthermore, from the perspective of agency theory, larger firms tend to face greater agency problems due to the wider separation between ownership and management. The complexity of managing large organizations may increase the risk of managerial inefficiency, less effective monitoring, and decisions that do not fully align with shareholder interests. These governance-related concerns can negatively influence investor perceptions and reduce company

value.

The findings also indicate that during the 2020–2024 period, investors in the Indonesian consumer non-cyclicals sector may have placed greater value on efficiency, adaptability, and profitability rather than merely on company scale. Larger asset ownership or business expansion does not automatically guarantee higher firm value if it is not supported by effective operational management and strong financial performance. Therefore, company size in this study acts as a negative determinant of company value.

From a managerial perspective, this result implies that companies should not focus solely on expansion or asset growth, but must also ensure that growth is accompanied by efficiency, productivity, and effective governance. Large companies need to streamline operational processes, improve cost control, optimize asset utilization, and strengthen strategic decision-making to prevent firm size from becoming a source of inefficiency. By doing so, company scale can be managed more effectively to support, rather than weaken, company value.

Overall, the partial test results confirm that company size has a significant negative effect on company value. This finding shows that larger company size may reduce firm value when expansion is not balanced with operational efficiency, flexibility, and effective corporate governance.

CONCLUSION

The research findings reveal that dividend policy, leverage, and CEO compensation have no impact on company value, while gender diversity exerts a negative influence. Furthermore, tax avoidance serves as a moderator only for the link between gender diversity and firm value, showing no such effect on the other factors. These results highlight that elements of corporate governance involve more intricate dynamics than those found in standard financial metrics. Therefore, companies must ensure that the implementation of gender diversity is not merely symbolic but genuinely optimized in strategic decision-making processes to make a tangible contribution to enhancing corporate value. For managers, this implies actively integrating diverse perspectives into core business decisions rather than treating diversity as a compliance formality. Regulators may consider strengthening mandatory disclosure requirements related to board gender composition to encourage more substantive representation.

Investors, in turn, are advised to incorporate gender diversity metrics as part of their fundamental analysis when evaluating firm governance quality and long-term value creation potential. Furthermore, tax avoidance strategies must be managed carefully and transparently, as they do not always yield consistent impacts on firm value. For investors, these results highlight the importance of considering non-financial aspects such as governance quality and management effectiveness in investment decision-making. This study faces constraints due to its narrow sample of non-cyclical consumer firms and its limited observation window, meaning the findings are not yet universally generalizable. Future academic work should therefore aim to include more industries and longer periods of data while also exploring variables such as risk management, governance quality, and macroeconomic conditions to enhance the depth and robustness of the results.

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AUTHOR CONTRIBUTION STATEMENT

The lead author designed the research and prepared the draft, while the second author specialized in analysis and methodology. Each author evaluated the completed document and provided their consent for the final submission.

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