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THE MODERATING EFFECT OF BOARD CHARACTERISTICS ON THE RELATIONSHIP BETWEEN TAX AVOIDANCE AND FIRM VALUE

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Abstract. This study aims to analyze the effect of tax avoidance on firm value, with board characteristics serving as a moderating variable. It focuses on energy and basic materials companies listed on the Indonesia Stock Exchange during the 2021–2023 period and utilizes secondary data obtained from the official websites of the Indonesia Stock Exchange and the respective companies. The sample, consisting of 192 data points from 83 companies, was selected through purposive sampling and analyzed quantitatively using PLS-SEM with moderation analysis via the SmartPLS 4 software. To achieve the research objectives, board characteristics were measured using three key indicators: board size, board independence, and board meeting frequency. Tax avoidance and firm value were measured by the effective tax rate and Tobin's Q, respectively. The findings of the study reveal that tax avoidance has a positive effect on firm value. Additionally, board size and board independence mitigate the effect of tax avoidance on firm value, while board meeting frequency amplifies the effect of tax avoidance on firm value.

Keywords: Board Independence, Board Meeting Frequency, Board Size, Firm Value, Tax Avoidance

I. INTRODUCTION

Maximizing firm value is one of the primary objectives in business decision-making. High firm value reflects optimal financial performance and sends a positive signal to investors regarding the company's future prospects. In the context of global competition and uncertain economic dynamics, companies are required to manage their resources efficiently, including in terms of tax burden management. One strategy frequently employed is tax avoidance—that is, efforts to minimize tax liabilities by exploiting existing legal loopholes without violating tax regulations. This strategy can serve as a managerial tool to enhance corporate profitability; however, it also poses risks to the company's reputation and long-term stability. Therefore, it is important to further understand how tax avoidance can affect corporate value, as well as the role of board characteristics in moderating this relationship.

A number of studies have examined the relationship between tax avoidance and firm value, but the results remain inconsistent. Malik et al. (2025) state that tax avoidance has a positive impact on firm value through tax savings and increased cash flow. Conversely, Duhoon & Singh (2023) argue that tax avoidance can reduce corporate value because it creates non-tax risks such as legal sanctions and investor distrust. These differing results highlight the need to consider other factors that may influence this relationship. One such factor is the characteristics of the corporate board, as the body responsible for strategic decision-making, including tax policy. Board size, board independence, and the frequency of board meetings are key indicators that can moderate the impact of tax avoidance on firm value, as explained in studies by Sarhan et al. (2024) and Chytis et al. (2020). Board size and independence can determine how effectively management is supervised, while the frequency of meetings serves as an indicator of the board's involvement in important decision-making. Thus, the relationship between tax avoidance and firm value is highly likely to be influenced by the characteristics of the corporate board.

This study focuses on the energy and basic materials sectors, which play a crucial role in the Indonesian economy. These two sectors not only contribute significantly to government revenue through taxes but have also drawn investor attention due to the relatively high volatility in their corporate values during the 2021–2023 period. The energy sector experienced significant growth in 2021 and 2022 but subsequently recorded a sharp decline of 25% in early 2023 (Taufani, 2023). Meanwhile, the basic materials sector also showed a consistent downward trend in value, with a decline reaching 19.1% in 2023. The high potential for profits and tax burdens in these two sectors make them vulnerable to tax avoidance practices. Therefore, the energy and basic materials sectors are relevant subjects for a deeper examination of the relationship between tax avoidance, firm value, and the moderating role of board characteristics.

Although the relationship between tax avoidance and firm value has been extensively studied, the role of board characteristics as a moderating variable has not yet been explored in depth. Previous studies, such as those by Khaoula & Moez (2019) and Malik et al. (2025), have primarily focused on ownership structure or the role of the audit committee, while variables such as board size, independence, and the frequency of board meetings have rarely been analyzed as moderators in this context. Furthermore, the results of previous studies also show inconsistencies, indicating a theoretical gap that has not yet been comprehensively addressed. This gap highlights the importance of examining the moderating influence of board characteristics within specific strategic and sectoral contexts.

Based on this gap, this study aims to provide new insights into how board characteristics can strengthen or weaken the relationship between tax avoidance and firm value. This study has practical significance in helping management and investors understand the implications of corporate governance on financial strategy decision-making, particularly in the context of tax efficiency. From an academic perspective, this study also contributes to the development of the literature on tax avoidance and corporate governance, especially in the energy and basic materials sectors in Indonesia. Specifically, this study aims to analyze the effect of tax avoidance on firm value and to explore the moderating roles of board size, board independence, and board meeting frequency in strengthening or weakening the relationship between tax avoidance and firm value during the period from 2021 to 2023.

II. LITERATURE REVIEW

A. Signaling Theory

Signaling theory explains that a signal is an action taken by a company's management to provide investors with clues about how management views the company's prospects (Brigham & Ehrhardt, 2017). Managers have a duty to provide clear and credible signals regarding the company's condition to shareholders. These signals can be conveyed through the disclosure of accounting information, such as financial statements. Such signals help reduce information asymmetry between company management and investors, which can ultimately influence investment decisions (Connelly et al., 2011). In this study, signaling theory is used to explain how information regarding financial condition and tax avoidance practices can signal the firm's value to external parties. Signaling theory explains that tax avoidance actions taken by a company serve as a positive signal to investors (Mappadang, 2021). These actions can be interpreted as management's efforts to maximize shareholder returns through efficient tax burden management. Management seeks to retain the company's cash flow from flowing to the government within the applicable legal framework, thereby increasing the company's profits. Investors who respond positively to this signal will drive an increase in the company's stock value.

B. Stakeholder Theory

Stakeholder theory focuses on the importance of companies considering all parties with an interest in their activities and business outcomes, such as investors, creditors, customers, the government, and the community (Harrison & Wicks, 2013). This theory emphasizes that a company's success is determined not only by profit generation but also by the extent to which it can create shared value for its stakeholders. When stakeholders feel valued and taken into account, they will provide support that ultimately enhances the company's overall performance. Freudenreich et al. (2020) emphasize that one of the most important stakeholders is capital providers and investors. Effective tax management strategies can increase financial returns for this group, provided such strategies are implemented ethically and do not damage the company's reputation. In this regard, the characteristics of a company's board play a crucial role in guiding tax avoidance strategies to ensure they remain aligned with stakeholder interests. A board of ideal size, with a high degree of independence and an adequate frequency of meetings, is believed to be better able to oversee management policies more effectively (Mappadang, 2021), thereby maintaining a balance between tax efficiency and social responsibility.

C. Corporate Value

According to Mappadang (2021), firm value reflects investors' perceptions of a company and is often linked to stock prices as determined by stock market indicators. This value is strongly influenced by investment opportunities, with high stock prices indicating market confidence in the company's future. Additionally, high assets and profits are also considered key factors that make a company appear promising to investors, as profits reflect firm value. In this study, firm value is used as the dependent variable—the primary focus—and is influenced by other variables (Bougie & Sekaran, 2020). Firm value is measured using the Tobin's Q ratio as a market indicator that reflects firm value.

D. Tax Avoidance

One strategy companies often use to optimize resources and maximize profits is tax avoidance. Tax avoidance is a measure taken by companies to minimize their tax burden without violating applicable regulations (Salhi et al., 2020). This strategy is often carried out by exploiting loopholes or weaknesses in a country's tax regulations (Mappadang, 2021). In practice, tax avoidance is measured using the Effective Tax Rate (ETR), which is the ratio of income tax liability to pre-tax profit (Khaoula & Moez, 2019). The lower the ETR value, the stronger the indication that a company is engaging in tax avoidance. Conversely, a high ETR value indicates greater compliance with tax obligations. In the context of this study, tax avoidance is measured using the ETR, where companies with an ETR below 22% are assumed to be engaging in tax avoidance (Lubis & Identiti, 2022). The ETR is used as a negative proxy, as it reflects the actual tax burden borne by the company during the current period.

E. Board Size

Board size is a corporate governance characteristic that can influence decision-making regarding tax avoidance and firm value. According to Sarhan et al. (2024) , a larger board can enhance oversight and the effectiveness of tax avoidance strategies, thereby having a positive impact on firm value. However, Hoseini et al. (2019) state that an excessively large board can actually hinder decision-making and enable aggressive tax avoidance. Board size is defined as the number of directors and commissioners in a company (Sarhan et al., 2024) . In accordance with Law No. 6 of 2023, the board of directors is responsible for managing the company and representing it legally, while the board of commissioners is tasked with supervising and advising the board of directors. In this study, board size is measured based on the number of directors and commissioners listed in the company's articles of incorporation at the end of the fiscal year.

F. Board Independence

Board independence refers to the proportion of board members who are independent or come from outside the company (Sarhan et al., 2024) . In this study, board independence is measured by the ratio of the number of independent commissioners to the total number of board members. An independent board is considered capable of strengthening oversight, enhancing transparency, and protecting the interests of shareholders (Khaoula & Moez, 2019) . OJK Regulation No. 57/POJK.04/2017 requires that at least 30% of the total members of the board of commissioners be independent commissioners. An independent board plays a crucial role in tax decision-making, particularly when tax avoidance practices are employed. Chytis et al.(2020) found that board independence can lead to tax avoidance that is positive for firm value, whereas Butt & Ahmed (2022) indicate that a lack of business expertise on the independent board can result in suboptimal tax strategies and reduce firm value.

G. Frequency of Board Meetings

The frequency of board meetings is a key indicator in assessing the effectiveness of the board's oversight of management, particularly regarding tax avoidance practices. According to Mili & Hashim (2023), a high frequency of meetings sends a positive signal to the market because it indicates strict oversight, thereby boosting investor confidence and leading to an increase in corporate value. However, Alsartawi (2019) cautions that meetings held too frequently can actually be counterproductive because they increase costs and disrupt the board's focus on decision-making. Board meetings also serve as a forum for performance evaluation and the communication of strategic direction. In this study, the frequency of board meetings is measured based on the number of joint meetings of the board of commissioners and the board of directors in a single year, as stated in the company's annual report (Tanujaya et al., 2021).

H. Research Framework

The relationships among the variables to be examined in this study are the effect of tax avoidance as the dependent variable and firm value as the independent variable, with board characteristics serving as the moderating variable. The board characteristics variable includes the dimensions of board size, gender diversity, and board meeting frequency. The research framework is illustrated as follows.

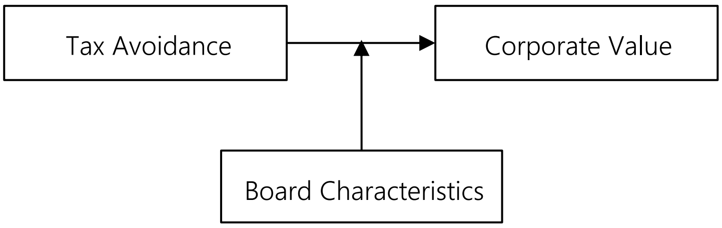

Figure 1 Research Framework

I. Hypothesis Development

The Effect of Tax Avoidance on Firm Value

Tax avoidance is a complex strategy that can provide economic benefits to companies, such as tax savings, increased financial flexibility, and efficient resource allocation (Nebie & Cheng, 2023). This strategy allows companies to redirect funds from tax obligations to more productive investments, thereby increasing future cash flow and corporate value (Khuong et al., 2020). From a signaling theory perspective, tax avoidance is also viewed as an indicator of managerial competence in efficiently managing resources, which can enhance investor confidence. Furthermore, according to stakeholder theory, this strategy can strengthen the relationship between the firm and investors by providing greater financial benefits to shareholders (Malik et al., 2025). Previous research by Nebie & Cheng (2023) showed that tax avoidance has a significant positive effect on firm value, consistent with the findings of Khuong et al. (2020) and Malik et al. (2025)

H1: Tax avoidance has a positive effect on firm value

Moderation of Board Size on the Relationship Between Tax Avoidance and Firm Value

Board size is a critical dimension that influences the effectiveness of oversight and strategic decision-making, including in corporate tax management (Salhi et al., 2020). An overly large board tends to face coordination and communication challenges, thereby weakening its ability to address critical issues such as tax avoidance (Mangoting et al., 2020). According to Khaoula & Moez (2019), a large board size can diminish the role of members with specialized expertise—such as in taxation—thereby causing tax avoidance strategies that should enhance corporate value to become suboptimal. From the perspective of signaling theory, a large board can obscure the positive signals arising from efficient tax management, while stakeholder theory highlights the lack of responsiveness of large boards to shareholders' expectations regarding tax efficiency. Hoseini et al. (2019) support this with their finding that a large board size weakens the relationship between tax avoidance and firm value.

H2a: Board Size Weakens the Relationship Between Tax Avoidance and Firm Value

The Moderating Role of Board Independence on the Relationship Between Tax Avoidance and Firm Value

Board independence is a key characteristic of effective corporate governance, particularly in addressing agency conflicts and building stakeholder trust (Khan et al., 2020). Independent directors play a strategic role in overseeing management and ensuring that corporate decisions—including tax avoidance strategies—are made prudently and responsibly. According to Chytis et al. (2020), a strong independent board can provide sound guidance in designing efficient tax strategies while maintaining the company's compliance and reputation. Stakeholder theory explains that the presence of an independent board can balance the interests of investors and other parties, ensuring that tax avoidance strategies are not only financially beneficial but also remain within ethical and legal boundaries (Kovermann & Velte, 2019). From the perspective of signaling theory, an independent board signals to the market that the company is managed according to the principles of good corporate governance, thereby increasing investor confidence in the company's value.
H2b: Board independence strengthens the relationship between tax avoidance and firm value

The Moderating Effect of Board Meeting Frequency on the Relationship Between Tax Avoidance and Firm Value

The frequency of board meetings is a key mechanism for enhancing the effectiveness of corporate governance, particularly in overseeing and guiding tax avoidance strategies (Barros & Sarmento, 2020). Regular meetings allow the board to discuss strategic issues in depth, including the evaluation of risks and benefits associated with adopted tax policies. According to Harymawan et al. (2020), frequent meetings can also minimize opportunistic behavior by management and ensure that the strategies implemented align with the goal of enhancing corporate value. From the perspective of signaling theory, a high frequency of meetings indicates the board's active involvement in important decision-making and serves as a positive signal to investors. Stakeholder theory also supports the role of board meetings as a forum for balancing various interests within the company, including shareholders' interests in efficient tax management (Mili & Hashim, 2023).
H2c: The frequency of board meetings strengthens the relationship between tax avoidance and firm value.

III. RESEARCH METHODOLOGY

A. *Research Design*

This study is a quantitative study aimed at testing the effect of tax avoidance on firm value and the role of board characteristics as a moderating variable.

B. *Population and Sample*

The study was conducted on companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. Sampling was performed using purposive sampling with unbalanced panel data. Out of a total of 197 companies, 83 companies were selected, yielding a total of 192 data points for analysis.

C. Data Source and Collection Method

The data used were secondary data, obtained through documentation by accessing the companies' annual reports from the official website of the Indonesia Stock Exchange (IDX) and the official websites of the respective companies.

D. Data Analysis Method

The data analysis methods used in this study were descriptive statistics and Partial Least Squares-based Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 software. The PLS-SEM method was chosen because it can efficiently test moderation models as well as structural relationships among variables with a single indicator. PLS-SEM can simultaneously test both the measurement model and the structural model. The measurement model (outer model) illustrates the relationships between variables and their indicators (Hair et al., 2021), while the structural model (inner model) tests the relationships among latent variables in a study (Hair et al., 2017). This study used only the structural model (inner model) because each variable had only one indicator.

IV. RESULTS AND DISCUSSION

A. Sample Calculation

Sampling in this study used a purposive sampling technique with unbalanced panel data. Out of a total of 197 companies, 83 companies were selected, yielding a total of 192 data points suitable for analysis. The following table presents the sample calculations based on the predetermined criteria.

Table 1. Sample Characteristics

Sample Criteria	Number
Companies in the energy and basic materials sectors listed on the IDX from 2021 to 2023	591
Companies that did not publish annual reports during the 2021–2023 period	(91)
Companies that did not publish annual reports in rupiah during the 2021–2023 period.	(203)
Companies with an effective tax rate of zero or negative for the 2021–2023 period.	(105)
Number of observations	192

Source: Data Processing (2025)

B. Descriptive Statistics

Descriptive statistical analysis is used to determine the characteristics of the sample data before conducting hypothesis testing. The results of the descriptive statistical analysis for each variable used in this study include tax avoidance (ETR) as the independent variable, firm value (FV) as the dependent variable, and board size, independent directors, and frequency of board meetings as moderating variables. The results of the descriptive statistical analysis are presented in the following table.

Table 2. Descriptive Statistics

Variable	Mean	Median	Min	Max	Standard Deviation
ETR	0.248	0.225	0.009	0.868	0.133
BS	1.939	1.946	1,386	2,773	0.345

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Variable	Mean	Median	Min	Max	Standard Deviation
BI	0.409	0.333	0.250	0.750	0.101
BM	1,780	1,609	0.693	3,497	0.516
FV	1,470	1,050	0.157	18,107	1,907

Source: Data Processing (2025)

C. Inner Model

The inner model test was conducted to examine the relationships among latent variables. The inner model test included path coefficients, the coefficient of determination, effect size, and PLSpredict.

Path Coefficients

Path coefficients represent the hypothesized relationships between variables (Hair et al., 2017). Path coefficient values close to −1 indicate a negative relationship, while those close to +1 indicate a positive relationship (Hair et al., 2021). In moderation analysis, a positive path coefficient indicates that the moderator strengthens the relationship, while a negative path coefficient indicates that the moderator weakens the relationship. Path coefficients are also evaluated by examining the p-value. According to Hair et al. (2017), a p-value less than 0.05 indicates that the coefficient is statistically significant and reliable. If the p-value is < 0.05, there is a significant effect between the variables, and the hypothesis is accepted. If the p-value is > 0.05, there is no significant effect, and the hypothesis is rejected.

Table 3. Fornell-Larcker Criterion

Variable	Original Sample	T Statistics	P-Values
BS→ FV	-0.021	0.413	0.340
BI→ FV	0.018	0.349	0.363
BM→ FV	-0.064	1.117	0.132
ETR→ FV	-0.306	2.709	0.003
BS × ETR→ FV	-0.316	2.048	0.020
BI × ETR→ FV	-0.290	1.770	0.038
BM × ETR→ FV	0.253	1.765	0.039

Source: Data Processing (2025)

Path coefficients were calculated to determine the effect and significance of the hypothesized relationship. The results of the path coefficient test are as follows. Based on Table 3, tax avoidance, measured by ETR (X), has a significant effect on firm value with a p-value of 0.003 < 0.05 and a path coefficient of -0.306, indicating that the lower the ETR (the higher the tax avoidance), the higher the firm value, thus H1 is accepted. Board size (Z1) significantly moderates this relationship (p-value 0.02 < 0.05) with a negative moderating effect (coefficient -0.316), meaning that board size weakens the effect of tax avoidance on firm value, thus H2a is accepted. Board independence (Z2) also moderates the relationship significantly with a p-value of 0.038 < 0.05 and a negative moderation effect (coefficient of -0.290), meaning that board independence actually weakens the relationship, and H2b is rejected. Meanwhile, the frequency of board meetings (Z3) significantly moderates the relationship with a p-value of 0.039 < 0.05 and a positive moderation effect (coefficient 0.253), meaning that the frequency of board meetings strengthens the relationship between tax avoidance and firm value, and H2c is accepted.

Coefficient of Determination

The coefficient of determination was assessed using the R-squared value. The criteria for R-squared values follow Hair et al. (2021), namely 0.75 for a substantial effect, 0.50 for a moderate effect, and 0.25 for a weak effect. Based on the test results, the information is presented in the following table:

Table 4. Coefficient of Determination

Variable	R-squared	Adjusted R-squared
FV	0.133	0.100

Source: Data Processing (2025)

Based on Table 4, the R-squared value for the firm value (FV) variable is 0.133. This means that 13.3% of the variation in firm value can be explained by the tax avoidance variable, while the remaining 86.7% is influenced by other variables not included in this study. Therefore, it can be concluded that the effect is considered weak.

Effect Size

Effect size test based on the f-square value. The cutoff criteria for the f-square value in the moderation test follow Kenny (as cited in Hair et al., 2021): 0.005 is considered low, 0.01 is considered moderate, and 0.025 is considered high. Based on the test results, the information is presented in the following table:

Table 5. Effect Size

Variable	F-square
BS→ FV	0.000
BI→ FV	0.000
BM→ FV	0.004
ETR→ FV	0.080
BS × ETR→ FV	0.049
BI × ETR→ FV	0.065
BM × ETR→ FV	0.037

Source: Data Processing (2025)

Based on Table 5, the effect of the board size variable in moderating the impact of tax avoidance on firm value falls into the high category with an F-square value of 0.049 > 0.025. The effect of the board independence variable in moderating the impact of tax avoidance on firm value falls into the high category with an F-square value of 0.065 > 0.025. The effect of the board meeting frequency variable in moderating the relationship between tax avoidance and firm value falls into the high category, with an F-square value of 0.037 > 0.025.

PLS Predict

PLSpredict is a procedure for out-of-sample prediction. The evaluation of PLSpredict is conducted by comparing the RMSE (Root Mean Squared Error) values of the PLS-SEM model with those of the LM (Linear Regression Model) (Hair et al., 2021). A lower RMSE value for PLS-SEM compared to LM indicates that the model has high predictive power (Shmueli et al., 2019).

Table 6. PLS Predict

Variable	PLS-SEM_RMSE	LM_RMSE
FV	1, 912	1.918

Source: Data Processing (2025)

Based on Table 6, it can be seen that the firm value variable has a lower PLS-SEM RMSE value than the LM RMSE (1.912 < 1.918). This indicates that the model has high predictive power.

D. Discussion

The Effect of Tax Avoidance on Firm Value

The results of this study indicate that tax avoidance has a significant positive effect on firm value, which is consistent with the findings of Malik et al. (2025), Khuong et al. (2020), and Nebie & Cheng (2023). Tax avoidance is considered to increase firm value because tax savings allow for a greater allocation of funds to operations and investments, leading investors to view the firm as an entity capable of managing its finances efficiently. This finding is also consistent with signaling theory, in which effective tax avoidance sends a positive signal regarding management's ability to manage finances. Furthermore, stakeholder theory supports the notion that tax avoidance can meet investor expectations through increased profit distribution.

However, these findings differ from the studies by Duhoon & Singh (2023) and Seifzadeh (2022), which found a negative relationship between tax avoidance and firm value. This discrepancy is likely due to variations in tax regulations, firm characteristics, and research methods. The study indicates that tax avoidance can incur non-tax costs, such as reputational risk and penalties, which may potentially erode investor confidence and corporate value in the long term. Therefore, although tax avoidance offers short-term financial benefits, companies must exercise caution when implementing such strategies. These differing results underscore the importance of research context and risk management in decision-making regarding tax avoidance.

The Moderating Effect of Board Size on the Impact of Tax Avoidance on Firm Value

The results indicate that board size weakens the effect of tax avoidance on firm value, thus supporting Hypothesis H2a. This finding aligns with the studies by Chytis et al. (2020) and Khaoula & Moez (2019), which suggest that an overly large board can actually reduce the effectiveness of corporate governance and strategic decision-making. Although, from a signaling theory perspective, effective tax avoidance can serve as a positive signal to investors, the presence of a large board can obscure this signal due to increased complexity and reduced cohesion in decision-making. An excessively large board can also hinder communication and coordination, thereby weakening oversight of tax avoidance practices (Hoseini et al., 2019). This has the potential to lead to uncontrolled tax avoidance and raise concerns among investors.

The stakeholder theory perspective also suggests that if the board fails to effectively balance various interests, corporate value may be negatively impacted due to a decline in investor confidence. The discrepancy with some other studies that find a large board size beneficial is likely due to differences in organizational structure, industry sector, and the internal effectiveness of each company. This study underscores the importance of maintaining the board size at an optimal level so that it can continue to perform its oversight functions efficiently and promote responsible tax avoidance in order to enhance corporate value.

The Moderating Effect of Board Independence on the Impact of Tax Avoidance on Firm Value

The results show that board independence weakens the effect of tax avoidance on firm value, thus rejecting hypothesis H2b. This finding aligns with the studies by Malik et al. (2025) and Butt & Ahmed (2022), which state that independent boards lacking specialized expertise or being overly strict in their oversight can actually hinder management's flexibility in formulating efficient tax strategies. In this context, tax avoidance—which should enhance corporate value—actually loses its effectiveness. This research is also supported by Sarhan et al. (2024), who state that independent boards tend to experience information gaps and lack a comprehensive understanding of the company's operations. This situation makes them less capable of accurately assessing the risks and benefits of tax avoidance strategies, which can lead to overly conservative or irrelevant decisions. This ineffectiveness can erode investor confidence in the company's management.

Theoretically, signaling theory and stakeholder theory suggest that independent boards serve as objective overseers who bridge the interests of various parties. However, the findings of this study indicate that the effectiveness of independent boards depends heavily on the quality of individual board members and the context of their roles within the company. Therefore, companies need to reassess the structure and capacity of their independent boards so that they can contribute optimally to tax strategies that support the enhancement of corporate value.

The Moderating Effect of Board Meeting Frequency on the Impact of Tax Avoidance on Firm Value

Based on hypothesis testing, H2c was accepted because the frequency of board meetings strengthens the effect of tax avoidance on firm value. This finding aligns with the results of studies by Mili & Hashim (2023) and Tanujaya et al. (2021), which show that the more frequently the board meets, the more effective its oversight of management activities—including the implementation of tax avoidance strategies—becomes. More frequent meetings provide the board with the opportunity to actively engage in evaluating strategic decisions, reduce the likelihood of management engaging in opportunistic actions, and ensure that tax avoidance strategies remain within reasonable limits and do not harm the interests of shareholders.

These findings are further supported by stakeholder theory, which emphasizes the importance of the board's active involvement in maintaining fair and transparent relationships with all stakeholders. More frequent board meetings reflect the company's accountability and commitment to good governance practices, which ultimately enhance investor confidence. Furthermore, as noted by Sutarti et al. (2021), more intensive meetings facilitate information exchange and improved coordination among board members, which can lead to more precise strategic decision-making. From a signaling theory perspective, a high frequency of meetings can serve as a positive signal to the market that the company has a robust oversight system and is capable of effectively managing tax risks (Harymawan et al., 2020). Therefore, the frequency of board meetings not only reinforces the impact of tax avoidance on firm value but also reflects credible and strategic governance in the eyes of investors.

V. CONCLUSION

This study aims to examine the effect of tax avoidance on firm value, with board characteristics serving as moderating variables, among companies in the energy and basic materials sectors listed on the Indonesia Stock Exchange during the 2021–2023 period. The board characteristics examined include board size, board independence, and board meeting frequency. The results indicate that tax avoidance has a positive effect on firm value, suggesting that efficient tax management strategies can enhance investor confidence and strengthen market perceptions of firm value. However, board characteristics play varying roles in moderating this relationship. Board size and board independence actually weaken the relationship between tax avoidance and firm value, suggesting that a larger or more independent board structure is not necessarily effective in supporting tax efficiency strategies capable of enhancing firm value. Conversely, the frequency of board meetings was found to strengthen the relationship between tax avoidance and firm value, indicating that the intensity of board oversight and communication can drive more targeted and value-adding tax strategies for the firm. Thus, board characteristics play a crucial role in directing the effectiveness of tax avoidance toward the creation of firm value. Future research is encouraged to include additional independent variables. Given that the proportion of unexplained variation in corporate value in this study is quite large—86.7%—future research is advised to include other independent variables, such as firm size, profitability, leverage, sales growth, or other relevant variables. The inclusion of these variables is expected to provide a more comprehensive understanding of the factors influencing corporate value.

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