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CORPORATE GROWTH AND ENVIRONMENTAL PERFORMANCE ON COMPANY VALUE: THE MODERATION ROLE OF TAX PLANNING ON INFLUENCE

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Abstract – Firm value is important for investors because it provides an overview of the condition of the company's stock market and the basis for investing capital to obtain profits. The study's goal was to determine the moderating role of tax planning on the effect of company growth and environmental performance on firm value. This research uses a quantitative approach with a moderated regression model. The purposive sampling technique to obtain 53 data on the annual financial statements of mining companies listed on the Indonesia Stock Exchange during six years. Moderate Regression Analysis to analyze the data. The results explain that firm growth does no effect on firm value, environmental performance has a significant effect on firm value, tax planning doesn't moderate the effect of company growth on firm value, while tax planning significantly moderates the effect of environmental performance on firm value. Moderation type is quasi moderation. The research urgency that mining companies are synonymous with natural exploitation, the company pays taxes as liability for damages compensation. The company will respond it by tax planning. Research about the effect of environmental performance on firm value moderated by tax planning is limited, so the results of this study will enrich existing references.

Keywords: Firm Growth, Environmental Performance, Firm Value, Tax Planning, Mining Companies

I. INTRODUCTION

Establishing a company aims to generate profits, and also prosperity as well welfare of investors in maximizing the firm value. Firm value is often associated with stock price of the shares. Economic decisions that can made by investors and management company No solely based on performance finance. However, it is also considered in matter information social company. The phenomenon of the soaring share price of PT. Adaro Energy Indonesia Tbk (ADRO) throughout 2022 posted a net profit of 167% and was followed by a net profit per share of US$0.029 per share. This increase reached 103% compared to 2021 which was only US$ 3.99 billion. Another case occurred at PT. Energi Mega Persada (ENRG) experienced an increase in the first quarter of 2022 around 40.3%, profit increased 67%. High stock prices become a barometer or benchmark of financial performance that can determine company value. Firm value will be directly proportional to the stock price when investors will choose a company. If a company maximizes its value, it will have an impact on the prosperity of its shareholders (Kurnia, 2019) . Factors indicated to affect firm value include company growth, environmental performance, and tax planning.

Firm growth is increase or decrease in total assets owned by a company (issuer). Firm growth affects firm value Silalahi & Sihotang

(2021); Pramudia (2020); Yuniarti (2015). Meanwhile, according to Ukhriyawati & Dewi (2019) firm growth has a negative and no effect significant to firm value.

Environmental performance is a solution implemented by companies to reduce track records or environmental impacts that can affect operational activities (Wardhana & Department, 2020). The government determines by Decree of the Minister of Environment No: KEP/-35A/MEN-LH/7/1995 on the correct "Prokasih". If a company is able to be responsible in fulfilling its social and environmental obligations, then it can get a good image response from the public's point of view. Environmental performance influences firm value (Rusmana & Purnama, 2020).

Tax planning is an activity that is designed in a structured manner that has an impact on earning profits in accordance with laws and regulations and does not violate the rules. According to research conducted by Janah & Munandar (2022); Romadhina & Revan Andhitiyara (2021) that tax planning has no effect on company value. Meanwhile, this research is supported by Hendra & NR (2020) ; Muslim & Junaidi (2020) tax planning has an effect on company value. If the company implements proper tax planning, it will increase the firm value. So that it can describe a company will get high profits.

The research problem is formulated through the question whether tax planning plays a role in moderating the effect of growth company and environmental performance on firm value? The urgency in this research is that mining companies are synonymous with natural exploitation activities. The company pays taxes as a form of accountability to the state and compensation for the damage it causes. A large tax burden will certainly burden the company and have an impact on the net profit received by the company, so the company will respond to the tax burden by carrying out tax planning. The tax planning strategy is very important to note in order to achieve optimal company profits. Tax planning is carried out by suppressing legal tax payments in accordance with the law. Tax planning also aims to maintain the company's net profit which can later be used to finance the firm's

growth and improve its environmental performance. This will be good news for investors and the market will react positively, as reflected in the value of the company. The novelty in this study is the difference between the selected companies, namely mining companies in the year of research with the independent variable, namely company growth which is proxied by growth, environmental performance variable which is proxied by PROPER, and the moderating variable, namely tax planning which is predicted to strengthen or weaken the firm value. The research hypothesis consists of H1: Firm growth affects firm value, H2: Environmental performance influences firm value, H3: Tax planning moderates the effect of corporate growth on firm value, and H4: Tax planning moderates the effect of environmental performance on firm value.

II. METHODS

Theory signaling

Signaling theory is a theory related to the opinion of an investor in seeing the performance or prospects of a company that will be chosen to invest in its assets. According to Janah & Munandar (2022) , financial reports state that an action can be taken by management as a measuring tool to provide information to investors in obtaining positive and negative signals.

Firm Value

Firm value is activity the level of success of the company that will relate to its stock price. Ratio scale on value company using *Price Book Value* (PBV).

$$PBV = \frac{Price\ Per\ Share}{Book\ Value\ Per\ Share}$$

(Romadhina & Andhitiyara, 2021)

Firm Growth

Activity to increase or decrease the total assets owned by a company (Ramdhonah et al., 2019). Growth companies use scale ratio by comparing the difference between the current

year's total assets and the previous year's total assets with the previous year's total assets.

$$Growth = \frac{Total\ asset - Total\ Asset\ (t-1)}{Total\ Asset\ (t-1)}$$

(Pramudia, 2020)

Environmental Performance

Environmental performance is a perspective that must be considered by a company, so that the company's operational activities are able to create a green industrial environment (Pratama & Purnamawati, 2019). Environmental performance can be measured using the ordinal PROPER rating scale determined by the Ministry of Environment.

Table 1. PROPER Environmental Performance Assessment

Color Performance	Pass Grade	Score
EMAS	Predicate Very good	5
HIJAU	Predicate Good	4
BEERU	obey	3
MERAH	Not obey	2
HITAM	No effort	1

Source: www.menlhk.go.id

Tax Planning

Tax planning is an activity carried out in a structured manner over various tax treatment efforts with the aim of obtaining the minimum possible payment of tax obligations. Tax planning can be proxied by using the Effective Tax Rate (ETR).

$$ETR = \frac{Income\ Tax\ Expense}{Pre\ Tax\ Income}$$

(Good et al., 2017)

Population and Sample

The population in this study are mining companies listed on the Indonesia Stock Exchange in 2017 – 2022, totaling 58 companies. The sample is an element of the number and characteristics of the population Sugiyono (2018). The sample selection in this study used purposive sampling and obtained 62 annual financial report data for six years. After carrying out the normality test, it is

known that there are 9 data outliers so that the data that can be processed for further testing is 53.

Studies Variable

Variable study This using 2 variables free that is Firm Growth (X1) and Environmental Performance (X2). Variable dependent that is firm value (Y). As well as variables moderation (Z) Tax Planning.

Analysis Moderate Regression

Moderation regression analysis is used to determine the calculation of the strength of influence between the independent variables on the dependent variable and the role of the moderating variable. The form of the analysis equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + e$$

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 X_1 * Z + \beta_5 X_2 * Z + e$$

Before done analysis regression moderation, model first formerly must pass the assumption test classic. Besides In addition, the research data was also tested with statistics descriptive for describe data.

III. RESULTS AND DISCUSSION

Descriptive Statistics

According to (Sugiyono, 2018), statistics are used to analyze data by providing a general description or explanation of the collected and evaluated data.

Table 2. Statistics Descriptive

	N	Min.	Max.	Method	Std. Dev.
Company growth	53	0,90	0,98	0,9330	0,01316
Environmental Performance	53	3,0	5,0	3,887	0,8005
Tax Planning	53	-0,09	0,20	0,1168	0,06217
The value of the company	53	0,69	0,85	0,7899	0,03896

Source: Processed data, 2023

The results of the descriptive statistical tests show that the independent variable and dependent variable data vary and are normally distributed because the mean value is greater than the standard deviation value.

Test Assumption Classic

The classical assumption test aims to test the feasibility of the regression model in this study. The classic assumption test includes normality, heteroscedasticity, multicollinearity and autocorrelation.

Test Normality

The normality test has the objective of checking whether an independent or dependent variable has a normal distribution, close to normal, or even abnormal. Researchers used the non-parametric one sample Kolmogorov-Smirnov (KS) statistical test in this study.

Table 3 Normality Test

		Nonstandard residue
N		53
Normal Parameters [a,b]	Method	0,0000000
	std. Deviation	0,03405971
The Most Extreme Difference	absolute	0,096
	Positive	0,085
	Negative	-0,096
Statistic test		0,096
asimp. Sig. (2-tails)		0,200 [c,d]

Source: Processed data, 2023

Based on table 2 above it can be seen that Asymp. Sig of 0,200. this value is greater than 0,05 so it can be concluded that the residual research data is normally distributed.

Multicollinearity Test

Multicollinearity has the aim is to find out whether there is a correlation between the independent variables in the regression model.

Table 4. Multicollinearity Test

coefficient [a]				Ket
	Variable	Collinearity Statistics		
		tolerance	VIF	
1	(Constant)			Free Multicollinearity
	Company Growth	0,989	1,012	
	Environmental Performance	0,971	1,030	
	Tax Planning	0,962	1,039	

Source: Processed data, 2023

Table 4 shows that each research variable has a tolerance value of $\geq 0,10$ and a VIF value of less than 10. The results of the multicollinearity test show that there is no multicollinearity in the research model.

Autocorrelation Test

The purpose of the autocorrelation test is to test whether there is a correlation in the linear regression between the residual errors in period t and the errors in period t-1 (previously). The criterion for determining whether there is autocorrelation is to compare the DW (Durbin Watson) value with the DU (Durbin Upper) and 4-DU values.

Table 5. Autocorrelation Test

DU	Durbin Watson	4-DU	
1,6359	1867	2,364	No There is autocorrelation

Source: Processed data, 2023

Durbin Waston produces a DW value of 1,867. from the durbin watson table it is known that the dU value is 1,6359 and 4-dU is 2,364. dU < DW < 4- dU (1,6359 < 1,867 < 2,364) it can be concluded that there is no positive or negative autocorrelation.

Heteroscedasticity test

Heteroscedasticity test using a Graph Plot between the predicted value of the dependent variable, namely ZPRED and the residual SRESID.
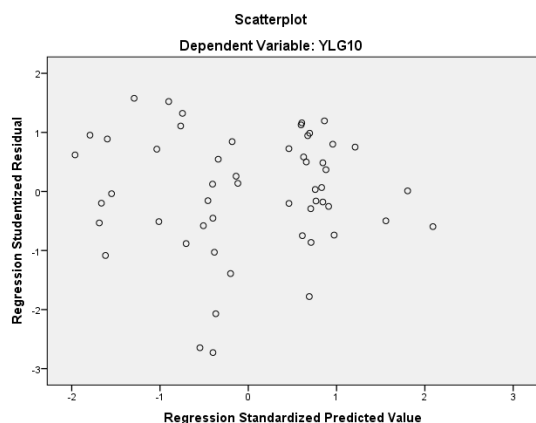
Figure 1. Heteroscedasticity

Graphic results No own clear patterns and representative dots sample study can seen from spread field right and left at point 0 as well distribution above and below 0 on the Y axis. Conclusion from this graph plot is a research model free from heteroscedasticity

Moderate Regression Analysis

Table 6. Multiple Linear Regression Test Analysis

variable	Nonstandard coefficients		Standard Coefficient
	B	std. Error	Betas
(Constant)	0,806	0,358	
Company growth	0,067	0,381	0,023
Environmental Performance	0,020	0,006	0,414

Source: Processed data, 2023

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 0,806 + 0,067X_1 + 0,020X_2 + 0,358$$

From the equation regression, author explain that constant of 0,806 indicates that If growth company and performance environment is 0, then mark company is 0,806.

The company growth variable (X1) has a regression coefficient of 0,067 which indicates that the company growth variable has a positive effect on firm value, meaning that every increase in one company growth variable assuming the other independent variables are constant, the company value will increase, by 0,067.

The environmental performance variable (X2) shows a regression coefficient of 0,020, this value indicates that environmental performance has a positive effect on firm value. If for every increase of 1 environmental performance variable assuming the other independent variables are constant, then the company's value will increase by 0,020.

Coefficient of Determination

The coefficient of determination to estimate how far the quality of the model can explain the variation in the dependent variable.

Table 7. Coefficient Test Determination

Model	R	R square	Customized R Square
1	0,486	0,236	0,189

Source: Processed data, 2023

Customized R square has a value of 0,189 which indicates that the independent variables, namely company growth and environmental performance, have an influence of 18,9% on firm value.

Moderate Regression Analysis

Test results regression equations 1, 2, and 3 on MRA can reported that company growth has a tcount value of 0,176 with a significance of 0,861. The value of t $_{table}$ is 2,00856 which means t $_{count}$ 0,176 <t $_{table}$ 2,00856 and a significance of 0,861 > 0,05. So, it can be concluded that **H1 is rejected.** The results of the analysis show that firm growth has no effect on firm value which is supported by Giovanni (2021) ; Krisnando & Novitasari (2021) ; Irawati et al (2021) . The greater firm value, the more costs incurred, if the firm growth increases, it is not necessarily followed by an increase in company profits.

Environmental Performance has $_{a\ number\ of}$ t of 3,217 with a significance of 0,002. $_{table}$ t_ tcount value is 2,00856 which means tcount is -3,217 > t $_{table}$ 2,00856 and a significance of 0,002 < 0,05. So, it can be concluded that **H2 is accepted.** The results of the analysis show that environmental performance has a significant effect on firm value in line with Rusmana & Purnaman (2020) ; (Irawati et al., 2021) ; Fajriyah & Pohan (2022) ; Pratama &

Purnamawati (2019) . If the company has good environmental performance, it will add to the company's good image and investor confidence, so that the company is seen by stakeholders to pay attention to the environment for the future.

Table 8. Analysis Moderate Regression

Equality	Variable	Q	Sig.
1	(Constant)	2,254	0,029
	Company growth	0,176	0,861
	Environmental Performance	3,217	0,002
2	(Constant)	2,532	0,015
	Company growth	0,016	0,988
	Environmental Performance	2,937	0,005
	Tax Planning (Z)	-2,008	0,050
3	(Constant)	0,723	0,473
	Company Growth (X1)	0,258	0,797
	Environmental Performance (X2)	1,349	0,184
	Tax Planning (Z)	0,530	0,599
	InteractionX1Z	-0,374	0,710
	InteractionX2Z	-2,717	0,009

Source: Processed data, 2023

Variable interaction between growth company and plan tax of 0,710 more big from 0,05. So got said that planning tax No can moderate growth company to mark company. With thus, **H3 is rejected**. Analysis results study show that planning tax No can moderate growth company to mark company. Firm growth can seen from terms of total assets but No accompanied with equity. There is tax planning no enough for can strengthen or weaken influence firm growth to firm value.

The interaction variable between environmental performance and tax planning is 0,009 which is less than 0,05. So, it can be said that tax planning can significantly moderate environmental performance on firm value. Thus, **H4 is accepted**. Analysis results

research shows that tax planning significantly moderates the effect of environmental performance on firm value. If the company gets a high PROPER it will attract a good image for a company. So that investors are interested in investing in the company. If the company is able to optimize the value of the company, it can increase the profit of a company so that managers will try to minimize the tax burden and can prosper shareholders.

Based on the findings in table 7 equation 2 that tax planning is proven as an independent variable. Because it has a significant value of 0,027 less than 0,05, it means that tax planning can affect company value. In equation 3 the interaction variable of company performance tax planning is also proven to be moderating, so the authors conclude that the type of moderation that occurs is quasi moderation.

IV. CONCLUSION

Conclusion

this can concluded based on survey results and discussion that company growth (X1) has no effect on firm value, environmental performance (X2) has a significant positive effect on firm value, tax planning cannot moderate the effect of firm growth on firm value, tax planning can significantly moderate the effect of environmental performance on firm value. The type of moderation in the results of this study is quasi moderation.

Recommendation

The results of this study are expected to contribute to accounting knowledge more specifically in the field of financial accounting regarding company growth and environmental performance. This research is expected to provide relevant information, especially for investors regarding the effect of company growth and environmental performance on firm value, and can be used as a reference for consideration in determining investment in a company. Advice for investors to always be selective and pay attention to the company's

stock price whether it is in good condition or not in terms of market share.

Based on these conclusions and implications, it is hoped that future researchers can find out more about PROPER in accordance with the terms and conditions of the Ministry of Environment, can add other independent variables such as information disclosure and environmental costs. Besides that, it can expand the sample, research objects from other sectors such as real estate and building construction companies, as well as food and beverages.

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