Does Gender Diversity Moderate the Determinant of Future Firm Value?

Nicholas Renaldo and Etty Murwaningsari*

Economic and Business Faculty, Universitas Trisakti.

Abstract: Changes in stock prices that occur in the primary and non-primary consumer goods sectors cause companies to want to manipulate earnings to reflect the company's performance. This research focuses to investigate the influence of earnings management and tax aggressiveness on future firm value with gender diversity as a moderator. This study used a sample of 210 company years with a purposive sampling method. The study used moderated regression analysis. The findings show only the fourth hypothesis is accepted, namely gender diversity weakens the effect of earnings management on future firm value. The implication is that the regulators' considerations for policy, whether with evidence of the presence of women as top management in the company, can increase the firm's ability to achieve company goals.

Keywords: Earnings Management, Tax Aggressiveness, Gender Diversity, Future Firm Value
JEL Classification: F65, M41, O16.

INTRODUCTION

Investors need profits, one of which is a rise in the share price of the firms they invest in. With this increase, of course, it can increase the value of the investment, where initially it must precede a level up in firm value. One of the parameters of stock investing in Indonesia is the Composite Index of Stock Prices (JCI). This index is the average of the daily stock movements of all firms on the Indonesian Stock Exchange.

There was an upward trend in the JCI until 2019 but fell in 2020. The JCI also dropped drastically in 2008 due to the subprime mortgage crisis. There was a downfall in the agriculture sector index on March 2020, which was in line with the decline in the JCI. One of the reasons was the pandemic that started to enter Indonesia which had shaken the Indonesian economy. The trend that occurs in the agriculture sector also occurs in the various industrial sectors, manufacturing, the LQ45 index, IDX30, the main board index, and other sectors or indices. The stock price that is the reference for this stock index is important to track because of course it is not only a pandemic factor, but there are fundamental internal factors that will affect the firm.

Companies are quite phenomenal if there is an anomaly in tax payments where generally they always pay taxes. This is quite unique because this company always records losses whose value always increases every year. This company also experienced a capital deficiency so its share price since 2019 has tended to stagnate. UNSP also experienced a drastic decline in stock prices in 2020, which was in line with the JCI and the plantation sector index. For the record, in 2008, UNSP's share price reached a closing price of Rp. 25,750, - on February 1, 2008. Problems with UNSP's share price, one of which can be seen because the company's profit is always losing, which is reflected in the stock price, referring to an efficient market. semi-strong (Shahid et al., 2020). Then the anomaly where the company suffers a loss but still pays taxes is also interesting to study.

The leading objective of the firm is to level up its value by choosing the direction of various projects that have the greatest impact on increasing the well-being of investors. Management decisions are expected as an agent can manage profits to have the best firm value. When investors lack confidence in management, it will create the firm's share price to fall. One is through earnings management actions (Rachmat et al., 2017).

In addition, the tendency of companies to reduce income tax payments is also something that investors must pay attention to. It is true that the company's tax burden will decrease but if carried out continuously at some point it will cause problems in tax audits which will certainly harm the company. The more often it is done, the more aggressive a company will be in paying taxes. This is also one of the impacts of earnings management activities.

Women on corporate boards not only influence executives' tax policy decisions but can level up the performance of the firm. This is related to the significant impact of corporate governance on firm value and companies must appoint at least 30% of women to their boards (Pertiwi & Prihandini, 2021).

Based on research (Hapsoro & Bahantwelu, 2020) and (Oktavani & Devie, 2017), there is a negative influence of earnings management on firm value. Research (Dang et al., 2020), (Dao & Ngo, 2020), and (Hernawati et al., 2021), shows that earnings management has a positive impact on firm value. Meanwhile, research (Yorke et al., 2016), (Winarta et al., 2021), and (Lestari & Pamudji, 2013) show

*Address correspondence to this author at the Economic and Business Faculty, Universitas Trisakti; Email: etty.murwaningsari@trisakti.ac.id

that the impact of earnings management is not significant on firm value.

Research that studies the influence of tax avoidance on firm value, research (Santa & Rezende, 2016) shows a negative influence of tax avoidance on firm value. Research (Yorke et al., 2016) shows a positive impact of tax avoidance on the value of the firm. Meanwhile, research (Khuong et al., 2020) and (Pertiwi & Prihandini, 2021) show tax avoidance has no significant influence on firm value.

The appearance of women on board will make a good impact on the company (Setiawan & Putri, 2019). Research (Khanh et al., 2020), (Issa et al., 2019), and (Syamsudin et al., 2017) shows a positive effect of having women on board on the firm value. Research (Anh & Khanh, 2017) and (Pertiwi & Prihandini, 2021) show that gender diversity has a negative influence on firm value. Meanwhile, research by (John et al., 2020) shows the insignificant effect of gender diversity on firm value.

The differences based on phenomena and previous research results, will be a more interesting discussion about the impact of earnings management and tax aggressiveness on future firm value with gender diversity as moderator. This study is designed to determine, first of all, whether this gender diversity will be able to weaken earnings management and tax avoidance and its impact on future firm value. Second, determine the effect of current earnings management activities and tax aggressiveness on the firm's future value. Research also uses three control variables in order to strengthen the research model (robustness) to think about the factors of size, capital structure, and liquidity of the firm. This study also uses three methods to measure gender diversity in order to obtain varying results.

With the phenomenon linked to the price of the company's shares, researchers are motivated to develop research on the determinants that affect future firm value. This research is a development and renewal of research (Yorke et al., 2016), (Tarmidi & Murwaningsari, 2019), and (Rachma, 2017) by adding moderating (gender diversity) and three control variables. Gender diversity can moderate variables because hopefully, women's presence on boards will make companies progress better. Women's leadership in the company is considered capable of taking more critical policies so that various irregularities can be minimized. Indonesia is a big country but has a very low gender diversity index in ASEAN. To measure gender diversity, researchers used three measurement methods, namely the proportion of female directors, the Shannon index, and the Blau index. The reason why it is used in this way is that there are still discrepancies with previous research results.

LITERATURE REVIEW

Signaling Theory

Companies are encouraged to provide information to external parties. Information is evidence that has the potential to influence individual decisions (Scott, 2015). This motivation is caused by information asymmetry. Furthermore, information asymmetry can also arise if there is an information discrepancy between the agent and the principal. The signaling theory applied by managers to their subordinates helps reduce the degree of information asymmetry. This indication is to provide information that the financial statements presented have applied conservative principles to produce high-quality financial reporting (Habiba, 2016).

When the percentage of tax payments to a company's net profit falls, this can provide a signal to investors. This signal can be a good signal or a bad one. A good signal is that the company still has profits that can be distributed to investors, while a bad signal is a company that does not comply with paying taxes.

Another indication of relevance to this investigation is the appearance of women on boards. Women who have a critical thinking pattern are a positive signal that the company has the competence of qualified human resources to manage the investment funds invested by investors.

Agency Theory

Many shareholders are unable to manage the day-to-day affairs of the company, so they appoint professional managers to run the company on their behalf. Hence, managers are the agents of the shareholders who are set to carry management functions of the firm. They are expected to maximize shareholder value, which means managers must maximize shareholder wealth. While this separation of ownership and management seems sound in theory, there are some concerns in practice. Often, the goals of shareholders are not aligned with those of managers, and managers may not pursue shareholder wealth maximization but instead strive to promote their interests. This is called agency cost, where managers pursue their interests rather than value maximization, the term comes from the principal-agent relationship between shareholders and managers (Mahajan, 2020).

This theory relates to earnings management, where the company’s manager will set up the earnings according to their preferences. But the principal doesn’t know about this and it will be an agency problem.

Information Asymmetry

Information asymmetry theory is based on differences in the ability to judge input or output values. Some market participants may have better information than others about the use-value of the goods, services, or resources they trade with each other (Bergh et al., 2019).

This theory relates to earnings management variables and tax avoidance, where the company's internal parties have more information than outside shareholders, especially the public. So, it is feared that there will be distrust on the part of investors because of this different information. This also keeps up with research (Chandra et al., 2018) on tax actions that give a negative influence on firm value.

The level of information asymmetry between managers and the stock market has a significant impact on the size of earnings management. The reason is that when information asymmetry is high, investors do not have the necessary information to cancel manipulated profits for their decision-making needs (Roudaki et al., 2016).

Regulation Theory

Fiscal policy as government intervention generally contributes to firm income based on regulatory theory, which has the authority to set tax rates and regulations. There are differences in the calculation methods of taxable income and net worth, suggesting a gap between accounting standards and tax laws. Therefore, companies must implement existing regulations, which are related to fluctuations in agency costs. By considering the investment as a whole as a guaranteed safe area, investors pay attention to high compliance, especially tax regulations. Meanwhile, there is a high penalty effect for each violation, so investors demand management implement this regulation properly. Because fiscal policy is linked to taxable revenues, tax administration becomes part of the estimation of high-quality accounting information. When tax administration is highly avoidant, it can negatively impact investor perceptions, whereas high tax consistency can positively impact market price movements (Siladjaja et al., 2021).

Upper Echelons Theory

Top management theory explains how the characteristics of top managers affects decision-making. Those explain several features that affect senior management decision-making. In addition, everyone's abilities are different, so decision-making in the face of external conditions is also more and more complicated. So not all external conditions can be taken into account when making these decisions. As a result, boundaries will be created that limit the scope for alternatives to develop and their consequences. The theory examines aspects of many observable characteristics of senior executive age, functional trajectory, other professional experience, socioeconomic roots of education, financial status, and group characteristics (John et al., 2020).

The relation of this theory to the future value of the company is that woman directors who can add value to the firm in the future need to be considered by the company. Not always a man can lead the company well. Sometimes women are needed in good performance management because women are considered to have a mindset that also thinks about risk better than men.

Hypothesis Development

Based on research (Hapsoro & Bahantwelu, 2020) and (Tarmidi & Murwaningsari, 2019), earnings management give a negative effect on firm value. Research (Oktavani & Devie, 2017) also shows the negative effect of earnings management on Tobin's Q. Earnings management cannot be carried out continuously by the company because it will result in a lack of investor confidence in the firm and consequently the firm value will decrease. While earnings management theory says that there are good and bad sides to this practice, this is more detrimental to the State because income tax payments to the State are generally reduced. Based on this, our first hypothesis is:

H_1 : Earnings management has a negative effect on future firm value.

Research (Fuadah & Kalsum, 2021) shows the lowered effect of tax aggressiveness on firm value. (Prastiwi & Walidah, 2020) and (Syura et al., 2020) also show the same thing. Tax aggressiveness means there is an attempt by the company to reduce income tax payments which is also not good for the company in the future. So, our second hypothesis is:

H_2 : Tax aggressiveness has a negative effect on future firm value.

(Khanh et al., 2020) used a proxy for the proposition of females on the board. By applying the three research models, it was found that there were differences in results which showed no significant effect and one positive effect. Research (Issa et al., 2019) using three ways of measuring gender on the board, shows a positive influence on Tobin's Q. The Board of Directors consisting of women certainly has differences from those who are all men. Women are expected to have a more critical mindset so that it will level up the firm's ability to compete. So, the fourth hypothesis is:

H_3 : Gender diversity has a positive effect on the future firm value.

With women as directors, it is expected to reduce earnings management activities taken away by the company. Because a woman is expected to have more careful thoughts so that she will avoid these activities. Research (Hapsoro & Bahantwelu, 2020) shows the negative impact of earnings management on firm value. Research (Khanh et al., 2020) shows the greater influence of gender diversity on firm value. The fourth hypothesis is:

H_4 : Gender diversity weakens the negative effect of earnings management on future firm value.

A woman is expected to use instinct for a good future for the company. One of them is related to tax payments, which should not cause problems. Women on the board are expected to reduce this action. Research (Fuadah & Kalsum, 2021) shows the negative influence of tax aggressiveness on firm value. Research (Khanh et al., 2020) shows the useful influence of gender diversity on firm value. The fifth hypothesis is:

H_5 : Gender diversity weakens the negative effect of tax aggressiveness on future firm value.

RESEARCH METHODOLOGY

Population and Sample

The population includes all firms in the primary and non-primary consumer goods industries on the Indonesian stock exchange. The research period is 2016-2020. Data collection strategy with archives. Secondary data was collected through the financial statement and stock database of the Indonesia Stock Exchange. Purposive sampling is used (Chandra et al., 2019) with the following criteria:

a. Primary and Non-primary Consumer Goods sector companies listed on the Indonesia Stock Exchange in 2020.

b. The company register an Initial Public Offering before 2014.

c. The company does not have a negative book value of equity during 2014-2020 (because it is related to the future value (t+1) and the independent variable (t)).

d. The company did not receive any income tax benefits during 2014-2020.

e. Company data related to this research variable is available and complete. The data consists of the issuer's financial statements, general information on the issuer, the issuer's stock price, and other data needs.

There are 232 companies in the primary and non-primary consumer goods sectors. Then, after the phase 1 sorting (IPO before 2014), there are 131 companies that can be used. Because there are 5-year periods, the total data will be 655 company years. Then the sorting of stages 2 and 3 (companies with negative equity and those experiencing losses), making the amount of analysis data into unbalanced data, with a total data that can be used as many as 305 company year data. After testing outliers, the remaining data are 210 company years.

Operational Variables and Measurement

The response variable is the future firm value. To measure Future Firm Value, use Market Book Value (MBV) which is consistent with the research (Khanh et al., 2020), (Pertiwi & Prihandini, 2021), (Winarta et al., 2021), and other researchers. To measure the future firm value, the study (Siladjaja et al., 2021) uses the t+1 period, so the predictor variables use the t-period. Meanwhile, research (Benamraoui et al., 2019) is the opposite. Based on these various measurements, the formula measures the future firm value using Market to Book Value (MBV) is:

$$MBV_{t+1} = \frac{Market\ Value_{t+1}}{Book\ Value_{t+1}}$$

Where MBV is a company value. Because it measures the future value, the time period t+1 is used. The scale for the variable of future firm value is the ratio scale.

There are two independent variables in this study, namely earnings management and tax avoidance. To measure earnings management using the Stubben model (Stubben, 2010).

Information:

SIZE = natural logarithm of total assets at the end of the fiscal year; AGE = company age (years); GRR-P = industry median adjusted revenue growth (= 0 if negative); GRR-N = revenue growth adjusted for industry median (= 0 if positive); GRM = gross margin adjusted for industry median at the end of the fiscal year; _SQ = the square of the variable; and Δ = annual change.

This study will use a conditional income model because it uses annual data which is easier to obtain than quarterly data in Indonesia. The earnings management value used is the residual value from the regression results of the Stubben equation. The scale for the earnings management variable is the ratio scale.

Based on research (Saka et al., 2019), assuming the mandatory tax rate can experience a downward trend every year (Indonesia will experience this in 2020), then to confirm the existence of tax aggressiveness using the formula:

$$Tax\ Aggressiveness = Statutory\ Tax\ Rates - \frac{Total\ Tax\ Expense}{Pre - Tax\ Income}$$

Where Total Tax Expense is the tax expense listed in the income statement, Income Before Tax is profit before tax and the mandatory tax rate is the reference tax rate, while in Indonesia the rate is 25% for those under 2019 and 22% for those over 2020. If the value is higher, the more aggressive the payment is. The tax aggressiveness variable is the ratio scale.

The gender diversity variable uses measurements from (Khanh et al., 2020; Pertiwi & Prihandini, 2021), with the following formula:

$$Gender\ Diversity = \frac{Number\ of\ Female\ Members\ in\ the\ Board\ of\ Directors}{Total\ Number\ of\ Director\ Members}$$

Among them, simply put, gender diversity is proxied by calculating the portion of women in the director composition to the total number of directors. Other measurements are also used in gender diversity, using the Shannon and Blau indices with the following formula (Issa et al., 2019):

$$Shannon\ Index = -\sum_{i=1}^{n} P_i \times ln(P_i)$$

$$Blau\ Index = 1 - \sum_{i=1}^{n} P_i^2$$

Where P_i is the percentage of female directors and n is the number of differentiated categories (male/female) in the company. The scale for the gender diversity variable is the ratio scale.

Measurement of company size uses measurements from (Fajaria & Isnalita, 2018). The scale for the firm size variable is the ratio scale.

$$Firm\ Size = LN\ (Total\ Assets)$$

Measurement of capital structure uses measurements from (Fajaria & Isnalita, 2018), they used Debt to Equity Ratio (DER) proxy, with the following formula:

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Where DER is a measurement of capital structure. The scale for the capital structure variable is the ratio scale.

Measurement of liquidity uses measurements from (Firmansyah et al., 2022), using the Current Ratio (CR) proxy with the following formula:

$$CR = \frac{Total\ Current\ Assets}{Total\ Current\ Debt}$$

Where CR is a proxy for liquidity. The scale for the liquidity variable is the ratio scale.

Data Analysis Method

Descriptive Statistics

This analysis aims to see an overview of the research data (Lind et al., 2018). Descriptive statistics are related to the collection of data and the presentation of the results of the summary of the data. Descriptive statistical analysis that will be used in this research is the mean, median, variance, standard deviation, skewness, and kurtosis.

Regression Analysis with Moderation

Moderating variables are shown by multiplying the value of one predictor by the value of another predictor variable to create a new predictor variable (Hafni et al., 2020).

The regression model used is:

$FFV = a_1 + b_1EM + b_2TA + b_3GD + b_4EMxGD + b_5TAxGD + b_6FS + b_7CS + b_8LI + e_1$

Information: FFV: Future Firm Value; EM: Earnings Management; TA: Tax Aggresiveness; GD: Gender Diversity; FS: Firm Size; CS: Capital Structure; LI: Liquiduty; a_1: Regression Constant; $b_1 \ldots b_8$: Regression Coefficient; e_1: Error

The test model will be made into three tests. Model 1 uses the proportion of female directors, model 2 uses the Shannon index, and model 3 measures gender diversity using the Blau Index.

Classic Assumption Test

Linearity Test

The linearity test is generally used in research that assumes a linear function with more than one independent variable. The test method uses the F test which must be significant (Renaldo, Suhardjo, Putri, Juventia, et al., 2021).

Autocorrelation Test

The OLS estimator is no longer the best linear unbiased estimator if got autocorrelation (Uyanto, 2020). How to detect autocorrelation using the Run test with the condition that the probability value is above the specified alpha. If there is autocorrelation, a 1-year lag will be used to solve this problem.

Heteroscedasticity Test

One procedure to detect heteroscedasticity is to use the Glejser test (Renaldo et al., 2020). The criterion is the sig. value must be above the specified alpha for each variable. If the data has heteroscedasticity symptoms, the Weighted Least Square (WLS) will be used.

Multicollinearity Test

The phenomenon comes into play in regression, when the predictor variables are highly correlated (Raheem et al., 2019). The conditions that must be met are the Variance Inflation Factor (VIF) value below 10.

Normality Test

This test aims to test the residuals of the equation following a normal distribution. The test used the Kolmogorov-Smirnov test (Renaldo et al., 2020). The criterion is that the significance probability value must be above the specified alpha value.

Coefficient Determination

If a determinant coefficient close to 0 (zero) means all predictor variables have an extremely weak/limited ability to interpret reponse variables. If it is close to 1 (one), it can be said that the independent variables are stronger in providing the described information to predict the dependent variable (Renaldo, Suhardjo, Putri, Sevendy, et al., 2021).

Hypothesis Test

Hypothesis testing is a procedure used to test the error or truth of the results of the hypothesis proposed by the researcher. The sig. value must be lower than 10%, so the hypothesis is accepted (Suyono et al., 2021).

RESULTS AND ANALYSIS

Descriptive Statistics

Prior to the moderated regression analysis, a descriptive statistical analysis will be conducted. The statistical results are revealed in table **1**.

Table 1. Descriptive Statistics.

	Mean	Min	Max	Stdev
FFV	4.165	0.002	403.655	23.526
EM	0.000	-1.460	10.324	1.025
TA	-0.025	-0.702	0.250	0.132
GD	0.150	0.000	1.000	0.189
GD_SI	0.276	0.000	0.693	0.285
GD_BI	0.185	0.000	0.500	0.195
FS	29.068	25.542	32.201	1.364
CS	0.961	0.070	4.343	0.776
LI	2.509	0.498	13.042	1.898

FFV: Future Firm Value; EM: Earnings Management; TA: Tax Aggresiveness; GD: Gender Diversity; FS: Firm Size; CS: Capital Structure; LI: Liquiduty

Source: Processed data, 2022

From the analysis, it's visible that the average value of the future firm value is 4.165, which is the future market value for the firm is generally above the book value of the firm.

This value has a very high standard deviation which indicates the data has many outliers.

Descriptive statistics on earnings management with an average of 0, is because calculating earnings management uses the residual value from multiple linear regression, so it will be worth 0. For the standard deviation, the value will definitely be greater than the average. For tax aggressiveness, the average is -0.025, which means the company pays taxes below the tax rate set by the government with a higher standard deviation than the average.

Gender diversity, which measures the proportion of female directors, averaged 0.150, indicating that corporate directors are skewed toward men. Most companies do not have female directors, but some companies have all directors who are women. This means the gender diversity index in Indonesia is quite low. The standard deviation value is above the mean. The measurement of gender diversity with the Shannon index and the Blau index also shows a higher standard deviation than the average.

For the control variables of firm size, capital structure, and liquidity, the data looks quite good. All standard deviations are lower than the mean of the variables.

Classic Assumption Test

The first classic assumption hypothesis test is the test of normality. The normality test looks at the distribution of the residual data.

Table 2. Normality Test.

Kolmogorov-Smirnov Test	Mod 1	Mod 2	Mod 3
Signification	0.200	0.200	0.200

Source: Processed data, 2022

The residual data from each model shows results that are normally distributed. The autocorrelation test was then carried out.

Table 3. Autocorrelation Test.

Run Test	Mod 1	Mod 2	Mod 3
Signification	0.118	0.191	0.325

Source: Processed data, 2022.

There is no autocorrelation in the model after adding the lag-1 factor. Furthermore, a multicollinearity test was carried out.

Table 4. Multicollinearity Test.

VIF	Mod 1	Mod 2	Mod 3
EM	2.811	3.219	3.167
TA	1.553	1.834	1.803
GD	1.386	1.091	1.104
EMxGD	3.185	3.261	3.225
TAxGD	1.661	1.866	1.835
FS	1.082	1.075	1.072
CS	1.197	1.196	1.194
LI	1.208	1.217	1.215
Lag	1.057	1.044	1.043

EM: Earnings Management; TA: Tax Aggresiveness; GD: Gender Diversity; FS: Firm Size; CS: Capital Structure; LI: Liquiduty; Lag: Lag-1 factor

Source: Processed data, 2022

The model is free from multicollinearity problems. The next test is the heteroscedasticity test.

Table 5. Heteroscedasticity Test.

Glejser Test	Mod 1	Mod 2	Mod 3
EM	0.704	0.534	.515
TA	0.039	0.036	.026
GD	0.374	0.616	.816
EMxGD	0.248	0.232	.225
TAxGD	0.986	0.865	.707
FS	0.083	0.084	.076
CS	0.051	0.023	.026
LI	0.570	0.395	.421
Lag	0.037	0.094	.095

EM: Earnings Management; TA: Tax Aggresiveness; GD: Gender Diversity; FS: Firm Size; CS: Capital Structure; LI: Liquiduty; Lag: Lag-1 factor

Source: Processed data, 2022.

From the heteroscedasticity test, tax aggressiveness, firm size, capital structure, and lag have a significance value below 0.05. This means that the four variables experience symptoms of heteroscedasticity. To overcome this, a Weighted Least Square (WLS) analysis technique was used.

COEFFICIENT DETERMINATION TEST

The R^2 test is used to know the size of the factors that affect the dependent variable. This test is performed for models 1, 2, and 3 to see which the best model is.

Table 6. Summary of Tests.

$$FFV = a_1 + b_1EM + b_2TA + b_3GD + b_4EMxGD + b_5TAxGD + b_6FS + b_7CS + b_8LI + e_1$$

	Hypothesis	Mod 1		Mod 2		Mod 3	
		C.	P.	C.	P.	C.	P.

	Hypothesis	Mod 1		Mod 2		Mod 3	
		C.	P.	C.	P.	C.	P.
Cons		-2.014	0.005***	-2.223	0.002***	-2.215	0.002***
EM	-	0.251	0.002***	0.294	0.002***	0.292	0.002***
TA	-	0.954	0.000***	1.317	0.000***	1.321	0.000***
GD	+	-0.130	0.279	-0.047	0.362	-0.082	0.340
EMxGD	-	-1.520	0.002***	-0.711	0.002***	-1.131	0.002***
TAxGD	-	0.918	0.115	-0.439	0.206	-0.739	0.173
FS		0.106	0.000***	0.115	0.000***	0.115	0.000***
CS		-0.086	0.038**	-0.099	0.014**	-0.098	0.016**
LI		-0.039	0.029**	-0.043	0.013**	-0.042	0.015**
Lag		0.215	0.000***	0.193	0.001***	0.194	0.001***
F Test		0.000***		0.000***		0.000***	
R^2 Adjusted		0.229		0.310		0.315	

Dependent Variable: Future Firm Value.
EM: Earnings Management; TA: Tax Aggresiveness; GD: Gender Diversity; FS: Firm Size; CS: Capital Structure; LI: Liquiduty; Lag: Lag-1 factor
*, **, *** are significant on 10%, 5%, and 1%
Source: Processed data, 2022

From the determination coefficient test, the highest coefficient score is in model 3. This means that changes in future firm value can be explained as much as 31.5% by earnings management variables, tax aggressiveness, gender diversity, company size, capital structure, liquidity, lag-1 factors, and moderating factors, while the rest are influenced by another factor not included in this model.

DISCUSSIONS

Earnings management has an increasing impact on future firm value. These studies are consistent for models 1 to 3. These studies are consistent with the research (Hernawati et al., 2021) and (Tarmidi & Murwaningsari, 2019) but contradict research (Winarta et al., 2021) and (Hapsoro & Bahantwelu, 2020). This means that the discretion taken by the managers will have a big power on the future firm value. However, it should be noted that the sign value is positive, which is actively exercising discretion by managers, it will level up the future firm value. What is interesting is that earnings management (Rachmawati, 2019) carried out by companies in the primary and non-primary consumer goods sectors is categorized as efficient because it will level up the firm value, although the impact is not large. This earnings management is efficient because can increase future firm value. These studies are not consistent with signaling theory, as earnings management actions taken by firms do not negatively affect the firm's future value. These studies are accepted with agency theory because when managers exercise discretion, it will have a big power on the future firm value, due to the significant information asymmetry. Finally, these studies are consistent with the debt contract theory and the political cost hypothesis because the accounting procedures performed by the firm also level up on the future firm value as well.

Tax aggressiveness has an increasing influence on future firm value. These studies are consistent for models 1 to model 3. These studies are inconsistent with research (Safiq et al., 2021) and (Hitten & Novita, 2020) but contradict research (Fuadah & Kalsum, 2021) and (Syura et al., 2020). This means that companies whose tax payments are aggressive will significantly increase their future firm value. If aggressiveness is fulfilled continuously by the firm, then even though the book value increases, the market value may decrease because it is not liked by investors. This aggressiveness in tax will make the firm pay the lowest possible tax, so the book value of equity will be high, and this will be liked by investors and will increase the share price. These studies are not consistent with the signal theory, whereby when a firm is aggressive in taxation, this becomes a negative signal for investors, thus lowering the future firm value. The results are also inconsistent with agency theory, because of the large information asymmetry due to the company's actions that are very aggressive towards taxes, it turns out to be favored by investors so that they tend to buy shares when the company is aggressive in taxes and this results in an increase in share prices. These studies are not in line with regulatory theory, because the tax rate policy will decrease in 2020, and agency costs will change, but instead make a positive contribution to investor perceptions and this tax conformity has a positive impact on future firm value.

Gender diversity has no influence on the future firm value. The test results are consistent for models 1 to model 3. These studies are harmonious with research (Pertiwi & Prihandini, 2021) and (Khanh et al., 2020) but contradict research (Issa et al., 2019) and (Syamsudin et al., 2017). Companies that carry out governance with respect to gender diversity will not have a big impact on the future firm value. Indonesian gender diversity index has a low index which makes it does not significantly affect future firm value. However, it should also be noted that the sign of gender diversity is negative, which means that more female directors in the firm, will reduce the future firm value, although it does not have a big impact. This is caused by large companies whose finances are generally stable, and are still dominated by men as leaders, so the presence of women will not have a strong influence on company decision-making. These are not consistent with the signal theory, because the presence of a female director still cannot be a good signal for investors so the stock price does not change much. These are also not consistent with agency theory because even with women's critical thinking, information asymmetry does not occur and cannot affect investors' perceptions. Then, these are not consistent with the upper echelons theory, because, with the characteristics of women with critical thinking in upper management, they are still unable to make decisions that can influence investors' decisions.

Gender diversity weakens the negative effect of earnings management on future firm value. The test results are consistent for models 1 to model 3. These studies are consistent with (Winarta et al., 2021) and (Pertiwi & Prihandini, 2021) but contradict the research (Dao & Ngo, 2020) and (Khanh et al., 2020). This means that companies that have women as directors can closely monitor earnings management activities within the company. Based on the analysis results, gender diversity moderated earnings management has a negative impact on the future firm value and this has a major impact on changes in the firm's share price.

Gender diversity does not attenuate the negative impact of tax aggressiveness on future firm value, although it does not have a significant impact. The test results are consistent for models 1 to 3. These results are consistent with the research (Pertiwi & Prihandini, 2021) but contradict research (Syura et al., 2020) and (Anh & Khanh, 2017). This means that companies that have women as directors are still unable to closely supervise managers who regulate corporate tax payments so tax payments are still classified as aggressive. Tax aggressiveness moderated by gender diversity has a negative influence on the future firm value although it influenced not in major changes in the firm's stock market price. Just like before, companies that have been operating for a long time already have strong financial strength, so they already have the ability to reduce tax payments. That’s because companies already have good tax planning and make their tax payments as their plan with accordance from their directors (mostly men). In the early days of the company's establishment, it was generally held by men, so when the company was financially established, the presence of women as directors also continued to follow the way male directors did before.

Firm size has an increasing impact on future firm value. This means the higher the firm’s assets value, the stronger the firm is in the eyes of investors, so investors are willing to invest, and the market price of the firm will rise. This also makes the company a lot of capital for business expansion and ultimately the profits owned will also increase, where the equity book value will be of good value in the eyes of investors.

Capital structure has a lower influence on future firm value. This means more firms use external funding, the more burdens the company has to incur, and ultimately the impact of declining company profits. It mirrors the share price because the Indonesian market refers to a semi-efficient market.

Liquidity has a lower effect on future firm value. The more liquid the company is, the lower its value of the company in the future. The more liquid assets, meaning the assets will be less productive because a lot of them accumulate in current assets. Companies should arrange for proportional assets so that fixed assets will remain productive.

CONCLUSION AND RECOMMENDATION

From the analysis, it can be deduced that Earnings management give an increasing impact on future firm value, Tax aggressiveness give a positive effect on future firm value, Gender diversity can not impact the future value of the company, Gender diversity weakens the negative effect of earnings management on future firm value, and Gender diversity weakens the negative effect of tax aggressiveness on future firm value, although it does not have a major impact.

The implications of the research are:

1. Tax aggressiveness has the greatest effect on future firm value, where the more aggressive a company is in paying taxes, the more future firm value will be. So, the company's policy must be careful in setting tax payments so that the future value of the company will be even better. Companies must still refer to regulatory theory to avoid sanctions and fines in the future where this can be predicted roughly by investors so that when the company's financial statements are published and it turns out that the tax payment rate is not in line with their expectations, investors will immediately act and directly lead the company on a decline in stock prices (although the book value of equity will rise as the company is aggressive in tax avoidance).

2. Earnings management has the second biggest impact. Companies doing earnings management can increase the firm market capitalization. Efficient earnings management must still be maintained through good accounts receivable accounting methods so that earnings management will still benefit the company.

3. Gender diversity has the smallest and insignificant impact. Women on boards do not impact changes in firm market value. The selection of female directors must be adjusted to the background, expertise, field of knowledge mastered, and other important factors to level up the firm future value.

The recommendations from this research include companies that can explain the characteristics of top management in making decisions, one of which is a female director who is used as a measuring tool in this study. This research can increase investors' understanding of the company's future firm value, by analyzing earnings management activities and tax aggressiveness that the firm value will be affected. Although gender diversity does not prove a level up in future firm value, previous studies can still prove it. This can still be considered by regulators, namely, the contribution to policy, whether the presence of evidence of the presence of women as top management in the company, can increase the company's ability to achieve company goals so that it can be taken into consideration by the Financial Services Authority to make regulations on the gender diversity obligations in the company's upper positions. The presence of women is expected to reduce earnings management actions and tax aggressiveness. Suggestions for future research are to use agency costs because firms have a high likelihood of agency costs and accrual quality. After all, earnings management discusses accruals or other factors that may increase firm value in next time.

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