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The effect of tax avoidance, sustainbility report, corporate governance on firm value: Leverage as moderating (Empirical Study On Registered Manufacturing Companies On the Indonesia Stock Exchange 2014-2019)

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Abstract. Disclosure about the factors that influence firm value is the aim of this study. Tax avoidance variables, sustainability reports, corporate governance practices and leverage are thought to influence firm value. Samples were selected based on certain criteria. Therefore, data obtained from the Indonesia Stock Exchange as many as forty companies for six years (2014 to 2019). The results reveal that tax avoidance, sustainability reporting, corporate governance practices affects firm value in a negative direction. Meanwhile, leverage affects firm value in a positive direction. The effect of the sustainability report on firm value is proven not to be strengthened by the leverage variable as a moderating variable, but it does strengthen the effect of tax avoidance and corporate governance on firm value.. Originality / Value - This paper contributes to three different series of studies: the literature on government as a determinant of tax avoidance in Indonesia. For companies, evaluate, improve, improve performance. For investors, to assist in making wise judgments about the value of the firm, it is worth considering other factors and for the academy as the theoretical library used. For further research with institutional ownership variable, financial crisis as a moderating variable

Keywords. Tax Avoidance, Sustainability Reporting, Corporate Governance, Leverage, Firm Value

1. Introduction

Firm value is an indication of the company's ability to gain profit, becomes a guide for creditors and investors in making decisions whether to lend or invest their funds or not. The factors that influence in this study focus on tax avoidance, sustainability reporting, corporate governance as an independent variable and leverage as a moderating variable.

According to (Rasyid, 2015) shows that company management increases firm value by using leverage as a moderating variable. Previous research stated that firm value is influenced by debt in a positive direction (Kartikasari et al., 2019) and (Cheng & Tzeng, 2011), and other factors that also affect company value are Tax Avoidance and Sustainability reports, based on the results of research by (Xin-hua et al., 2015) which states that there is a role for effective corporate governance, making tax avoidance activities increase corporate value. Likewise with the Sustainability Report, the better the quality of the sustainability reporting, the stronger the linkage (Loh et al., 2017). Researchers are interested in conducting this research because previous research still has a research gap that shows the conclusions of various results such as(Chen et al., 2014) that tax avoidance of firm value is not significant, (Emanuel & Rasyid, 2019) company size is not significant with value companies, (Kurniawan et al., 2018) there are positive and negative results from each category, the sustainability report was not significant to company value (Ratanacharoenchai et al., 2017), corporate governance is not significant to firm value (Toledo & Bocatto, 2012).

The difference with previous studies is the location in Indonesia, the time period, the moderating variable leverage. The benefit of this research is that it offers practical insight for the government as a policy maker regarding corporate tax avoidance behavior so that it can produce legal products with an effective and efficient tax system in Indonesia. For companies, evaluate, improve, improve performance. Investors can assist in making a wise assessment of company value. It is better if you pay attention to sustainability reports, good corporate governance and leverage of a company, as well as other factors.

2. Review Of Literature And Hypothesis

2.1 Review Of Literature

Agency Theory

Described by Jensen and Meckling (1976) in agency theory, about the emergence of agency relationships. If someone or more employs another person (agent) to provide services and the agent is given the authority to make decisions.Management of a company that is handed over to another person (agent) creates differences in interests between principle and the agents. To resolve conflicts, in this agency theory it is explained that the company's activities will be seen from its financial performance. According to this approach, financial performance is structured in such a way as to reduce conflict between various groups. Agents in making financial policies benefit company owners, causing agency problems. This agency problem is minimized by agency cost, by providing incentives to prevent hazards. This results in costs for the principal, such as expenses for monitoring the agent's actions and expenses for the existence of a contractual agreement with the agent. The practice of implementing corporate governance, to convince investors that managers will provide benefits for current and future company owners, will not embezzle money or invest into projects that do not benefit investors, and are related to how investors control managers (Shleifer & Vishny, 2007)

Signaling Theory

The assumption of Signaling theory is when there is information asymmetry between managers and investors or potential investors. Managers are seen as having information that investors or potential investors do not have. This theory explains the importance of companies presenting information to the public (Wolk et al 2013) . Giving signals is carried out by management to reduce imbalance of information or theory that discusses how the theory that can show the success or failure of management (agent) should be conveyed to the owner (principal). According to (Connelly et al., 2011), this theory can explain the behavior of individuals or organizations that have different information. Typically, one party, choosing

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whether and how to signal that information, and the receiver, must choose how to interpret the signal.

Stakeholder theory

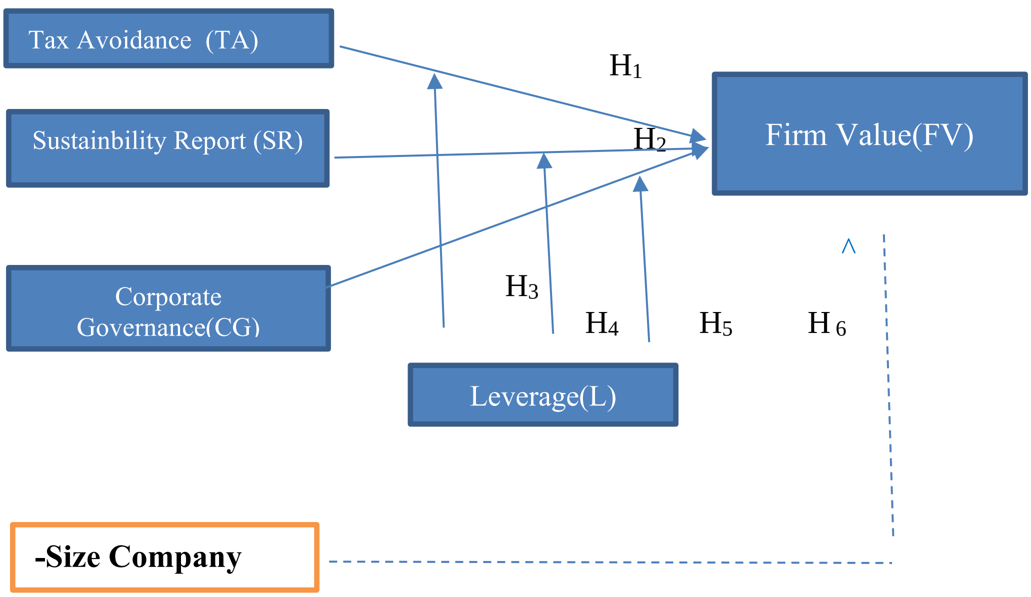
According Freeman (2001) This theory explains the company's activities in relation to its stakeholders (shareholders, creditors, government, society, consumers, suppliers, analysts and other parties) and (Gray et al., 1995) stated that stakeholders can support the survival of the company in the future, therefore efforts are made so that all company activities receive this support. Company communication with stakeholders can be seen from the disclosure of social and environmental responsibilities.

Legitimacy Theory

This theory advances the concept of organizational legitimacy which can be used as a source of corporate survival (Dowling & Pfeffer, 1975) and (Gray et al., 1995) states that the company's value system must be in line with the community's value system so that its activities and performance are accepted by society and the company. can continue to operate

2.2 Research Rationale

Figure 1: Research Concept



Source: processed by the authors

2.3. Hypothesis

Tax Avoidance and Firm Value

One of the tax avoidance practices that affect firm value is to report the minimum profit so that the amount of tax is small (Brown, 2012). In agency theory, it is possible if agency problems arise, such as problems between principle and agent, as well as controlling principal with minority . the relationship tax avoidance with firm value is explained in the agency perspective. Tax avoidance with current income is not recognized, it is recognized in the future so that the current period profit is small. Research that aims to see how the market reacts to tax avoidance practices carried out by companies (Inger et al., 2018), shows that tax aggressiveness can increase or decrease firm value. Increases if it is seen as an effort to carry out tax planning and tax efficiency, and decreases if it is seen as non-compliance which will increase the risk. If shareholders do not appreciate tax avoidance, it will actually result in a decrease in value . (Yee et al., 2018). Based on these arguments, the researcher formulates the following hypothesis: The effect of Tax Avoidance on firm value shows a negative direction

H_1. Tax Avoidance has negatie effect to firm value

Sustainbility Report and Firm Value

The most dominant theories in the practice of sustainability reports are theory : agency , legitimacy and stakeholder. Agency theory (Jensen and Meckling, 1976), describe reducing information asymmetry between companies and external agents, companies use multiple communication channels to produce sustainability reports which are adopted from GRI as a way to reduce information asymmetry and agency costs. Based on previous research, it is stated that the relationship between sustainability reporting (SR) and the company's market value is positive (Swarnapali & Le, 2018). This relationship does not depend on the sector or status of the company such as companies related to the government and family businesses in Singapore The results revealed a positive relationship between sustainability reporting (SR) and firm market value (Loh et al., 2017). The hypothesis is as follows:

H_2: Disclosure of the Sustainability Report on company value has a positive effect

Corporate Governance

According to agency theory, There are differences in interests between shareholders and agents, shareholders expect large returns, while agents are more concerned with individual interests. There is a problem of information asymmetry when the principal appoints an agent to manage the company, so that the agent does not prioritize individual interests, there is a need for governance to address this issue. Menurut (Andrei Shleifer & Vishny, 1997) explained that as a control mechanism system, corporate governance aims to make financial suppliers get a return on their investment ". This implies the importance of safeguarding the interests of shareholders and stakeholders. Expropriation Risk Index (ERI), as a controller incentive measure to tunnel in concentrated tunneling in chaebol companies has a positive effect on the existence of corporate governance (Black et al., 2015) . The Corporate Governance Index as a measure of corporate governance variables based on OECD principles. The research hypothesis is:

H3: The influence of the level of corporate governance on firm value is positive

Leverage

Tax avoidance can be done by increasing the debt , so that the interest expense is high, then the profit is small, the taxes paid are small. However, this does not necessarily affect the increase in company value .(Brigman and Houston, 2011), this is supported by the signaling theory that there is a high capital structure as a signal that if shares are offered in the company, it is certain that the company's prospects are positive, on the contrary if it is offered outside of equity (Ross, 1977) and companies should consider the agency costs of accounts payable and agency costs of equity (Myers, 1977). Regulation in Indonesia: No. 169 / PMK.010 / 2015 stipulates that there is a limitation between the ratio of debt and company capital for the purpose of calculating income tax:

H_4: The level of leverage weakens negatif effect of Tax avoidance to firm value

The Theory Agency (Jensen & Meckling, 1976) states that companies with higher leverage will voluntarily disclose more information to meet creditors' information needs. By continuing to report this can alleviate stakeholder concerns, so as not to attract investment in the company so that the value of the company is not down. This is supported by the results of research which found supporting evidence related to a positive relationship between leverage and sustainability reports (Beelde & Tuybens, 2015).

H_5: The level of leverage strengthens positif effect of Sustainability Report Disclosure to firm value.

Firm value can be increased through debt policy (Obradovich & Gill, 2012) and the leverage has a positive effect on firm value before achieving the optimal capital structure (Cheng & Tzeng, 2011). Corporate governance practices carried out by companies can affect credibility or can provide useful guidance for investors (theory signaling). The existence of proper implementation in corporate governance which can reduce the bad behavior of agents or managers (Ionescu; 2012). Thus, there is positive effect on the relationship the quality of corporate governance with firm value (Ionescu, 2012).The hypothesis is as follows:

H_6 : Leverage level strengthens positive effect of corporate governance practices to firm value

3. Research Method

This paper re-examines the factors that influence the value of manufacturing companies on the Indonesia Stock Exchange. Samples were selected based on the criteria (1) the company has a profit of more than 50 billion before tax which is positive in the period 2014 to 2019. (2) share price data is available during the observation period. (3) The firm has an annual Cash_ETR (CETR) between 0 - 100 percent. Higher CETR means higher tax risk. Therefore, we expect that these CETR has a positive coefficient. Based on these criteria, 40 companies were selected with a 6-year observation period (2014 to 2019) so that the total data processed was 240 firm years. Data is obtained from company annual reports published on the Indonesia Stock Exchange through www.idx.co.id, while stock market price data is obtained from www.finance.yahoo.com.

Research Variables and Variable Operational Definition

The variables of this study include firm value (as dependent variable), tax avoidance, sustainability report and corporate governance (as independent variable) and leverage (as moderating variable). The definitions and measurements of each variable are described below.

Firm Value is the result obtained since its establishment until now because of public trust. Firm Value in this study is the dependent variable . For companies that have gone public, firm value is reflected in the stock prices listed on the stock exchange. According to (Kartikasari et al., 2019) firm value is obtained from Tobin's ratio which is measured by the following formula:

Tobin's Q = $\underline{\text{MVE +D}}$

BVE+D

Tobin'Q	*: Firm Value*
MVE|	*: Market Value of Equity, is the multiplication of the stock market value at the end of the period and the number of shares outstanding at the end of the period.*
BVE	*: Book Value of Equity, is the difference between the company's total assets and total liabilities.*
D	*: Book value of the company's total debt at the end of the period*

Tax avoidance is a strategy that does not violate tax laws with the aim of the minimum amount of tax to be paid. Tax avoidance as an independent variable in this study is done by taking advantage of the existing loopholes in statutory regulations. Cash Effective Tax Rate is obtained by dividing the tax burden (taxes paid) by the company by the amount of company profit before tax (Octaviana et al., 2018). The following are the equations used in measuring tax avoidance:

$$Cash\_ETR = \frac{\sum Cash\ Tax\ Paid}{\sum Pretax\ Income} X\ 100\%$$

Remarks

Cash ETR	*: Effective Tax Rates as an indicator of tax avoidance*
Cash Tax Paid	*: Tax expense paid by the company (Obtained from the consolidated cash flow statement)*
Pretax Income	*: Profit before tax (Consolidated Comprehensive Income Statement)*

The Sustainability Report is activity report on the economy, labor practices and workforce comfort, human rights, social, products. In this study Sustainability Report (SR) variable is the independent variable . The SR calculation uses a dichotomy approach, namely if the specified information item is disclosed, it is given a score of 1, and if the information item is not disclosed, it is given a score of 0. The disclosure of social and environmental responsibility by the company is compared to the number of disclosures required in GRI which includes 91 items disclosure (Wibowo &Faradiza, 2014). The measurement of the sustainability report disclosure was carried out non-repeated, meaning that it only counted once for each item without considering the item being expressed in another section in a different language. The SRDI calculation formula is as follows:

corporate governance is designed so that companies professionally apply the principles of transparency, accountability, responsibility, independence, fairness and equality .Based on research (Black et al., 2015) in Korea and according to research (Permata et all, 2012) in Indonesia, the Corporate Governance Variable is measured using the Corporate Governance Index based on the principles of the OECD. This principle is in accordance to be presented in the financial statements The scoring of all aspects of the Corporate Governance Index (CGI) which consists of 46 index numbers using a ratio scale consisting of several indices using dummy measurements. Assessment on the CGI value has a different number of percentages The percentage of each aspect is divided in detail, shareholder rights have a percentage of 20%, fair treatment of shareholders is 15%, the role of stakeholders is 15%, disclosure and transparency has a percentage of 25 %, and board responsibility at 25%.

Leverage define as the use of assets and sources of funds by companies that have fixed costs (fixed expenses) to increase shareholder profits. Leverage (as moderating variabel) measured based on the research (Obradovich & Gill, 2012):

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$$DER = \frac{\sum Book\ Value\ of\ Liability}{\sum Book\ Value\ of\ Equity}$$

Note:
Book Value of Liability : The total book value of debt
Book Value of Equity : Total book value

Company size (moderating variabel) is the scale of the company as seen from the company's total assets at the end of the year. Company size measured based on the research results (Endri & Fathony, 2020) with Ln Total Assets.

The multiple regression equation is as follows: Hypothesis 1, 2 , 3, 4,5 and 6

$$FV = \beta 0 + \beta 1TA + \beta 2SR + \beta 3CG + \beta 4TA * L + \beta 5SR * L + \beta 6CG * L + \beta 7\ SC + \varepsilon$$

TA	*: Tax Avoidance*
SR	*: Sustainability Report*
CG	*: Corporate Governance*
L	*: Leverage*
β0	*: Constant*
β1	*: The coefficient of the independent variable as proxied by TA*
β2	*: The coefficient of the independent variable as proxied by SR*
β3	*: The coefficient of the independent variable as proxied by CG*
β4, β5 β6	*: The moderation variable coefficient is proxied by leverage*
β7	*: The coefficient of the control variable is proxied by SP*
SC	*: Size Company*
E	*: Standard Error*

4. Results And Discussion

This study uses secondary data obtained by 40 companies listed on the Indonesia Stock Exchange as shown in Table 1 below :

Tabel .1 : List of Sampe Firm
(Manufacturing Sector Companies Listed on IDX for 2014-2019)

No	Code	Firm's Name		No	Code	Firm's Name
1	ICBP	Indofood CBP Sukses Makmur		21	PYFA	Pyridam Farma
2	MYOR	Mayora Indah		22	ASII	Astra International
3	ROTI	Nippon Indosari Corpindo		23	AUTO	Astra Otoparts
4	SKLT	Sekar Laut		24	BRAM	Indo Kordsa
5	STTP	Siantar Top		25	GJTL	Gajah Tungal

6	CEKA	Wilmar Cahaya Indonesia		26	INDS	Indospring
7	INDF	Indofood Sukses Makmur		27	SMSM	Selamat Sempurna
8	PSDN	Prasidha Aneka Niaga		28	ERTX	Eratex Djaja
9	AISA	Tiga Pilar Sejahtera Food		29	PBRX	Pan Brothers
10	DLTA	Delta Djakarta		30	RICY	Ricky Putra Globalindo
11	MLBI	Multi Bintang Indonesia		31	SRIL	Sri Rejei Isman
12	ALTO	Tri Banyan Tirta		32	STAR	Star Petrochem
13	ULTJ	Ultra Jaya Milik Industri		33	UNIT	Nusantara Inti Corpora
14	GGRM	Gudang Garam		34	IKBI	Sumi Indo Kabel
15	HMSP	HM Sampoerna		35	JECC	Jembo Cable Company
16	WIIM	Wismilak Inti Makmur		36	KBLI	KMI Wire & Cable
17	DVLA	Darya Varia Laboratoria		37	KBLM	Kabelindo Murni
18	KAEF	Kimia Farma		38	SCCO	Supreme Cable Manufacturing & Commerce
19	KLBF	Kalbe Farma		39	VOKS	Voksel Electric
20	MERK	Merck		40	BATA	Sepatu Bata

4.1 Descriptive statistics

Tabel 2: Descritive statistics

	FV	TA	SR	CG	L	SC
Mean	8.55	-0.13	0.14	0.71	0.92	29.30
Maximum	353.68	9.54	0.36	0.82	5.20	34.98
Minimum	-2.38	-114.77	0.04	0.41	0.01	20.17
Std. Dev.	39.90	7.56	0.06	0.06	0.73	2.19
Observations	235	235	235	235	235	235

According to the results of the descriptive statistical test, the number of variables there are 6 as follows :FV, TA, SR EM, LEVERAGE, SC by the number of samples a total of 235 companies. FV is Firm Value as the dependent variable is measured by Tobin's Q formula tested by(Ficici & Aybar, 2012). Value average value company amounted to 8.55 which indicates that that on average there is growth the value of the company. This is based on the value of the results calculation of the average FV >Tobin's Q indicator value, that is 8.55>1. The maximum

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value indicates the value The highest company FV is 353.68, while the lowest value is -2.38. The standard deviation or inequality value is 39.90 indicating the average deviation from the firm value variable (FV). The first independent variable is Tax avoidance (TA) which is measured using ETR (effective tax rate) as the first independent variable shows an average value of -0.13 which indicates that the company has high tax avoidance. The maximum TA value of the company is 9,54 while the lowest value is -114,77. The standard deviation value or inequality is 7.56, indicating that the average TA deviation. The average SR is 0.14 with a minimum of 0.04 and a max of 0.36 and a standard deviation of 0.06. For the Corpororate Governance , an average of 0.71 with a minimum value of 0.41 and a maximum of 0.82 and a standard deviation of 0.68.Firm size or company size (SIZE) as a control variable shows an average value of 29.27 which indicates that the size of the company in Indonesia for the 2014-2019 period seen from its total assets is 29.27. The maximum value shows that the largest size of the company is 34.98, while the lowest value is 20.17. The standard deviation or inequality value of 2.19 indicates the average deviation of company size (SIZE).

4.2 Hypothesis Testing

Before testing the hypothesis, first, the normality test and and fit of the research model. This hypothesis testing uses Eviews 10 software. Based on normality testing, the Jaque-Bera (JB) value is 0.274828, with a probability value of 0.871609. Analyzer The normal test is the Jarque-Bera (JB) test because the sample is large (asymptotic). Normally distributed: the JB value is not significant (<2) and the probability value is> 5% (not significant. So, the data is normally distributed.

Based on the results of the Cow test, the probability value of 0,000 (less than 5%), the fixed effects test is better. Next, based on Hausman test, the probability value is 0.4867 (greater than 5%), means the random model is better. This result confirmed test the first fixed effect is invalidated. Random effect became the last model test with LM Test resulting p value is smaller than 5% (significant).

Goodness of Fit Model (R^2) is to determine the size of the contribution of the independent variable to the dependent variable. This can be seen from the value of R 2. Based on table 1 Adj R^2 = 0.572982, it means that the variation of the independent variation 57.72% is able to explain the dependent variable , 42.28% influenced by other variables. Based on the regression results of the statistical F value of 45.85518 with a Prob (F-statistic) of 0.000000 which is less than 0.05, this means that it indicates that the model used in this study is feasible. The conclusion is that all independent variables: Tax Avoidance, Sustainability Report, Corporate Governance and Size company together have an effect on firm value.

Based on the t test, where this test is carried out to determine the individual influence of the independent variable on the dependent variable, it produces their respective influence. variables as follows:

Tabel 3 : Hypothesis Testing

Variabel	Hypothesis	Coefficient	Prob	Conclution
C		16.31791	0.0000	
Tax Avoidance	Negative	-0.172569	0.0113*	H_1 supported
Sustainbility Report	Positive	-0.624155	0.5795	H_2 Not supported
Corporate Governance	Positive	-0.154648	0.8871	H_3 Not supported
Size Company		-0.543724	0.0000	
Tax Avoidance *Leverage	weakens	0.087339	0.0098*	H_4 supported
S R * Leverage	strengthens	1.222785	0.1122	H_5 Not supported
CG *Leverage	strengthens	-0.484979	0.0019*	H_6 Supported
R Squared			0.585756	
Adjusted R Square			0.572982	
F-Statistik		45.85518	0.00000	
Durbin-Watson Stat			0.0624790	

*is accepted sig 5%

Dependen Variable : Firm Value

5. Discussion

This study proves that tax avoidance has a negative effect on supported Firm value (H_1). These results prove that the actions of managers who practice tax avoidance can increase company risk, increase agency costs and the resulting financial reports can mislead investors because they do not describe the real situation. The results are consistent with the agency cost theory that tax avoidance is considered to be complex, this causes managers to cover up their actions in exploiting wealth from tax saving activities. (Akbari et al., 2019) and (Yee et al., 2018)

The Sustainability Report Disclosure is unable to affect firm value, means H_2 not supported. Companies that publish the Sustainability Report do not guarantee that their company performance will improve, and this may be due to investors being more interested in buying legitimate companies that generate the expected profit and do not care about the disclosure of the Sustainability Report. This Result is supported by research (Purwohandoko, 2017), (Iswati, 2020) and (Ratanacharoenchai et al., 2017) which means that the value of the company is not affected by the sustainability report where the price and number of shares of the company are circulating on the stock market.

Corporate Governance is unable to affect firm Value. CGPI is not a significant determinant of firm value, many are influenced by other factors. Many companies in Indonesia are unapprised of the importance of implementing corporate governance. So that the inclusion of companies in the corporate governance perception index ranking on investors are not effect . The results of this study support (Meythi & Devita, 2011) that corporate governance perception index has no effect on firm value, due to the fact that the implementation of good corporate governance is felt by go public companies as a demand for existing regulations, not as an important requirement for companies, so that there is less awareness of these companies to implement good corporate governance.

Hypothesis H_4 the negative effect of tax avoidance on firm value is weakened by the degree of leverage. Management's job is to make financial reports, agents can avoid high tax payments by reporting high corporate leverage, so that the company's interest expense is high, profit. a small amount causes the tax that the company pays to be small, by paying a high tax burden. Small companies can increase company value so that they can attract investors to invest in the capital market (Jaros & Bartosova, 2015): The theory based on the assumption does not fit the real conditions is "MM". According to the author, there is an effect of income tax on the

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average cost of capital and the firm's market value . In 1963 his ideas were amended in the work: "Corporate Income Taxes and Cost of Capital" published in the American Economic Review, p. 433-443 (June 1963). The average cost of capital decreases under the effect of the interest tax hedge, the return on equity and market value also increases, this is due to the increase in debt. Thus, if you increase the portion of debt, you must consider the capital structure

The hypothesis H_5 not supported. This means leverage unable strengthens positif effect of Sustainability report to firm value. This result confirmed (Emanuel & Rasyid, 2019) states that leverage does not affect firm value . Else, (Ratanacharoenchai et al., 2017) sustainability report is also not influenced by firm value. If the level of leverage ratio in the company is getting higher, the corporate social responsibility will be lower carried out by the company and will affect the decline in company value, because the company is considered to reduce costs for disclosing social responsibility and will use the funds to pay its debts so as not to be in the spotlight. from creditors.

The hypothesis H_6 Leverage level strengthens corporate governance practices on firm value that leverage, supported. This result supported Ionescu (2012) states that corporate governance practices carried out by companies can affect credibility or can provide useful guidance for investors (theory signaling). The bad behavior of agents or managers can be reduced by implementing governance appropriately. Thus, the relationship the quality of corporate governance with firm value is significantly positive.

Conclusion

The results of this study provide evidence, The effect of tax avoidance on corporate value is negative. Likewise, leverage weakens the negative effect of tax avoidance on firm value. Furthermore, leverage strengthens corporate governance practices on firm value. This means increased tax avoidance will reduce company value, tax avoidance strategies are detrimental to investors in Indonesia, because it tends to minimize the current tax amount, it is feared that it will have an impact on future tax payments, so that it does not affect investors' decisions.

Based on data, disclosure of sustainability reports in Indonesia is still very low so that it is unable to increase the company value. Implementasi CG tidak dapat mempengaruhi firm value, an indication, in Indonesia the implementation of corporate governance is not high and not as an important requirement for companies, so that there is less awareness of these companies to implement good corporate governance.. Leverage have positive effect of Tax Avoidance to Firm Value. This means, firm avoid high tax payments by reporting high corporate leverage, so that the company's interest expense is high, profit is decrease. Leverage are not significant to moderate positif effect of sustainability report to firm value. But, leverage are significant to moderate the positif relationship among corporate governance implementation to firm value.The existence of proper implementation in corporate governance which can reduce the bad behavior of agents or managers. Thus, The influence of the quality of corporate governance and firm value is a significant positive (Ionescu, 2012)

This study has several limitations, such as lack of data and samples that become the object of research should be more than 5 years. Based on the results and conclusions obtained, the suggestions for future research by using another industrial data in Indonesia, or other country. Using market value to measure firm value, financial distress as moderating variable another suggestion for future reseach.

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