

## **Influence of Profitability, Corporate Governance, CSR, Carbon Emission Disclosure, and Tax Avoidance on Firm Value**

**Ratina Sitorus<sup>1</sup>, Zaharman<sup>2</sup>, Gusmarila Eka Putri<sup>3</sup>**

<sup>1,2,3</sup>Faculty of Economics and Business, Lancang Kuning University, Indonesia

E-mail : ratinasitorus@gmail.com

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**Abstract:** This study analyzes the impact of profitability, board of commissioners' independence, audit committee, corporate social responsibility, carbon emission disclosure, and tax avoidance on firm value in energy sector manufacturing companies listed on the Indonesia Stock Exchange for 2019–2023. Using a quantitative approach, data were collected through annual financial and sustainability reports. Purposive sampling produced 9 companies over 5 years, totaling 45 observations. Data analysis employed descriptive statistics, classical assumption tests, multiple regression, and hypothesis testing with SPSS 26. Results show: (1) profitability and carbon emission disclosure have a significant positive effect on firm value; (2) board independence has a significant negative effect; (3) audit committee, corporate social responsibility, and tax avoidance have no significant effect on firm value.

**Keywords :** *Profitability, Independence Of The Board Of Commissioners, Audit Committee, Corporate Social Responsibility, Carbon Emissions, Tax Avoidance*

### **INTRODUCTION**

Business competition in the era of globalization in the capital market is growing rapidly. A company is required to utilize as much as possible its ability to stay ahead of the competition. One of the efforts made by the company is to enter the capital market, so that it becomes easier to get an injection of funds. This has an impact on the increasing number of investors who are interested in investing in companies in the capital market (Hermuningsih: 2016). In Indonesia, companies that have gone public will be listed on the Indonesia Stock Exchange (IDX). Companies that issue shares are called issuers while investors are the wider community who invest in the desired company.

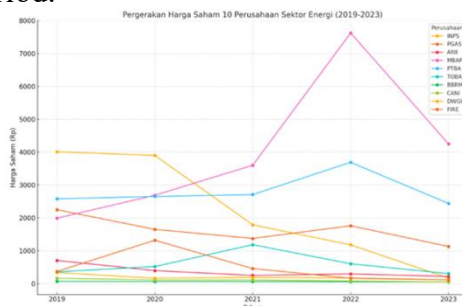
One of the goals of a company is to maximize company value or wealth for shareholders. Company value reflects the current state of the company and can

describe the company's prospects in the future, so that company value is considered capable of influencing investors' assessment of the company. According to Sudana (2015) maximizing company value means maximizing the present value of all profits that will be obtained by shareholders in the future or long-term oriented.

The energy sector has a strategic role in supporting national economic growth. Energy not only serves as the main resource in production activities, but also an important commodity in trade. According to the Central Bureau of Statistics (BPS, 2023), the energy sector in Indonesia contributes significantly to the Gross Domestic Product (GDP) and is a source of state revenue through exports and tax revenues. The high dependence of the economy on the energy sector makes energy companies one of the main drivers in Indonesia's economic system. However,

the energy sector is also vulnerable to various risks, especially fluctuations in global energy prices and environmental policy dynamics. This instability has a direct impact on the performance of energy companies, including the movement of their share prices in the capital market. Changes in stock prices that occurred throughout the 2019-2023 period showed a phenomenon of sharp fluctuations among energy companies listed on the Indonesia Stock Exchange (IDX). According to Fattouh & Sen (2016), fluctuations in energy prices, such as oil, gas, and coal, greatly affect the economic stability, exchange rate, inflation rate, and trade balance of a country.

Based on Indonesia Stock Exchange data, there are 66 energy companies listed in the 2019-2023 period. To identify the phenomenon of fluctuations in company value, in this study 10 energy companies were selected as the initial analysis sample. The selection of these 10 companies is based on the consideration of significant stock price fluctuations during the observation period.



**Figure 1. Stock price movements of energy sector companies for the period 2019-2023**

Source: data processed by researchers, 2025

Based on the data obtained, the majority of companies experienced a downward trend in stock prices throughout the period. The share price of PT Indoenergi Platinum Tbk (INPS)

experienced a drastic decline from IDR 4,010.00 in 2019 to IDR 168.00 in 2023. This sharp decline indicates a serious problem in the company's fundamental performance as well as negative market sentiment. On the other hand, there are companies such as PT Mitrabara Adiperdana Tbk (MBAP) that actually experienced a significant increase in share price, reflecting the company's success in maintaining financial performance amidst the volatility of the energy market.

These share price fluctuations have a significant impact on the company. A decline in share price often leads to reduced investor confidence in the company. According to Handayani, Puspitasari, & Putra (2018), a decrease in share price can reduce investor interest in investing, so that companies experience limitations in obtaining additional funds to support operations and business expansion. This lack of capital can cause companies to have difficulty carrying out production activities, innovation, and maintaining competitiveness in the market. Furthermore, the decline in stock prices can have implications for the decline in overall company value. As explained by Utami & Darmawan (2019), company value reflects investors' perceptions of the company's future prospects, so a declining share price will worsen the company's reputation, increase credit risk, and increase the possibility of acquisition or even bankruptcy.

One of the factors that affect firm value is profitability. Nofrita (2015) revealed that a high level of profitability reflects the company's good prospects, thus encouraging an increase in demand for shares by investors. This increase in stock demand can ultimately increase the value of the company.

The second factor that affects firm value is corporate governance. Good corporate governance is one of the important factors in determining company performance and value. As part of the

effort to improve transparent and accountable governance, several indicators are used to assess the quality of governance, one of which is the role of the Independent Board of Commissioners and the Audit Committee. The Independent Board of Commissioners is tasked with ensuring that policies and decisions taken by the company's management are in accordance with the interests of shareholders and other stakeholders. Meanwhile, the Audit Committee plays an important role in examining the company's financial statements and ensuring that they have been prepared honestly and in accordance with applicable accounting standards. However, although these two governance indicators can theoretically improve the quality of the company, there are differences in research results that show varying effects on firm value.

The third factor that affects firm value is corporate social responsibility. The company's concern for the environment and social surroundings will provide benefits to the company. The guaranteed sustainability of the company is a benefit obtained by the company when it is responsible for the community and the environment. The community feels undisturbed by the activities of companies that have implemented Corporate Social Responsibility. Corporate Social Responsibility is a form of corporate responsibility to the environment and society. The implementation of Corporate Social Responsibility indicates that the company is not only profit-oriented but also pays attention to the interests of stakeholders such as the government, resource institutions and local communities (Iskandar, 2016). Companies in carrying out their economic activities often produce waste that can pollute the environment and surrounding communities. Waste that cannot be managed properly will damage

the environment and have a negative impact on the surrounding community. If left unchecked, the company's value will decrease and the continuity of the company can be threatened.

The fourth factor affecting firm value is the disclosure of carbon emissions. The disclosure of carbon emissions made by the company reflects transparency regarding the company's activities towards stakeholders (Fatkhudin, 2017). The company's concern for the environment will provide a positive signal to investors and can maintain the sustainability of the company. In addition, transparency about company activities makes it easier for investors to assess risk and make investment decisions. So the amount of carbon emission disclosure made by the company can increase the company's value (Kelvin et al., 2019).

The fifth factor that affects firm value is tax avoidance. Tax avoidance is an activity that aims to minimize the amount of corporate tax by utilizing the weaknesses contained in the tax regulations and applicable laws (Claritus et al., 2023). Tax avoidance is a legal activity because it is still within the applicable tax regulations, but tax avoidance can have a negative impact on the company (Karimah & Taufiq, 2016). Companies that engage in tax avoidance indicate that there are other interests owned by managers by manipulating earnings so that the information available to investors is incorrect. This will reduce the value of the company in the eyes of investors.

This research is a replication study of Dinah & Darsono's (2017) research entitled *The Effect of Corporate Governance, Profitability and Tax Avoidance on Firm Value*. The difference between this research and Dinah & Darsono's research (2017) is the addition of Corporate Social Responsibility variables and the level of disclosure of carbon emissions. This research is relevant because companies in their activities are

often closely related to environmental and labor issues. Labor requires attention related to work safety, while company activities can have a significant impact on the environment.

This study also re-examines the performance of profitability, corporate governance, and tax avoidance on firm value because there are inconsistencies in previous studies. This inconsistency encourages the need for re-research to provide more comprehensive results. The observation period uses energy sector companies listed on the IDX starting from 2019-2023 so that it reflects the latest conditions regarding the company.

Based on the above background, this research is entitled "The Effect of Profitability, Corporate Governance, Corporate Social Responsibility, Level of Disclosure of Carbon Emissions and Tax Avoidance on Firm Value".

## **LITERATURE REVIEW**

### **Agency Theory**

According to Harryanto et al (2015), agency theory is a theory about the relationship between principals and agents, which comes from organizational theory, economic theory, sociology, and decision theory. According to agency theory, the separation between owners and managers can lead to agency problems.

### **Stakeholder Theory**

According to Pirsch et.al. (2007) stakeholder theory is that the sustainability and success of the company can be assessed through the company's ability to fulfill economic and non-economic aspects such as satisfying stakeholder interests. The company's ability to meet stakeholder needs is a measure of the success of a company (Mitchell et.al., 1997).

### **Company Value**

Firm value is the investor's perception of the company's success rate in managing its resources to increase shareholder wealth. According to (Sartono, 2016), company value is the price that prospective buyers are willing to pay if the company is sold. A high company value reflects the company's good prospects in the future and is an important indicator for investors in making investment decisions. Conceptually, firm value is not only oriented to current performance, but also to future profit expectations, growth, and business risks faced by the company. The formula for calculating company value according to Dewi (2018):

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

### **Profitability**

Profitability is one of the financial performance that assesses the company's ability to generate profits. According to Putu & Darmayanti (2016) profitability is a measure of management effectiveness in managing the company in making a profit with the assets owned. Profitability provides a description of the level of management effectiveness to generate profits through sales and investment. According to Kurniasari (2017) the measurement of profitability variables is as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

### **Independence of the Board of Commissioners**

The independent board of commissioners is a commissioner who has no relationship with the controlling shareholders. In the corporate governance mechanism, the independent board of commissioners has a very important role, because it is tasked with ensuring the implementation of company strategy,

supervising management in managing the company and requiring accountability (Purwaningtyas, 2015). The formula for calculating the Independence of the Board of Commissioners according to POJK Regulation No. 33 / POJK.04 / 2014:

$$IBC = \frac{\text{Number Of Independent Commissioners}}{\text{Total Commissioners}} \times 100\%$$

### Audit Committee

The audit committee is a committee under the board of commissioners whose task is to assist in carrying out the supervisory function of company management, especially in terms of financial reporting, internal and external audits, and compliance with regulations (Siallagan Machfoedz, 2006). The strategic role of the audit committee makes it one of the important indicators in assessing good corporate governance. The formula for calculating the size of the Audit Committee according to POJK Regulation No. 55 / POJK.04 / 2015:

$$AC = \frac{\text{Number of Audit Committee Members}}{3} \times 100\%$$

### Corporate Social Responsibility

Corporate Social Responsibility is a form of social responsibility of a company regarding social, environmental and community conditions due to its business activities, so that companies do not only seek profit in running their business (Zahara et al., 2019). The formula for calculating Corporate Social Responsibility according to Puspitaningtyas (2016) is as follows:

$$CSR = \frac{\text{Total CSR Expenditure}}{\text{Total Assets}}$$

### Disclosure of Carbon Emissions

According to Ummah (2019) carbon emission disclosure is a disclosure used to assess an entity's carbon emissions and set targets to reduce these emissions.

Information disclosure in the annual report regarding all company activities is a form of demand for companies. Carbon emission disclosure in this study is measured by GRI-305. which was adopted from the research of Budiman et al (2024). The reason for its use is that GRI-305 is the main indicator of companies in disclosing carbon emissions in the business world, including in Indonesia, and can be applied to all sectors. The formula is as follows:

**Table 1. Global Reporting Initiative - 305**

| No | GRI 305 | Scope                                                                          |
|----|---------|--------------------------------------------------------------------------------|
| 1  | 305-1   | Direct GHG emissions (Scope 1)                                                 |
| 2  | 305-2   | Indirect GHG energy emissions (Scope 2)                                        |
| 3  | 305-3   | Other indirect GHG emissions (Scope 3)                                         |
| 4  | 305-4   | GHG emission intensity                                                         |
| 5  | 305-5   | GHG emission reduction                                                         |
| 6  | 305-6   | Ozone depleting substance (ODS) emissions                                      |
| 7  | 305-7   | Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions |

Source: Global Reporting Initiative (2016)

The calculation of GRI 305 is done with the following steps:

1. Giving a score to each disclosure item.
2. Each item is worth 1 so that if the company discloses all items in the reported information then the company scores 7.

3. Carbon Emission Disclosure =  $(\sum di)/Ni$   
Description:  $di$   $\sum di$  = total disclosed items,  $Ni$  = total disclosure items (7 items).

### Tax Avoidance

According to Dyreng et al (2015) tax avoidance is a reduction in corporate tax liabilities. Tax avoidance is a series of *tax planning* carried out by companies with the aim of maximizing after-tax income. Minimizing tax liabilities can be done in 2 ways, namely:

1. Continue to comply with applicable tax provisions (*lawfull*)
2. Violate tax provisions (*unlawful*).

According to Anggoro & Septiani (2015) Tax avoidance is done by utilizing the weaknesses of tax provisions so as not to violate tax law with the aim of minimizing taxes payable. The formula for calculating tax avoidance according to Astuti & Aryani (2016) is as follows:

$$CashETR = \frac{Cash\ Tax\ Paid\ i,\ t}{Pre\ Tax\ Income\ i,\ t}$$

### **Framework of Thought**

According to Suwignyo (2008) the framework is a conceptual model of how theory relates to various factors that have been identified as important problems. The framework aims to provide a concise description of the content of the research, so that the research can be directed in accordance with the expected goals and objectives.

### **Effect of Profitability on Company Value**

Profitability is a measure of management effectiveness in managing the company in earning profits with the assets owned. High profitability and experiencing a positive trend will increase stock prices and company value. High profitability will attract investors to invest their capital, otherwise according to Rinnaya, Andini & Oemar (2016) low profitability and tends to decline will reduce investor interest in investing and the company's value will also decline. The relationship between profitability and firm value can be explained through agency theory. In this context, increasing profitability will minimize conflicts between managers and shareholders, because managers are considered to have managed the company efficiently in achieving the goals of capital owners, namely increasing company value. Managers who are able to generate high profits are considered to have acted in the interests of the principal (shareholders), thereby reducing agency costs and increasing investor confidence. From this explanation, the hypothesis of this study is:

H1: Profitability has a positive effect on Firm Value

### **The Effect of Independence of the Board of Commissioners on Firm Value**

The relationship between the independent board of commissioners and firm value can be explained through agency theory. The independent board of commissioners is responsible for implementing good corporate governance. The independent board of commissioners is neutral so that it does not favor management or investors. Investors need an independent board of commissioners to oversee the company so that it runs according to predetermined standards and objectives. The independent board of commissioners is believed to be able to communicate investor goals to managers. The independent board of commissioners also has a role to direct and supervise the performance of managers to always work according to the standards and objectives set by the company. According to Wedayanthi & Damayanthi (2016) the existence of an independent board of commissioners can reduce agency conflicts and focus on increasing company value. Supervision carried out by an independent board of commissioners can reduce agency costs and minimize fraud committed by managers in financial reporting. The lack of fraud will improve the quality of the company's financial statements and increase investor confidence to invest so that the stock price will increase and the company value will also increase. From this explanation, the hypothesis of this study is:

H2: Independent Board of Commissioners Has a Positive Effect on Firm Value

### **The Effect of Audit Committee on Firm Value**

The relationship between the audit committee and firm value can be explained through agency theory. The audit committee acts as an internal control mechanism that reduces the potential for information asymmetry and opportunistic behavior of managers. Audit committees

with more than the minimum number of members required by regulators tend to have a stronger and more effective supervisory capacity. This is due to the diversity of competencies, experience, and analytical skills that can support the supervision process of the company's operational and financial activities. This is believed to increase investor confidence and contribute to increasing company value. From this explanation, the hypothesis of this study is:

H3: The Audit Committee Has a Positive Effect on Firm Value

#### **The Effect of Corporate Social Responsibility on Firm Value**

The relationship between corporate social responsibility and firm value can be explained through stakeholder theory. Companies have obligations not only to shareholders, but also to all parties involved or affected by company activities, such as employees, communities, governments, and the environment. Consistent and transparent implementation of CSR will strengthen the relationship between the company and stakeholders, which in turn can enhance a positive image and investor confidence. From this explanation, the hypothesis of this study is:

H4: *Corporate Social Responsibility* Has a Positive Effect on Firm Value

#### **The Effect of the Level of Disclosure of Carbon Emissions on Firm Value**

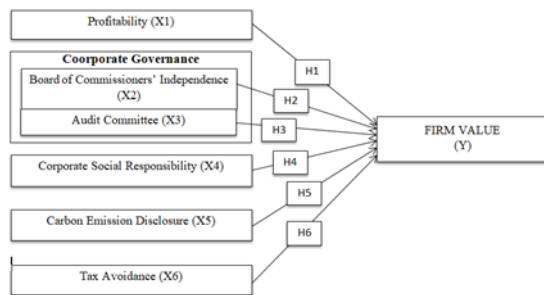
The relationship between the level of disclosure of carbon emissions and firm value can be explained through stakeholder theory. Disclosures made by companies to reduce carbon emissions such as total energy consumed and quantification of renewable energy can provide great benefits to the environment, the survival of natural ecosystems and also provide good benefits for the lives of future generations and current life. In addition, management

benefits from disclosing the types of carbon emission sources such as equipment, vehicles and machinery, namely determining the maximum asset management strategy. Maximum asset management as a nature restoration step taken by management will encourage companies to do more efficiency such as savings on the use of electrical energy, controlling emissions from burning boilers and biomass so as to reduce operational costs and increase profits for the company (Kelvin et al., 2017). Companies that utilize resources efficiently will reduce operational costs and increase profits for the company. Efforts made by companies to carry out resource efficiency in minimizing the impact of environmental damage will provide trust to stakeholders as an environmentally friendly company so as to increase company value. From this explanation, the hypothesis of this study is: H5: The Level of Disclosure of Carbon Emissions Has a Positive Effect on Firm Value

#### **The Effect of Tax Avoidance on Firm Value**

The relationship between tax avoidance and firm value can be explained through Agency Theory. In the view of Jensen & Meckling (1976), managers as agents can act opportunistically by carrying out risky tax avoidance strategies, which in turn can lead to conflicts of interest with the principal. If management does not communicate its tax avoidance strategy transparently, there will be information asymmetry that increases agency costs. Therefore, uncontrolled tax avoidance can reduce firm value due to investor distrust of management behavior. From this explanation, the hypothesis of this study is:

H6: Tax Avoidance Negatively Affects Firm Value



**Figure 2. Research Model**

Source: data processed by researchers, 2025

## METHODS

The research object in this study is the energy sector manufacturing companies listed on the IDX for the 2019-2023 period. The population used in this study amounted to 66 energy sector manufacturing companies listed on the Indonesia Stock Exchange for 5 years, namely from 2019-2023 in accordance with predetermined criteria, totaling 9 companies.

The type of data used in this study is quantitative. The data source used in this study is secondary data. The data used in this study were obtained from the Annual report and Sustainability report on energy sector manufacturing companies on the Indonesia Stock Exchange via the Web [www.idx.co.id](http://www.idx.co.id).

## RESULTS AND DISCUSSION

### Effect of Profitability on Company Value

Based on the results of the study, the t value  $(2.425) > t \text{ table } (1.686)$  and significance  $(0.020) < 0.05$ , it can be concluded that  $H_0$  is rejected and  $H_1$  is accepted, which means that profitability has a positive and significant effect on firm value in energy sector companies listed on the Indonesia Stock Exchange. The positive direction of the coefficient indicates that the higher the company's profitability, the higher the company's value.

Profitability reflects the company's ability to generate profits from its operational activities. In the perspective of agency theory, high profits are evidence that management has carried out its duties well in managing company resources, so as to reduce conflicts between managers (agents) and company owners (principals). High profitability is also a positive signal for investors about the efficiency and success of the company's operational strategy, thereby increasing interest in the company's shares and having an impact on increasing company value.

The results of this study are in line with Darsono's research (2017) which states that profitability has a significant positive effect on firm value, and is supported by the research of Chynthiawati & Jonnardi (2022) and Bitu et al. (2021) which shows that companies with high profitability are more valued by investors because they are considered to have better growth prospects.

### The Effect of Independence of the Board of Commissioners on Company Value

Based on the test results, it shows that the calculated t value is  $-3.065 < -t \text{ table } -1.686$  and the significance value  $(0.004) < 0.05$ , it can be concluded that  $H_0$  is rejected and  $H_2$  is accepted, which means that the independence of the board of commissioners has a negative and significant effect on firm value in energy sector manufacturing companies listed on the Indonesia Stock Exchange in 2019-2023.

The relationship between the independence of the board of commissioners and firm value can be explained through agency theory, which states that the existence of an independent board of commissioners aims to oversee and reduce conflicts of interest between management (agents) and shareholders (principals). However, in some conditions, a high proportion of independent commissioners is not necessarily followed

by the maximum effectiveness of supervision of the company's strategic decision making.

This negative result does not necessarily indicate that independent commissioners do not work well, but can occur due to several contextual factors. For example, a passive supervisory role, limited access to information, or an independent commissioner's background that is less relevant to the complexity of the energy industry. In addition, firm value as measured by stock prices is strongly influenced by external factors, such as global commodity prices, government policies, and market sentiment, which can mask the internal influence of governance.

The results of this study are in line with research conducted by Andini and Wiksuana (2018) which shows that the independence of the board of commissioners has a negative effect on firm value. This research is also supported by Ananda and Murtaqi (2021) who state that the higher the proportion of independent commissioners, the potential to reduce firm value due to the weak supervisory function.

However, the results of this study differ from the findings of Putri & Mahfud (2020) and Siregar & Bachtiar (2022) which state that the independence of the board of commissioners has a positive effect on firm value because it is able to increase supervision and reduce management's opportunistic behavior.

### **The Effect of Audit Committee on Firm Value**

Based on the research results, the calculated t value  $(-0.747) < t_{table} (1.686)$  and the significance value  $(0.459) > 0.05$ , it can be concluded that  $H_0$  is accepted and  $H_3$  is rejected, which means that the audit committee has no significant effect on firm value in energy sector companies listed on the Indonesia Stock Exchange. The negative but

insignificant direction of the coefficient indicates that the existence of an audit committee has not made a direct contribution to increasing firm value.

According to agency theory, the audit committee is formed as an independent oversight mechanism to reduce information asymmetry and prevent management's opportunistic behavior towards shareholders. However, in the context of this study, the results show that the existence of an audit committee has not been able to have a significant influence on market perceptions of the company. One possible reason is that the function of the audit committee focuses more on compliance and internal control, whose impact is long-term and not directly reflected in the company's market value.

In addition, firm value as measured by stock price may be more sensitive to external factors such as financial performance, macroeconomic conditions, energy price fluctuations, and investor sentiment, compared to the internal oversight structure. This allows the influence of the audit committee on firm value to be less statistically evident within the study period. Another possible contributing factor is the variation in the characteristics of energy companies themselves, such as firm size, ownership structure, and risk management strategies, which may moderate the relationship between governance and firm value.

The results of this study are in line with research conducted by Veronica & Viriany (2020) and Yanti & Lestari (2022) who found that the audit committee has no significant effect on firm value, because the audit committee has not carried out its role optimally.

### **The Effect of Corporate Social Responsibility on Firm Value**

Based on the research results, the t value  $(1.353) < t_{table} (1.686)$  and significance  $(0.184) > 0.05$ , it can be concluded that  $H_0$  is accepted and  $H_4$  is

rejected, which means that CSR has no significant effect on firm value in energy sector companies listed on the Indonesia Stock Exchange. The positive but insignificant direction of the coefficient shows that the implementation of CSR programs carried out by companies is not enough to contribute directly to increasing firm value.

From the perspective of stakeholder theory, CSR is a form of corporate social responsibility towards all stakeholders, including the community, environment, and government. Ideally, the implementation of CSR can improve the company's image and reputation in the eyes of the public, as well as strengthen customer loyalty and investor confidence. However, the results of this study show that the implementation of CSR has not been a major consideration for investors in assessing firm value. This can be caused by two things: first, the quality and transparency of CSR reporting is still low or not standardized; second, the CSR programs implemented are not strategic or not in accordance with the needs of the community, so the impact on market perception is relatively small.

The results of this study are in line with research by Ananda (2017) and Yulianti & Handayani (2021) which state that CSR has no significant effect on firm value, because investors tend to consider financial factors and operational performance more than corporate social programs.

#### **Effect of Carbon Emissions Disclosure Level on Firm Value**

Based on the results of the study, the  $t$  value  $(3.218) > t$  table  $(1.686)$  and significance  $(0.003) < 0.05$ , it can be concluded that  $H_0$  is rejected and  $H_5$  is accepted, which means that the level of disclosure of carbon emissions has a positive and significant effect on firm value in energy sector companies listed

on the Indonesia Stock Exchange. The positive direction of the coefficient indicates that the higher the level of disclosure of carbon emissions, the higher the firm value.

In the perspective of stakeholder theory, disclosure of carbon emissions is a form of corporate responsibility to the environment and society, especially in response to climate change issues. The company's openness in informing the environmental impact of its operational activities is a positive signal for stakeholders that the company is committed to the principle of sustainability. Good disclosure also reduces information asymmetry between companies and investors, thereby increasing trust and investment interest, which ultimately has an impact on increasing company value.

The results of this study are in line with the research of Suryani & Agustin (2022) which shows that the level of disclosure of carbon emissions has a significant positive effect on firm value, because companies that prioritize sustainability issues tend to get positive perceptions from investors. Ramadhani & Santoso's research (2021) also supports these results, stating that disclosure of environmental information can strengthen the company's image and attract investor interest.

#### **The Effect of Tax Avoidance on Firm Value**

Based on the research results, the calculated  $t$  value  $(-0.085) < -t$  table  $(-1.686)$  and significance  $(0.933) > 0.05$ , it can be concluded that  $H_0$  is accepted and  $H_6$  is rejected, which means that tax avoidance has no significant effect on firm value in energy sector companies listed on the Indonesia Stock Exchange. The negative and insignificant direction of the coefficient indicates that the tax avoidance actions taken by the company do not have

a significant effect on how the market or investors value the company.

In the perspective of agency theory, management as an agent has a tendency to maximize short-term profits, one of which is through tax avoidance strategies, to show better financial performance to capital owners. However, this strategy also contains reputational risks and potential legal sanctions, which can actually harm the company in the long run. The results of this study indicate that the market or investors do not necessarily respond to tax avoidance practices carried out by companies. This could be due to the relatively low level of tax information disclosure in Indonesia, or because investors are more focused on other financial indicators such as profitability and growth.

The results of this study are in line with research conducted by Lestari & Haryanto (2020) and Nurazizah & Febrianti (2021) which show that tax avoidance has no significant effect on firm value, because tax issues have not become the main consideration for investors in assessing company performance.

## CONCLUSION

Based on the results of research on profitability, independence of the board of commissioners, audit committee, corporate social responsibility, level of disclosure of carbon emissions and tax avoidance on firm value that has been carried out, the conclusions obtained are as follows:

1. The profitability variable has a significant positive effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. This shows that the higher the profit generated by the company, the greater the company value. Investors tend to be interested in companies that have good financial performance and promise high returns.
2. The independence variable of the

board of commissioners has a significant negative effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. This means that the higher the proportion of independent commissioners is not always followed by an increase in firm value. This is possible because the influence of the independent board of commissioners is more indirect on market performance, while company value as measured by stock prices is more influenced by external factors such as fluctuations in energy prices, government policies, and investor sentiment. Thus, the existence of independent commissioners remains important as a supervisory mechanism, but its impact on the company's market value requires the support of other factors to be more optimal.

3. The audit committee variable has no significant effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. This means that the existence of an audit committee has not been able to make a direct contribution to increasing company value. This may be due to the function of the audit committee focusing more on overseeing internal compliance and the quality of financial statements, the impact of which is long-term and not directly reflected in the stock price in the study period.
4. Corporate social responsibility variables have no effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. Although CSR is part of corporate social responsibility, its implementation has not become the main factor considered by investors in assessing the company.
5. The variable level of disclosure of carbon emissions has a significant positive effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. Good

disclosure of carbon emissions shows the company's commitment to sustainability and transparency, thereby increasing investor confidence and company value.

The tax avoidance variable has no effect on firm value in energy sector manufacturing companies listed on the IDX in 2019-2023. This shows that the company's strategy in reducing the tax burden through tax avoidance does not affect investors' assessment of the company's value, possibly because the practice has not become a major concern in the market or is considered risky in terms of compliance and reputation.

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