OPEN ACCESS
Vol. 6, No. 2, October 2018
Hal. 71 – 82
DOI:

JAFFA
Journal of Auditing, Finance, and Forensic Accounting
E-ISSN: 2461-0607 ISSN: 2339-2886
http://jaffa.trunojoyo.ac.id/jaffa

GOOD CORPORATE GOVERNANCE, CORPORATE VALUE, TAX AVOIDANCE AND FINANCIAL PERFORMANCE

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Article Info:
Received: 8 November 2018
in revised form: 19 November 2018
Accepted: 1 December 2018
Available Online: 15 December 2018

Keywords:
Good corporate governance, corporate value, tax avoidance, financial performance

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Abstract; If a company applies GCG practices it will have an impact on the value of the company. But the implementation of GCG alone is actually not enough to increase the value of the company, there are other things, namely the practice of tax avoidance and financial performance. This study aims to prove that tax avoidance and financial performance practices are intermediary variables in the relationship of GCG to corporate value. The sample of this study is companies that take the IICG survey and have CGPI scores, and are listed on the stock exchange in the period of 2012-2015. Path analysis is used as a method of data analysis. The results of the study show that the GCG practices influence the value of the company indirectly, but through the practice of tax avoidance and financial performance as intermediaries.

Abstrak; Jika suatu perusahaan menerapkan praktik GCG maka akan berdampak kepada nilai perusahaan. Tetapi penerapan GCG saja sebenarnya tidak cukup untuk meningkatkan nilai perusahaan, terdapat hal lain yaitu praktik penghindaran pajak dan kinerja keuangan. Penelitian ini bertujuan untuk membuktikan bahwa praktik penghindaran pajak dan kinerja keuangan merupakan variabel perantara pada hubungan GCG terhadap nilai perusahaan. Sample penelitian ini adalah perusahaan yang mengikuti survey IICG dan memiliki nilai CGPI, serta terdaftar di bursa efek pada periode tahun 2012-2015. Analisis jalur (*path analysis*) digunakan sebagai metode analisis data. Hasil penelitian menunjukkan bahwa praktik GCG berpengaruh terhadap nilai perusahaan secara tidak langsung, namun melalui praktik penghindaran pajak dan kinerja keuangan sebagai perantaranya

INTRODUCTION

High corporate value is a long-term goal of almost companies. Company value can be projected through the stock market price, since the movement of stock prices on the stock exchange can reflect investor valuation of the company. When companies try to maximize company value, there can be a conflict of interest between the manager and the shareholders (company owner). Jensen and Meckling (1976) state that there are differences in interests between managers, parts of companies that spend money on companies, with the interests of shareholders. This agency conflict occurs because managers prioritize personal interests, whereas shareholders argue that what is done by the manager will increase costs for the company and cause a decrease in company profits, so that it will affect stock prices and also reduce the value of the company.

Agency conflict causes the need for a system of supervision and good corporate governance, known as Good Corporate Governance (GCG). GCG explains the relationship between several participants in the company that determines the direction of company performance (Haruman, 2008 in Maharani and Suardana, 2014). With the implementation of GCG in the company, it is expected to increase the value of the company, and investors can trust the company more. Retno and Priantinah (2012) empirically prove that GCG has a positive effect on firm value. The study was conducted at companies listed on the Indonesia Stock Exchange (IDX) for the period 2007-2010. Black et al. (2008) also proved that GCG had an effect on company value, research was conducted with a sample of public companies in Korea in the period 1998-2004.

Retno and Denies (2012) prove empirically that GCG has a positive effect on company value by using companies listed on the Indonesia Stock Exchange for the period 2007-2010 as a research sample. While the results of Ratih's research (2011) show that there is no influence between GCG and the value of companies with manufacturing companies that get the rank of The Indonesia Most Trusted Companies - the Corporate Governance Perception Index (IMTC-CGPI) as the research sample. The difference in the results of this study indicates that further research is needed regarding the relationship between GCG and company value.

GCG, besides having an effect on company value, GCG can also affect company performance. With good governance, the company will be easy in obtaining capital and the capital expense will also be lower. This allows GCG to be able to increase Return On Assets (ROA) which can later be a signal that investors respond to and ultimately can affect the value of the company. This means that GCG can affect company value and the company's financial performance. Good GCG implementation will increase company value and company performance. On the other hand, performance can also increase company value. This means, GCG can indirectly affect the value of companies with financial performance intermediaries.

Astuti and Aryani (2016) prove that in the long run tax avoidance practices in manufacturing companies listed on the Indonesia Stock Exchange (IDX) fluctuate with an increasing trend, seen from the value of effective tax rate (ETR) and cash effective tax rate (CETR) the small one. This means that there are still many companies that are trying to regulate their taxation without violating existing tax rules.

Desai and Dharmapala (2006), explained that poor tax planning would disguise fraud committed by company managers which could result in a decrease in the value of the company. In other words, company value can also be influenced by tax planning. Companies that do tax planning mean they are trying to regulate expenses for paying taxes so that they are not too large. Good tax planning is to plan the tax expenditure without violating the applicable tax rules, so tax planning can also be said with the practice of tax avoidance.

Minnick and Noga (2010) in Santoso (2014) propose 2 reasons why there is a relationship between GCG and tax avoidance, namely the first tax avoidance can be very complex and allow for opportunities in corporate management, so the role of GCG in tax management is important. Second, tax management has a high degree of uncertainty and may not have a direct impact on company performance, so understanding how GCG relates to tax management can provide a better understanding of how GCG can function in the long and short term.

Based on agency theory, tax avoidance practices relate to corporate governance. Tax avoidance is carried out by management, and management is responsible to the shareholders. With GCG, the practice of tax avoidance will be carried out well too, without violating existing tax regulations, and paying taxes is done optimally, so that ultimately the value of the company will be better. In other words, GCG can affect the value of the company indirectly with the intermediary of tax avoidance practices.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory

Jensen and Meckling (1976) stated that there is conflict of interest between management, as part of the company that spend the money, and shareholder. This agency conflict occur when manager prioritize their personal interest, whereas shareholders thought that what is done by manager will increase the company cost and decrease the profit, and will impact to stock price and reduce the firm value.

In the agency relationship managers are parties who have direct access to company information, so that there is asymmetrical information with external companies or investors. It is very possible that there is undisclosed information by management to parties outside the company. To reduce this information difference, a good corporate management mechanism is needed and ensures that management is fully responsible for the management of the company without violating all applicable regulations.

Corporate Governance Perception Index (CGPI)

This study uses the value of the Corporate Governance Perception Index (CGPI) to measure the implementation of GCG in companies. CGPI is an annual research program and GCG ranking conducted by the Indonesian Institute for Corporate Governance (IICG) in collaboration with SWA magazine to give appreciation and recognition to companies that are committed to implementing GCG.

The CGPI ranking program aims to motivate the business world in implementing the CG concept and foster broad community participation so that they are jointly active in developing and implementing GCG. And in the end this research and ranking became a strategic tool in compiling databases, mapping CG conditions in Indonesia and becoming a benchmark for GCG implementation in Public Companies, BUMs and Banks and Private Companies in Indonesia.

Corporate Value

Modigliani and Miller (1958) explained that the value of a company is determined by the ability of a company to create value in its company, no matter whether the capital comes from internal or external companies (Chen and Chen, 2011. Tthe assumption that a perfect capital market does not have taxes and transaction costs and information asymmetry is ignored. Furthermore, Modigliani and Miller (1963) continue their model, and assume that taxes and debt costs have no risk, because interest expense can reduce the tax burden. Average funding costs will decrease as the capital structure increases, and the company can operate through debt. The greater the debt, the greater the interest expense that can result in fewer taxes being paid and ultimately the value of the company will increase (Chen and Chen, 2011).

James Tobin (1976) developed a measurement method for corporate valuation, commonly known as Tobin's Q ratio. This ratio is considered to provide the best information because this ratio can explain various phenomena that occur in company activities such as cross-sectional differences in decision making. The value of Q is obtained from the market value of equity plus the total debt then divided by total assets.

Brealy and Myers (2001) state that companies with high Q values usually have a strong brand image, and a low Q value indicates that the company is in a highly competitive or industrial industry that is starting to shrink. Sukamulja (2004) in Prasiwi (2015) explains that the greater the Q value indicates that the company has good growth prospects. This happens because the greater the market value of the company's

assets compared to the book value, the greater the willingness of investors to issue better sacrifices for the company.

Tax Avoidance

According to Heber in Surbakti (2012), tax avoidance is the effort of taxpayers to take advantage of opportunities that exist in the tax law, so they can pay lower taxes. This act literally does not violate the tax law. While the tax evasion is an act that violates the law, both literally and in the spirit and morals of the tax law. Tax avoidance activities are efforts made by companies to reduce tax payments without violating applicable tax regulations, but by utilizing loopholes that may be in the regulation (Risa, 2016).

Several studies (Minnick and Noga (2010), Scholes et al (2014)) found that tax management can benefit shareholders. Therefore, tax evasion actions carried out by companies are generally carried out to side with shareholders (Risa, 2016). On the other hand, tax avoidance carried out by the company also requires sacrifice of time and energy and can pose a significant risk to the company if this activity is revealed. Risks that might arise are taxation and fine taxation or even company reputation.

In the long run, tax avoidance can provide benefits. This happens due to the use of time. This means that tax avoidance is made by utilizing the time difference between the recognition of costs or revenues between tax regulations and the regulations of Financial Accounting Standards.

Financial Performance

Company performance is the achievement of results in order to realize company goals. Performance reporting is a reflection of the obligation to present and report on the performance of all activities and resources that need to be accounted for (Agustiar and widyawati, 2014). Financial statements that can be used as indicators of company performance are income statements. If in an accounting period a company suffers a loss, it means that the company's performance in that period is bad, while profits indicate good company performance.

Financial performance is an analysis conducted to see the extent to which a company has implemented it using the rules of financial implementation properly and correctly. Company performance is an illustration of the financial condition of a company that is analyzed by financial analysis tools, so that it can be known the bad condition of a company's financial condition that reflects work performance in a certain period. This is very important so that resources are used optimally in the face of environmental change (Fahmi, 2011 in Riadi, 2016).

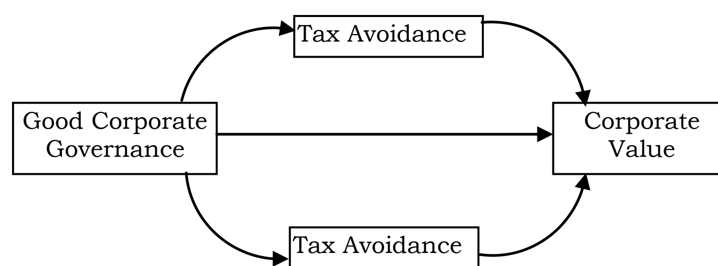

Figure1. The research framework

Hypothesis Development

Good Corporate Governance and Corporate Value

Good Corporate Governance (GCG) is a system to ensure that the company is managed by management well (KNKG, 2006). Good GCG practices will minimize agency conflict that occurs between management and shareholders. GCG or good governance will make shareholders more trust with management to run the company, because one of the objectives of GCG is to achieve company sustainability through management based on the principles of transparency, accountability, responsibility, independence and fairness and equality.

KNKG (2006) also explained that the implementation of GCG also aims to optimize the value of the company for shareholders while paying attention to other stakeholders. This means that the better the implementation of GCG in the company, the greater the value of the company will be.

Retno and Priantinah (2012) prove empirically that GCG practices have a positive and significant effect on firm value on companies listed on the Indonesia Stock Exchange. While the results of Ratih's research (2011) state that GCG does not affect the value of the company at the Indonesia Most Trusted Company - CGPI. The difference in the results of this study made researchers to conduct this research. Based on the theory and results of the research, the researcher made the following hypothesis:

H1: GCG practices affect positively and significantly on company value.

Good Corporate Governance and Tax Avoidance

One of the goals of GCG is to ensure that shareholders, members of the board of commissioners and members of the Board of Directors make decisions and carry out their actions based on high moral values and compliance with laws and regulations (KNKG, 2006). This goal implies that with good governance, the company will carry out all applicable regulations. But on the other hand, for tax purposes, companies will try to minimize tax payments. Therefore, many companies carry out tax management by tax avoidance. Tax avoidance is usually carried out without violating existing regulations.

The relationship between GCG and tax avoidance has been investigated by several researchers. Santoso (2014), Maharani and Suardana (2014) prove that some GCG mechanisms can have a negative and significant effect on tax avoidance practices. This means that the better the implementation of GCG in a company, the less tax avoidance practices will be. With good corporate governance, the company will increasingly comply with applicable laws and regulations, including tax regulations.

In this study tax avoidance is proxied by using the effective tax rate (ETR). If the low ETR value indicates that effective tax avoidance practices are carried out by the company, and vice versa. So, with good governance, it will reduce the practice of tax avoidance, which in this case is proxy with ETR, the better the governance of a company, the greater the value of ETR. Therefore, the hypothesis of this study is:

H2: GCG has a significant positive effect on tax avoidance.

Tax Avoidance and Corporate Value

Tax avoidance means that taxpayers reduce the amount of tax payments without violating existing tax regulations. By practicing tax avoidance, the tax burden will be lower, and will increase company profits. But on the other hand, the practice of tax avoidance will provide a bad image for the company. And this will be exacerbated if the company is proven to violate tax regulations. A bad image of course will have a negative impact on the value of the company. The more often the company practices tax avoidance, the risk of a bad image will increase, and will cause the company's value to decrease. But on the contrary, if the company follows tax regulations, without doing tax avoidance, the company's value will increase. Therefore, there is an agency problem, a conflict of interest between shareholders and management.

Hanlon and Slemrod (2009) in Prasiwi (2015) prove that tax avoidance practices can increase or decrease company value. Company value can increase if tax aggressiveness is seen as an effort in conducting tax planning. However, the value of the company can decrease if it is seen as non-compliance because these actions can increase the risk of the company. Prasiwi Research (2015) proves that tax avoidance practices have no effect on company value.

Tax avoidance in this study uses a proxy effective tax rate (ETR), where the lower ETR means that tax planning by the company is successful, whereas the higher the ETR value the company tax planning has not been successful. Therefore, it can be said that the lower the ETR, which means successful tax planning will have an impact on decreasing the value of the company, and vice versa. From this explanation, the hypothesis can be made as follows:

H3: tax avoidance has a positive effect on firm value

Good Corporate Governance, Corporate Value and Tax Avoidance

One of the goals of GCG is to create better corporate value for stakeholders. This means that by implementing GCG it will increase the value of the company. GCG implementation will reduce tax avoidance practices, in other words, when companies implement GCG, companies will be more compliant with tax regulations. In line with this, if the company reduces the practice of tax avoidance, it will increase the value of the company. With the company's compliance with tax regulations, the company's image will be good and will cause the company's value to increase. Broadly speaking, it is assumed that the implementation of GCG will reduce the practice of tax avoidance, which will later be able to increase the value of the company.

From the explanation above, it can be assumed that GCG can affect the value of the company through the intermediary of corporate tax avoidance practices, in other words, the practice of tax avoidance is thought to be an intermediate variable of the influence of GCG and company value. So, the hypothesis of this study is:

H4: GCG has a significant positive effect on company value with tax avoidance as an intermediary variable.

Good Corporate Governance and Financial Performance

GCG implementation will have an impact on company performance. If a company is managed well, then the company's performance will be good. Arifani (2013) examined the effect of GCG on the company's financial performance. Financial performance is one measure of the success of a company in a period. Financial performance can describe the company's financial condition which is analyzed by financial analysis.

The results of his research are audit committees, institutional ownership and independent commissioners influence financial performance, while managerial ownership does not affect financial performance. Agustiar and Widyawati (2014), prove that GCG has no effect on financial performance. The hypotheses formulated in this study are:

H5: GCG can have a significant positive effect on financial performance

Financial Performance and Corporate Value

Financial performance is used as one measure of the success of a company (Brealy and Mayers, 2001). Financial ratios can be used as a measurement tool to determine company performance, one of which is profitability ratio. The higher the profit obtained by the company, the better financial performance can be said. If the company's profits are high, then the shareholders will be happy because they will get a big profit. High profits will cause a large dividend value, so the market will respond positively. If the market gives a positive response, it can be said that the value of the company will increase.

Pertiwi and Pratama (2012) conducted research on Food and Beverage companies listed on the IDX, the results of their research prove that financial performance has an effect on the value of the company. Wijaya and Linawati (2015) also prove that financial performance has an effect on company value. From the explanation above, the hypothesis can be made as follows:

H6: financial performance can have a positive effect on firm value

Good Corporate Governance, Corporate Value and Financial Performance

From some of the results of the above research, it can be concluded that financial performance can be an intermediary for the influence of GCG on firm value. With the implementation of GCG, it will encourage management to manage the company well, this can be seen from the company's financial performance that will look good. With good performance, the company's value will also be good, so that shareholders and prospective investors can trust the company more.

Pertiwi and Pratama (2012), prove that financial performance does not mediate the relationship between GCG and company value, although financial performance can affect company value. From this explanation, the hypothesis can be made as follows:

H7: GCG can have a significant positive effect on firm value with financial performance as an intermediary variable.

RESEARCH METHOD

Variables Mesearument

Good Corporate Governance

Good Corporate Governance is defined as a set of rules and principles including transparency, accountability, responsibility, independence, fairness and equality, which regulates the relationship between company management and shareholders and other stakeholders (KNKG, 2006). GCG is measure by using the CGPI score published by the IICG (Indonesia Institute for Corporate Governance) which conducts GCG research in collaboration with SWA magazine.

Corporate Value

Company value can indicate the health and well-being of the company, especially the owner of the company. Shareholder prosperity will increase if the company's stock price increases. The higher the stock price, the higher the prosperity of shareholders (Sari, 2010 in Prasiwi, 2015). Company value is measured using the Tobin's Q formula (White et al in Retno and Priantinah, 2012).

$$Q = \frac{EMV + D}{EBV + D}$$

While
Q = corporate value
EMV = Equity Market Value
EBV = Equity Book Value
D = Debt

The Tobin's Q value defines that the value of a company as a combined value of tangible and intangible assets. The low value of Tobin's Q (below 1) indicates that the company has a low value, because the carrying value of its assets is greater than its market value. Whereas companies that have more than 1 value, the market considers that the value of the company is good, because the market value is greater than the assets listed, and indicates that there are several assets that cannot be measured or not recorded.

Tax Avoidance

Tax avoidance is the effort of taxpayers to take advantage of opportunities in the tax law, so that taxes paid to the state are lower (Heber in Surbakti, 2012). Tax avoidance measurement uses the current effective tax rate (Hanlon and Heitzman, 2010), using the formula:

$$CETR = \frac{current\ tax\ expense}{earning\ before\ tax}$$

The lower of CETR value of a company indicates that tax planning in the company is running well and successfully. In the Income Tax Law, article 17 explains that the applicable corporate tax rate in Indonesia is 25%. If the company's CETR is below 25%, it indicates that the company has succeeded in conducting tax planning.

Financial Performance

Financial performance is the determination of certain measures that can measure the success of a company in generating profits (Prasinta, 2012). Financial performance is measured using profitability ratios, namely Return On Assets (ROA), with formulas (Brealy, et al, 2001):

$$ROA = \frac{Net\ Profit}{Total\ asaet}$$

The Sample of The Study

Using purposive sampling, this study ended up with 9 companies for the periods of 2012 – 2015, therefore, there are 36 data observations. This table below explains the criteria for sampling selection :

Table 1. Criteria For Sampling Selection

No.	Criteria	Total
1.	Take CGPI survey for 2013 – 2015	57
2.	Did not take survey consecutively	43
3.	Unlisted at Indonesia Stock Exchange	3
4.	Had negative profit	2
	Total sample	9
	Total observation data	36

Data Analysis

The data analysis consists of classical assumption test of multiple regressions (normality, autocorrelation, multi-collinearity and heteroscedasity). The t-test is used to prove the hypothesis, and path analysis is used to prove the intermediary variables. The model of regression equation in this study is as follow :

$$NP = \text{á}1 + \text{â}1GCG + \text{â}2PP + \text{â}3KK + \text{å} \quad \text{(1)}$$
$$PP = \text{á}2 + \text{â}4GCG + \text{å} \quad \text{(2)}$$
$$KK = \text{á}4 + \text{â}5GCG + \text{å} \quad \text{(3)}$$

While:

NP = corporate value
GCG = good corporate governance
PP = tax avoidance
KK = Financial performance

Path analysis is used to test the hypothesis 4th and 7th, and to prove that financial performance and tax avoidance are the intermediary variable for the relation between good corporate governance and corporate value.

FINDINGS AND DISCUSSION

Classical Assumption of Regression

Based on the classical assumption test which include normality test, autocorrelation test, heteroscedasity test, and multicollinearity test, the model in this study met all the criteria of classical assumption test. After all classical assumption is passed, then this study runs the multiple regression test. To test the significance of indirect influence is done by multiplying the first path coefficient with the second line coefficient.

a. Tax avoidance will be recognized as a variable intervening on the relationship between GCG and company value if $\text{â}_1 < \text{â}_2$ x â_4
b. Financial performance will be recognized as a variable intervening on the relationship between GCG and company value if $\text{â}_1 < \text{â}_3$ x â_5

Results of Regressions Equation

Based on table 2, it shows that

a. Hypothesis 1 (H1) cannot be accepted, because the counted t is lower than table t (0.289 < 2.0369). It means that GCG does not affect the corporate value.
b. Hypothesis 3 (H3) can be accepted, because the counted-t is higher than table-t (2.126>2.0369). It means that tax avoidance significant and positively affect the corporate value.
c. Hypothesis 6 (H6) can be accepted, because the counted-t is higher than table-t (7.817>2.0369). It means that financial performance significant and positively affect the corporate value. The table below shows the result of regression equation 1st

Table 2. Result of 1st regression equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,127	1,499		1,419	,166
	Ln_KK	,528	,068	,877	7,817	,000
	PP	2,877	1,353	,228	2,126	,041
	GCG	,005	,017	,031	,289	,775

Then, the 2st regression equation is presented :
NP = 2,127 + 0,528 KK + 2,877 PP + 0,005 GCG + e .... (4)

The table below shows the results of 2nd regression equation

Table 3. Result of 2nd regression equation

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	,394	,182		2,163	,038
	GCG	-,002	,002	-,151	-,893	,378

Then, the 5nd regression equation is presented :
PP = 0,394 – 0,02 GCG + e .... (5)

The table above shows that hypothesis 2 (H2) cannot be accepted because the counted t is lower than table t (0.893 < 2.0369). It means that GCG does not affect the tax avoidance. The table below shows the results of 3rd regression equation

Table 4. Result of 3rd regression equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,837	3,649		1,051	,300
	GCG	-,085	,042	-,327	-2,016	,052

Then, the 3rd regression equation is presented :
KK = 3,837 – 0,085 GCG + e .... (6)

The table above shows that hypothesis 2 (H2) cannot be accepted because the counted t is lower than table t (2.016 < 2.0369). It means that GCG does not affect the financial performance.

Path Analysis

Path analysis is used to answer hypothesis 4 and 7. Path analysis is done by looking at beta value of the regression equations below:

NP = 2,127+ 0,005 GCG + 2,877 PP + 0,528 KK + e .... (8)
PP = 0,394 – 0,02 GCG + e .... (9)
KK = 3,837 – 0,085 GCG + e .... (10)

The results of the path analysis are show:

a. tax avoidance is recognized as an intermediary variable on the relationship between GCG and corporate value, because $â_1$ (0.005) < $â_2$ x $â_4$ (2.877 x 0.02 = 0.0575). So, hypothesis 4 (H4) can be accepted.

b. financial performance is recognized as an intermediary variable on the relationship between GCG and corporate value, because $\hat{a}_1$ (0.005) < $\hat{a}_3$ x $\hat{a}_5$ (0.528 x 0.085 = 0.0448). So, hypothesis 7 (H7) can be accepted.

Discussion

GCG does not affect the corporate value. It is indicated that corporate value did not depend on the GCG. In the other words, CGPI cannot be the consideration factor to measure the corporate value. Besides, the CGPI score of the sample can be the cause of this result, since the CGPI score of sample has a "trusted" company. When the CGPI score of the company is good, it might be they already have a good corporate value. This result is in line with Ratih (2011).

GCG is also does not affect the tax avoidance. And this result is not the same with Santoso (2014) and Maharni and Suardana (2014). It is indicate that almost company did the tax avoidance to minimalist tax paid eventhough they implement GCG. They use the loopholes of tax policy effectively, so it does not bother the implementation of GCG itself, and the effective tax rate could be under 25%.

Tax avoidance can affect the corporate value positive and significantly. It means the higher of ETR can increase corporate value. It indicates that companies believe that not doing tax evasion means that they are obedient to tax regulations that can reduce the risk of the company, which in turn will make investors more trustworthy for the company. By not doing tax evasion, the company has maintained a good image for the company.

Tax avoidance can be an intermediary variable in the relationship between GCG practices and company value. This indicates that implementing GCG practices can affect company value if tax avoidance practices are not carried out. Participation in CGPI is not a guarantee that it will increase the value of the company, but by participating in the CGPI and not doing tax avoidance, it can affect the value of the company. Companies that implement GCG well, and take part in the CGPI survey will make the company not practice tax avoidance to maintain good reputation and increase its corporate value. So, the application of GCG can indirectly affect the value of the company, but through the practice of tax avoidance. By doing tax avoidance, the company has maintained its good name, causing investors to trust the company. If investors believe in the company, then the value of the company will increase.

The practice of GCG does not affect financial performance, meaning that the fifth hypothesis is not acceptable. These results are not in line with the research of Agustiar and Widyawati (2014) which prove that GCG has an effect on financial performance. The results of this study indicate that participation in the CGPI survey did not have an impact on the company's financial performance. If you look back at the research data, it could be that the reasons for GCG have no effect on financial performance, one reason is because the research sample is a large company and has an average CGPI score at a trusted level, so that GCG implementation no longer indicates an increase in financial performance.

Financial performance can affect positively and significantly on company value, meaning the sixth hypothesis can be accepted. The results of this study are in line with the research of Pertiwi and Pratama (2012) and Wijaya and Linawati (2015). This means that the better the financial performance of a company, the higher the value of the company. For investors, the financial performance of a company can be considered as one of the determinants of the value of a company. The higher the company's profit, the greater the chance of investors to get dividends, the investors will give a positive response to the company. If the market gives a positive response, then the company's value will increase.

The results of path analysis show that financial performance can be an intermediary between the practices of GCG and company value, meaning that the seventh hypothesis is acceptable. This is not in line with the research of Pertiwi and Pratama (2012) that financial performance is not an intermediary in the relationship between GCG and company value. The results of this study indicate that GCG practices have an indirect effect on firm value, but through financial performance variables. By implementing GCG practices that are in accordance with the guidelines, it will improve the company's financial performance. Because one of the objectives of implementing

GCG is effectiveness and efficiency in corporate governance, so that it will cause the company's financial performance, as indicated by profitability ratios, to increase. If the level of profitability of the company increases, the investor will respond positively to the company, so that the demand for the company's shares will increase, and ultimately the value of the company will increase as well. So that it can be concluded that financial performance can be an intermediary between the relationship between GCG practices and company value.

CONCLUSION

This study aims to analyze the effect of GCG, tax avoidance and financial performance on corporate value. And the results are GCG did not affect to corporate value, but financial performance and tax avoidance could be the intermediary variable for the relations between GCG and corporate value.

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