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Determinants of Firm Value: Analysis on Non-Cyclical Consumer Companies

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A B S T R A C T

This study evaluates the factors that affect the value of non-cyclical consumer companies listed on the Indonesia Stock Exchange. The factors tested consist of financial factors, namely tax planning and avoidance, profitability, and liquidity. Testing is also carried out on non-financial factors, namely gender diversity of the board of directors and good corporate governance. The population in this study were all Consumer Non-Cyclical companies listed on the Indonesia Stock Exchange for the period 2023. Sampling using purposive sampling system and obtained 34 companies. The data used is secondary data in the form of annual financial reports of companies listed during the period 2018 - 2022. This study uses panel data regression analysis. The study results

state that firm value is positively impacted by financial variables and negatively impacted by non-financial variables.

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INTRODUCTION

Firm value is essential information for investors and influences their investment decisions. It signifies the price that investors are prepared to pay to obtain ownership in a company. Company shares are usually valued using three methods: book value, market value, and intrinsic value. Book value is based on financial records provided by the firm or issuer, while market value is determined by the share price on the stock market. Conversely, intrinsic value represents the true value of the shares (Holly, 2018). Firm value is crucial as it mirrors the firm's performance, which might influence investors' views of the company (Putri et al., 2016). According to Susanto (2013) an increase in company value can provide a positive signal for investors to invest in a company.

Many factors can affect the value of a company, both financial and non-financial factors. Financial metrics like profitability are used to assess a firm's profit-generating capacity and offer insight into the efficiency of company leadership. A greater Return on Assets (ROA) value indicates a stronger financial performance for the organization (Kasmir, 2016; Pernamasari et al., 2022). Further research by (Ulil Albab Al Umar et al., 2020) shows that profitability has a significant positive effect on firm value. However, Research conducted by Tyas & Saputra (2016) indicates that profitability does not affect the company's share price.

Liquidity is another financial metric that assesses a company's ability to fulfill its short-term financial commitments. The metric also indicates the company's efficiency in converting assets into cash without devaluation. A study conducted by Ulupui (2007) analyzed the correlation between liquidity, leverage, activity, and profitability ratios with stock returns. The research concluded that the current ratio, serving as a measure of liquidity, had a noteworthy beneficial effect on stock returns.

The last financial factor analyzed is tax avoidance, a strategy aimed at minimizing tax liability without contravening tax regulations. While tax avoidance may be considered permissible, it is also regarded unfavorably (Rani et al., 2018). Notably, tax avoidance diminishes the informative value concerning the magnitude of income tax (Ayers et al., 2009; Hanlon, 2003). Desai & Dharmapala (2009) found that the overall effect of corporate tax avoidance activities on firm value is not significant. They contend that corporate tax avoidance exerts two contradictory effects on firm value. The positive impact is only evident during years with increased institutional ownership levels.

Previous research have emphasized the correlation between financial elements and business value. However, non-financial factors can also play a crucial role in enhancing company value. According to Efni & Rokhmawati (2018), when linking the composition of the organizational structure in company management with company performance, it can be recognized that there is a significant increasing trend in gender variation. Another non-financial aspect that influences firm value is good corporate governance (GCG), which has been shown to have a beneficial impact. The conceptual framework of corporate governance studies is built upon the premise that there exist inherent challenges stemming from the dichotomy between ownership and control (Siahaan, 2013). Previous research conducted by Chrisna Ekasari et al., (2020) states that a greater emphasis on implementing GCG principles by management will result in a tangible enhancement of firm value.

Previous studies, in general, focus on seeing the influence of only financial factors or only non-financial factors. Through this study, researchers want to see and compare the effect of financial and non-financial factors simultaneously on firm value.

LITERATURE REVIEW

Agency theory posits that an agency relationship arises when one or more parties (principals) hire another individual (agent) to deliver certain services and then delegate authority and decision making to the agent (Jensen & Meckling, 1976). Anthony & Govindarajan (2012), define agency theory as the dynamic between principals and agents, based on the assumption that each party has their own interests. Management, as the party authorized to run the company's activities and make decisions and obliged to provide financial reports, tends to report information that maximizes their own utility and may sacrifice the interests of shareholders (Holly, 2018).

A company's ultimate objective is to optimize its corporate value over an extended period. The bigger the company's value, the more significant the benefits for its shareholder (Ambarwati et al., 2021). According to Hery (2017), company value reflects specific achievements made by the company as a result of public trust, starting from its establishment until now. Measuring company value is very important to assess whether a company is able to achieve good performance and provide benefits for its shareholders.

Randa & Solon (2012) assert that financial factor information is crucial for investors, but relying solely on financial statements is insufficient for making investing decisions. Investors also require information on non-financial elements when evaluating a company's value. This can be attributed to *stewardship* theory which suggests that collaboration in management can achieve optimal performance, supported by good governance. *Stewardship* theory assumes a strong relationship between organizational success and owner satisfaction. Management will protect and maximize organizational wealth with company performance, so that the utility function will be maximized (Raharjo, 2007). From the above description, the framework is as follows:

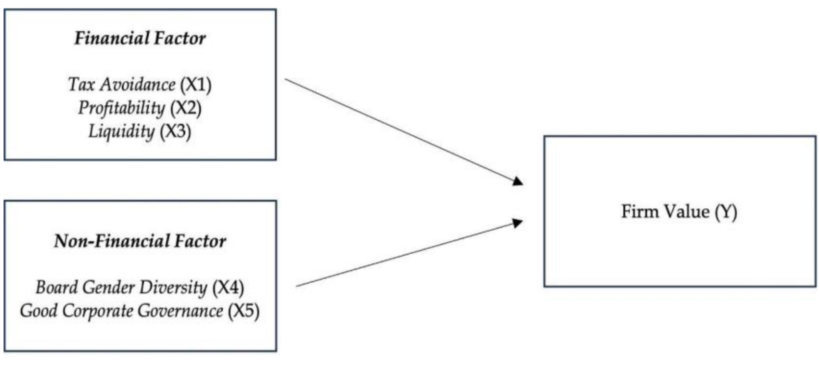

Figure 1. Conceptual Framework

Based on Figure 1 above, the research hypothesis is formulated as follows:

1. **The Effect of Tax Avoidance on Firm Value**

Tax avoidance is the strategy applied by management to reduce the tax burden that must be borne by the company. The findings of Desai & Dharmapala (2005) support that tax avoidance has a positive impact on firm value, especially in companies that apply good corporate governance principles. However, the results of research by (X. Chen et al., 2014) shows that tax avoidance can reduce firm value, although the impact can be minimized in companies that have a good level of transparency. In addition, Simarmata (2014) also states that tax avoidance activities in the long run do not increase firm value.

Reducing expenses for tax purposes results in a lesser financial burden for the organization. Expenses are a crucial aspect in generating profits for the organization. The lower the burden on the company, the higher the potential profit. This can boost investor interest in companies that have reported substantial earnings. Increased investor demand in a company's shares leads to a rise in share price due to restricted availability of shares for sale. Tax avoidance is quantified by the effective tax rate (ETR). Companies engaging in tax avoidance have a reduced effective tax rate. Based on the theory above, the first hypothesis proposed is:

H1: Tax avoidance has a positive effect on firm value

2. **Effect of Profitability on Company Value**

Profitability refers to a company's capacity to create profit. Companies that can generate substantial profits are deemed successful in managing their business and establishing internal funding streams. The higher the level of profitability, the more attractive it is for investors to invest in the company (Naceur & Goaied, 2002). Profitability is measured using the financial ratio, return on assets (ROA), which is an indicator to show how efficiently the company utilizes its assets to generate profits. The findings of Forma & Amanah (2018) state that ROA has a positive and significant influence on firm value. Based on the theory above, the second hypothesis proposed is:

H2: Profitability has a positive effect on firm value

3. **The Effect of Liquidity on Firm Value**

Brigham & Ehrhardt (2014) explain that liquidity ratio shows the relationship between the company's current assets and current liabilities in its ability to meet maturing debt. The liquidity ratio serves to indicate or measure the company's ability to meet its maturing obligations, both obligations to external and within the company itself (Kasmir, 2016). In short, it can be said that the usefulness of this ratio is to determine the company's ability to finance and fulfil obligations when billed.

The liquidity ratio in this study is measured using the *current ratio*. The *current ratio* compares all current assets with all short-term liabilities. From the measurement results, if the *current ratio* is low, it can be said that the company does not have sufficient capital to pay its obligations while the high *current ratio* indicates the availability of sufficient cash capital. Therefore, the more liquid a company is, the higher the level of investor confidence. This will improve the company's reputation in the eyes of investors and can have a positive impact on firm value (Annisa & Chabachib, 2017). This finding is reinforced by Novari & Lestari (2016), which shows that *current ratio* has a notable beneficial impact on firm value. Based on the theory above, the third hypothesis proposed is:

H3: Liquidity has a positive effect on firm value

4. The Effect of *Board Gender Diversity* on Company Value

Women's involvement in economic activities, particularly in executive positions, has risen during the last twenty years. Gender diversity on boards is now a significant topic in the field of corporate governance (Kirsch, 2018). Board gender diversity is an important element in improving corporate governance systems and strategic decisions in the boardroom (Dalton et al., 1999). Adams & Ferreira (2009) observe better attendance records of female directors compared to male directors, while Huse et al. (2009) found that the presence of women on the board helps achieve the control function more effectively.

Overall, the evidence suggests that both women and men are equally qualified for board functions, and board performance can be enhanced by recruiting both women and men because of diverse and unique human capital. We expect to find a positive relationship between gender diversity on boards and firm value. Based on the above theory, the fourth hypothesis proposed is:

H4: Board Gender Diversity has a positive effect on firm value

5. The Effect of *Good Corporate Governance* on Company Value

Fung (2014) defines corporate governance as the exercise of control over corporate organizations. The main objective of GCG is to contribute to the improvement of corporate performance. As a guide for the development of good corporate governance, there are some of the most influential principles of corporate governance, namely fairness, accountability, transparency, responsibility, and independence (Gosal et al., 2018).

The GCG mechanism is a set of mechanisms that influence the decisions that managers will make when there is a separation between ownership and control (Mukhtaruddin et al., 2014). This study uses public ownership, as the GCG measurement mechanism. The largest shareholder indicates the company's majority ownership. Shareholder has voting rights and ownership stake in the company but not involved in its management The higher percentage of the shareholder indicates greater influence to determine the company's policy and can ensure the policy will bring benefits to them (Timothy, 2010). Large public ownership concentration indicates better corporate governance because of the great power of public to control managers in decision making. Based on the theory above, the fifth hypothesis proposed is:

H5: Good Corporate Governance has a positive effect on firm value

METODOLOGY

The study methodology utilized is quantitative research, specifically focusing on hypothesis testing. Quantitative research aims to construct theories based on acquired information or facts. (Creswell, 2020). In a narrower scope, quantitative research is defined as research that uses a lot of numbers, starting from the data collection process, data analysis and data display. This study aims to analyze the effect of financial factors and non-financial factors simultaneously on firm value in consumer non-cyclical companies that listed on the Indonesia Stock Exchange during 2018-2022.

The data used in this research is secondary data. Secondary data is information obtained by institutions or individuals indirectly from the original source, but obtained from existing data or taken from literature works (Flick, 2022). This study utilizes secondary information consisting of annual reports and financial reports from companies that listed in the consumer non-cyclical sector on the Indonesia Stock Exchange during 2018-2022. The data source comes from the Indonesia Stock Exchange's official website, *www.idx.co.id*. The analysis was carried out on the annual reports and financial statements of each company. Furthermore, the data was processed using *EViews Version 12* software.

This research uses purposive sampling method, which is a sampling technique using several criteria to the population to be sampled. There are several criteria chosen in determining the sample, including companies in the non-cyclical consumer sector, having financial reports in rupiah units, listed in IDX on the research period (2018-2022), and do not experience negative net income.

Table 1. Sampling Procedure

Criteria	Total
Consumer Non-Cyclical companies listed on the IDX	125
Companies listed outside the research range	(55)
Companies with negative income	(34)
Company Financial Statements that are anomalous*	(2)
The number of companies sampled each year	34
Number of research years	5
Total sample	**170**

Source: Processed Data (2023)

*There are companies that have a tax avoidance ratio of 100% and other companies that have outlier data.

This research employs the multiple linear regression analysis technique, as demonstrated by the following equation:

$$\mathbf{Y = \beta + \beta_1 TA + \beta_2 ROA + \beta_3 CR + \beta_4 BGD + \beta_5 GCG + \varepsilon}$$

Description:

Y	: Firm Value Coefficient
β	: Constant
β_1TA	: Tax Avoidance Coefficient
β_2ROA	: Return on Asset Coefficient

β_3CR : Current Ratio Coefficient
β_4BGD : Board Gender Diversity Coefficient
β_5GCG : Good Corporate Governance Coefficient
ε : Error

RESEARCH RESULT

Descriptive Statistics

To examine the data, descriptive statistics are used to describe or highlight the data collected. The following table displays the results of the descriptive statistical analysis for each of the research variables.

Table 2. Descriptive Statistics

	PBV	TA	ROA	CR	BGD	GCG
Mean	4.427176	0.265525	9.267412	2.611235	0.140635	0.242222
Median	2.000000	0.235600	7.265000	1.830000	0.000000	0.202300
Maximum	60.67000	1.950000	46.66000	13.31000	0.800000	0.499172
Minimum	0.290000	0.029000	0.100000	0.610000	0.000000	0.059500
Std. Dev.	8.789740	0.165988	8.001807	2.298719	0.179319	0.142968
Observations	170	170	170	170	170	170

Source: Processed Data (2023)

This study presents key statistics for variables such as Firm Value (PBV), Tax Avoidance (TA), Return on Assets (ROA), Liquidity/Current Ratio (CR), Board Gender Diversity (BGD), and Good Corporate Governance (GCG). These statistics provide insights into the financial and non-financial factors of 34 companies from 2018 to 2022 as shown by a total of 170 observations. The following is a descriptive analysis obtained from table:

1. The variable Firm Value (PBV) has a minimum value is 0.290000 owned by PT Wismilak Inti Makmur, while the maximum value of PBV is 60.67000 owned by PT Unilever Indonesia. The average PBV is 4.427176 with a standard deviation of 8.789740. Statistics show that PBV differs significantly from each of the used data.
2. The variable Tax Avoidance (TA) has a minimum value of TA is 0.029000 obtained from PT Budi Starch & Sweetener, while maximum value of TA is 1.950000 obtained from PT Indofood Sukses Makmur. Average TA is 0.265525, with a standard deviation of 0.165988. Data on TA shows that each company in the sample has a unique propensity to engage in different types of tax avoidance. Furthermore, a larger average value than a standard deviation indicates that the data distribution provides normal results and does not introduce bias.
3. Variable Return on Assets (ROA) has a minimum value of ROA is 0.100000 owned by PT Sawit Sumbermas Sarana, while the maximum value of ROA is 46.66000 owned by PT Unilever Indonesia. The average ROA is 9.267412 with a standard deviation of 8.001807 which means there are variations in data for several objects, but no company was found to have experienced losses on the objects taken. Also, it was discovered that the average ROA value exceeded the standard deviation.

4. The Liquidity (CR) has a minimum value of CR is 0.610000 obtained from PT Unilever Indonesia, while the maximum value of CR is 13.31000 obtained from PT Campina Ice Cream Industry. The average CR is 2.611235, with a standard deviation of 2.298719. The sample companies exhibit high liquidity as seen by the median and average liquidity values exceeding 1.000000.
5. The variable Board Gender Diversity (BGD) has a minimum value of BGD is 0.000000 owned by several companies, while the maximum value of BGD is 0.800000 obtained from PT Nippon Indosari Corpindo. The average BGD is 0.140635, with a standard deviation of 0.179319. BGD shows that there are several companies that do not have a female board of directors but there are also companies whose board of directors is dominated by women.
6. Good Corporate Governance (GCG) has a minimum value of GCG is 0.0595000 owned by PT Sekar Laut, while the maximum value of GCG 0.499172 obtained from PT Indofood Sukses Makmur. The average GCG is 0.242222, with a standard deviation of 0.142968. The GCG proxy shows that not all sample companies have implemented GCG in carrying out their company operations, some have very small GCG values and others dominate.

Chow Test

Chow test is a statistical method used to choose between the Common Effect Model (CEM) and the Fixed Effect Model (FEM).

Table 3. Chow Test

Chow Test	**Value**	**Results**
H0: Common Effect Model (CEM) > 0.05	0.0000	FEM
Ha: Fixed Effect Model (FEM) < 0.05		

Source: Processed Data (2023)

The Chi-square cross-sectional probability of 0.0000, which is less than the significance level of 0.05, suggests the rejection of the null hypothesis (H0) and acceptance of the alternative hypothesis (Ha). Consequently, the Fixed Effect Model (FEM) is deemed preferable to the Common Effect Model (CEM).

Hausman Test

If the result of the Chow Test is FEM, the Hausman Test is carried out to test whether it remains FEM or changes to REM (Random Effect Model).

Table 4. Hausman Test

Hausman Test	**Value**	**Results**
H0: Random Effect Model (REM) > 0.05	0.0000	FEM
Ha: Fixed Effect Model (FEM) < 0.05		

Source: Processed Data (2023)

Given the Hausman test results yielding a significance value of 0.0000, which is below the significance level of 0.05, the null hypothesis (H0) is rejected. Consequently, it can be inferred that the Fixed Effects Model (FEM) outperforms the Random Effects Model (REM). Since the most suitable method has been identified through these results, further continuation with the Lagrange Multiplier test method is deemed unnecessary.

Regression Analysis Results

The outcomes of both the Chow and Hausman tests indicate a preference for the Fixed Effect Model (FEM) as the predominant approach. Consequently, the panel data regression conducted using the Fixed Effect Model (FEM) yields the following summary:

Table 5. FEM Regression Test Results

Variable	Coeff.	Statistic	Prob.	Meanings	Hypothesis
C	3.943085	2.199268	0.0296	-	-
TA	0.930025	0.823281	0.4118	Not significant	H1 accepted, H_o1 is rejected
ROA	0.244440	5.359363	0.0000	Significant	H2 accepted, H_o2 is rejected
CR	0.043742	0.213597	0.8312	Not significant	H3 accepted, H_o3 is rejected
BGD	-6.907578	-2.320712	0.0218	Significant	H4 is rejected, H_o4 accepted
GCG	-4.834188	-0.825728	0.4105	Not significant	H5 is rejected, H_o5 accepted
F Test	-	83.95626	0.0000	Simultaneous influence	-
Adjusted R-squared	0.949117	-	-	94.91% changes in the dependent variable can be explained by the independent variable	-

Source: Processed Data (2023)

The results of the coefficient of determination test in this research, as shown in table 4, show that the Adjusted R-squared value is 0.949117, which means that the variables TA, ROA, CR, BGD, and GCG can explain 94.91% of their influence on the dependent variable of firm value. Based on the table above, the regression model equation in this research is:

$$Y = 3.943085 + 0.930025TA + 0.244440ROA + 0.043742CR - 6.907578BGD - 4.834188GCG + e$$

The regression analysis provides an insight into the factors that have an impact on the Firm Value (PBV). From the equation can be described as follows:

1. The intercept (β0) has a positive impact on the PBV, which indicates a baseline level of positive price. Constant (β0) = 3.943085. It indicates the degree of the constant, where if the variable Tax Avoidance (TA), Return on Assets (ROA), Liquidity (CR), Board Gender Diversity (BGD), and Good Corporate Governance (GCG) is 0, then the Firm Value (PBV) will remain at 3.943085, assuming other variables remain.
2. Tax Avoidance (TA), Return on Assets (ROA), and Liquidity (CR) are found that affect PBV in a positive way ($\beta > 0$). This suggests that the variables positively affect PBV. If the TA, ROA, and CR increase, then the Firm Value (PBV) will increase, by the assumptions of other variables remain, and vice versa.
3. In other side, Board Gender Diversity (BGD) and Good Corporate Governance (GCG) are found that affect PBV in a negative way. This suggests that the variables negatively affect PBV. If the BGD and GCG increase, then the Firm Value (PBV) will increase, by the assumptions of other variables remain, and vice versa.

Hypothesis Testing

H1: Tax avoidance has a positive effect on firm value

The table above shows that the TA variable has a positive coefficient and has a probability value of 0.4118. Comparing this probability value to the significance level (0.05), it is higher. The results indicate that TA increases firm value, though not much, which means that H1 is accepted.

H2: Profitability has a positive effect on firm value

The table above shows that the ROA variable has a positive coefficient and has a probability value of 0.0000. Comparing this probability value to the significance level (0.05), it is smaller. The results indicate that ROA increases firm value, which means that H2 is accepted.

H3: Liquidity has a positive effect on firm value

The table above shows that the CR variable has a positive coefficient and has a probability value of 0.8312. Comparing this probability value to the significance level (0.05), it is higher. The results indicate that CR increases firm value, although very insignificant. Which means that H3 is accepted.

H4: Board Gender Diversity has a positive effect on firm value

The table above shows that the BGD variable has a negative coefficient and has a probability value of 0.0218. Comparing this probability value to the significance level (0.05), it is smaller. The results indicate that BGD significantly decreases firm value, which means that H4 is rejected.

H5: Good Corporate Governance has a positive effect on firm value

The table above shows that the GCG variable has a negative coefficient and has a probability value of 0.4105. Comparing this probability value to the significance level (0.05), it is higher. These findings suggest that GCG insignificantly decreases firm value, which means that H5 is rejected.

DISCUSSION

As businesses evolve in a dynamic landscape of economic, technological, and competitive shifts, they experience increasing complexity in operations and capital requirements. To maintain stability and growth, companies seek external financing and strive for effective performance (Ramadhani & Zannati, 2018). Company performance refers to a formal evaluation conducted by the company to assess its efficiency and effectiveness that have been carried out in certain period of time (Hanafi & Halim, 2007)

Financial ratio analysis is an analytical tool expressed in relative or absolute terms to explain certain relationships between one element and another in a *financial statement* (Arifin, 2006) There are 4 (four) groups of financial ratios, namely: (1) Liquidity ratios are ratios to determine the company's ability to finance operations and satisfy financial obligations when invoiced; (2) Activity ratios are used to evaluate the company's capability to conduct daily activities and sell and collect receivables. utilize held assets; (3) Profitability ratios establish the company's capacity to generate profits from diverse policies and initiatives; and (4) Solvency ratio is a ratio to measure how far the company's assets are financed by debt (Munawir, 2012). However, investment decisions cannot be solely reliant on financial data extracted from statements; rather, investors must integrate non-financial indicators alongside financial metrics to effectively assess and evaluate the overall value of a company.

This study investigates the relationship between tax avoidance and firm value within the consumer non-cyclical sector. Analyzing 34 company profiles, our findings suggest that tax avoidance activities do not exert a statistically significant influence on overall firm value. This indicates that, within this specific sector, tax avoidance strategies may not be a primary factor driving a company's value. Our conclusions align with existing research in this domain. Guedrib & Marouani (2023) similarly found no significant association between tax avoidance and firm value. Additionally, Mangoting et al., (2020) posit that tax avoidance possesses no direct or indirect impact on a company's value.

While these findings suggest that tax avoidance has a limited effect on firm value, it is crucial to acknowledge additional insights from the broader research landscape. Desai & Dharmapala (2008) highlight the potential drawbacks of tax avoidance, including associated costs and potential conflicts of interest between managers and shareholders, which could ultimately diminish shareholder value. Furthermore, Hanlon & Slemrod (2009) emphasize the potential for negative market perceptions to counteract any perceived benefits from tax avoidance practices. Similarly, Jecky & Suparman (2021) reported a lack of positive association between the two variables.

This research proves that tax avoidance is not a dominant factor or main determinant in measuring the value of a company within the consumer non-cyclical sector. However, it is important to acknowledge the complexity of this relationship and the potential influence of various factors, including the type of tax avoidance strategy, market perception, and potential agency conflicts within a company.

Firm value, as per RAJHANS & KAUR (2015), is demonstrated through the financial well-being of the company, serving as a crucial factor for investors when making investment choices. The financial decisions taken can affect firm value, as mentioned by (Fama, 1978). Based on this research, return on asset (ROA) as the proxy of profitability has a significant positive effect on firm value. This is supported by the findings of (F et al., 2023), who confirmed a positive effect of ROA on firm value. This positive association suggests that investors and shareholders tend to value companies that optimize asset utilization to generate higher profits.

Further supporting this notion, Risanti & Murwanti (2022) posit that ROA acts as a strong indicator of financial performance and sends positive signals to the market regarding a company's value. Several studies reinforce this connection, namely: Chen, Cheng, and Liu (2013) found a positive and significant correlation between profitability (measured by return on equity) and firm value (measured by market capitalization) using data from Taiwanese listed companies; (AL-Najjar, 2015) examining Jordanian companies, reported a positive and significant impact of profitability (measured by ROA) on firm value (measured by market capitalization); Ramadhani & Zannati (2018) also observed a significant positive effect of profitability on firm value market in Indonesian consumer cyclical companies

Furthermore, (L. J. Chen & Chen, 2011) explored the relationship between profitability, firm value, and capital structure as a mediator and firm size as a moderator. Their findings revealed a positive and significant link between profitability and firm value, with profitability also exhibiting a negative and significant relationship with leverage. The rationale behind the positive impact of profitability is twofold which is the profitability signals, investors perceive higher profitability as an indicator of a company's ability to generate sustained cash flows and future growth, leading to a higher valuation (L. J. Chen & Chen, 2011). Other than that, Increased profitability allows companies to invest in growth opportunities, manage debt effectively, and improve their overall financial health, ultimately contributing to higher firm value (Haugen & Baker, 1996).

The current ratio, assessing the company's capacity to fulfill short-term debts, does not notably influence the firm's value. This study use the current ratio as a proxy to assess liquidity. Supported by research conducted by (Loughran & Ritter, 2022), which states that although liquidity and the ability to pay short-term debt can be considered important, investors and shareholders may focus their attention on other factors that are more related to long-term growth and profitability. Research conducted by (Yanti & Darmayanti, 2019) and (Adiputra & Hermawan, 2020) find liquidity has a negative and insignificant effect on firm value, while profitability significantly impacts it.

However, it's essential to acknowledge contrasting findings and complexities. Limitations like specific sample sizes, methodologies, and economic environments can influence the generalizability of research findings. Additionally, different liquidity ratios measure distinct aspects of a company's ability to meet short-term obligations, and their impact on firm value can vary. This underscores the importance of considering the context and limitations of various studies when interpreting the relationship between profitability and firm value.

The theory shows that gender diversity in a company is expected to improve performance. In this modern era, various forms of diversity, including in terms of race, background, and gender, have become a source of greater opportunities, regardless of personal subjective influences. Francesca Lagerberg in an article from (Grant Thornton, 2017), after conducting global research linking gender diversity to business improvement, pointed out that the lack of female participation in management teams can affect overall company performance. Gender diversity not only has a direct impact but can also have an indirect impact.

This research's finding that Board Gender Diversity has a significant negative effect on Firm Value may reflect the complexity of implementing gender diversification policies at the highest decision-making levels of the firm with research conducted by Gao (2020). This could be due to managerial challenges or changing internal dynamics. Although gender diversification is often considered a good practice, these results suggest the need to pay more attention to the implementation of this policy to avoid a negative impact on firm value.

There are several studies that support the aforementioned statement. Previous research claimed that higher female participation on boards can reduce firm value as gender-diverse boards often lead to stricter oversight that sometimes becomes excessive to the detriment of firm value. A more gender-diverse board may introduce conflicts and hinder decision-making (Hambrick et al., 1996; Joshi et al., 2006; Richard et al., 2004; Triana et al., 2014) Gender diversity on boards can also impede strategic change as it generates a number of different opinions, hindering the ability to spur change (Tasheva & Hillman, 2019; Triana et al., 2014; Williams, 2003). In addition, women tend to take more risks in their decisions than men in leadership positions (Charness & Gneezy, 2012; Jurajda & Janhuba, 2018).

In effectively managing corporate operations, the implementation of good corporate governance (GCG) principles is imperative. GCG, recognized as a framework delineating sound business management practices, remains pertinent in today's business landscape (Septiawan, 2018; Tumewu & Alexander, 2014). The adoption of GCG holds significant importance for companies, serving as a compass for making prudent and responsible decisions (Budiartini et al., 2012; Sutedi, 2013). Moreover, it plays a pivotal role in enhancing the company's value and fostering trust, particularly as an essential requisite for the sound and sustainable development of banking sector entities. Additionally, the implementation of GCG is associated with heightened efficiency and productivity within the company, thereby positively impacting its profitability (Sulestiyo Rini & Ghozali, 2012).

While Good Corporate Governance (GCG) is often considered an important factor in building investor confidence and maintaining corporate integrity, the finding that GCG has no significant effect on Firm Value is of interest. Several studies have not found a statistically significant negative association between good CG and firm value. This includes research by Jecky & Suparman, (2021), Guedrib & Marouani (2023), and Mangoting et al., (2020). This may indicate that, in some cases, the market may prioritize other factors such as financial performance or innovation over the quality of corporate governance, in line with the results of research conducted by Claessens et al., (2023). In this case, companies may need to evaluate in more detail how the implementation of GCG practices can have a more tangible positive impact on the assessment of firm value.

CONCLUSION AND RECOMMENDATION

The study examines the impact of Tax Avoidance (TA), Return on Assets (ROA), Liquidity (CR), Board Gender Diversity (BGD), and Good Corporate Governance (GCG) on Firm Value (PBV) variable in consumer non-cyclical companies which listed on the Indonesia Stock Exchange during the period 2018-2022. The findings of this study on financial variables and non-financial variables show different things. Firm value is positively impacted by financial variables and negatively impacted by non-financial variables.

Even if tax avoidance tends to have a favourable effect on firm value, the company's adoption of a tax avoidance strategy has little or little impact on firm value. The liquidity variable in this study gets similar results to the tax avoidance effect on firm value. However, the results for return on assets are different from tax avoidance and liquidity, profitability has a significant positive influence on firm value. On the negative side, board gender diversity has a significant influence on firm value. In this case, good corporate governance has different results, its effect on firm value is not significant.

These research findings offer valuable insights for companies in crafting their management strategies, particularly by prioritizing variables with notable significance levels. As a pertinent recommendation derived from this study, consumer non-cyclical companies could enhance their return on assets and contemplate restructuring their board of directors as strategic measures.

ADVANCED RESEARCH

The findings of this study may be used as an overview for future research into the variables that affect firm value, although this research still has limitations. There are several limitations to this study that should raise concerns for future research. These limitations include the data used in this study not meeting normality and heteroscedasticity tests. In addition, longer research periods may be considered in future research. More study can also use a larger sample (increasing purposive sampling) to increase the amount of data observed. Lastly, study can be done in other sectors and periods to find correlations and comparisons.

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