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The Effect Of Firm Size, Capital Structure, Firm Growth, And Tax Avoidance On Firm Value

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Abstract

This study aims to determine and analyze the effect of firm size, capital structure, company growth, and tax avoidance on firm value in banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, both partially and simultaneously. This study employs a quantitative approach using secondary data obtained from annual reports and financial statements of banking companies. The population consists of 47 banking companies listed on the Indonesia Stock Exchange. The sampling technique uses purposive sampling, resulting in 31 companies with a total of 93 observations during the 2022–2024 period. The data analysis technique used is multiple linear regression analysis with the assistance of IBM SPSS. Firm size is measured using the natural logarithm of total assets, capital structure is measured using the Debt to Equity Ratio (DER), company growth is measured by total asset growth, tax avoidance is proxied by the Effective Tax Rate (ETR), while firm value is measured using the Price to Book Value (PBV). The results indicate that partially, firm size has a positive and significant effect on firm value, while capital structure has a negative and significant effect on firm value. Meanwhile, company growth and tax avoidance have no significant effect on firm value. Simultaneously, firm size, capital structure, company growth, and tax avoidance have a significant effect on firm value. These findings indicate that firm size and capital structure are factors that individually have a significant influence on the firm value of banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

Keywords: Firm Size, Capital Structure, Company Growth, Tax Avoidance, Firm Value.

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INTRODUCTION

The banking industry plays a strategic role in the national economy by serving as a financial intermediary that collects funds from the public and channels them to parties in need of financing. This function makes the banking sector essential to maintaining financial system stability and supporting economic growth. In carrying out their business activities, banking companies are not only expected to maintain their financial performance but also to enhance firm value in order to sustain investor confidence. Firm value reflects the market's assessment of a company's ability to manage its resources and create wealth for shareholders (Brigham & Houston, 2019). One commonly used indicator of firm value is the Price to Book Value (PBV) ratio, which measures the relationship between a company's market price per share and its book value per share.

The firm value of banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period exhibited varying trends. Based on data obtained from company annual reports and IDX publications, the Price to Book Value (PBV) of Bank Rakyat Indonesia Tbk (BBRI) increased from 2.47 in 2022 to 2.80 in 2023, before declining to 1.91 in 2024. Similarly, Bank Central Asia Tbk (BBCA) experienced a decrease in PBV from 4.97 in 2022 to 4.54 in 2024. In contrast, Bank Syariah Indonesia Tbk (BRIS) recorded an increase in PBV from 1.78 in 2022 to 2.96 in 2024. These differences indicate that firm value does not necessarily increase consistently among banking companies, even when they operate within the same industry. This situation suggests that several internal company factors may contribute to changes in firm value and therefore warrant further examination.

One factor that is expected to influence firm value is firm size. Firm size represents the scale of a company and can be measured by its total assets. Companies with larger asset bases generally have greater resources, broader operational capacities, and better access to financing. These advantages may strengthen investor confidence in a company's ability to maintain its business operations and manage potential business risks (Dewi & Rahmawati, 2022). Nevertheless, a larger firm size does not necessarily guarantee higher firm value, as the effectiveness of asset management also plays an important role in investors' assessments. Ananda (2023) found that firm size had no significant effect on firm value, whereas Rahmawati and Susanto (2022) reported a positive effect of firm size on firm value. The differences in these findings indicate that the relationship between firm size and firm value remains inconclusive and requires further investigation, particularly in the banking sector.

Another factor that may influence firm value is capital structure, which refers to the composition of a company's financing derived from debt and equity. Capital structure decisions are an important aspect of financial management because the use of debt can support business operations and expansion. However, excessive or improperly managed

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debt may also increase a company's financial risk. From the perspective of Signaling Theory, financing decisions can serve as signals that provide information to investors when assessing a company's financial condition and future prospects (Spence, 1973). Sari and Pratama (2023) found that capital structure had a positive effect on firm value, as the efficient use of debt can support improvements in company performance. In contrast, Nugroho (2022) found that an increase in debt could negatively affect firm value due to higher interest expenses and financial risks. These inconsistent findings suggest that the effect of capital structure on firm value remains an issue that requires further examination, particularly among banking companies.

In addition to firm size and capital structure, firm growth is another factor that may affect firm value. Firm growth reflects a company's ability to expand its business scale and develop its available resources, one indicator of which is the growth of total assets. Positive growth may signal to investors that a company has favorable business prospects and opportunities to generate future profits (Ross, 1977). However, an increase in total assets does not necessarily result in higher profitability or market value if business expansion is not accompanied by effective resource management. Handayani (2022) found that firm growth had a positive effect on firm value, whereas Lestari (2023) reported that firm growth had no significant effect on firm value. These differing findings indicate that firm growth does not always have a consistent impact on market valuation, particularly in the banking sector.

Another factor that has attracted attention is tax avoidance. Tax avoidance refers to efforts made by companies to reduce their tax burden through tax planning strategies while remaining within the applicable tax regulations (Suhartini et al., 2024). Such practices may provide benefits in the form of tax expense efficiency and increased after-tax profits. However, when perceived as a risky or less transparent tax management practice, tax avoidance may negatively influence investors' perceptions of corporate governance. From the perspective of Signaling Theory, management's decisions regarding tax burden management may provide information that investors consider when evaluating a company's financial condition and future prospects (Spence, 1973). Nevertheless, previous findings regarding the relationship between tax avoidance and firm value remain varied. Therefore, the effect of tax avoidance on firm value requires further investigation, particularly among banking companies, which have distinctive business characteristics and financial management practices.

Based on the observed phenomena and the differences in previous research findings, a research gap remains regarding the effects of firm size, capital structure, firm growth, and tax avoidance on firm value. This study focuses on banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period to provide more specific empirical evidence within the banking sector. Accordingly, this study aims to examine the

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effects of firm size, capital structure, firm growth, and tax avoidance on firm value, both partially and simultaneously. The findings are expected to contribute to the development of accounting and finance literature and provide valuable insights for company management in making financial decisions, as well as for investors in evaluating banking companies.

Objectives

1. To examine and analyze the partial effect of firm size on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
2. To examine and analyze the partial effect of capital structure on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
3. To examine and analyze the partial effect of firm growth on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
4. To examine and analyze the partial effect of tax avoidance on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
5. To examine and analyze the simultaneous effects of firm size, capital structure, firm growth, and tax avoidance on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

DISCUSSION

A. Literature Review

1) Signaling Theory

Signaling Theory explains the relationship between parties that possess information and those who require such information. In the corporate context, management has more comprehensive information regarding the company's internal conditions, performance, strategies, and prospects than investors. This situation creates information asymmetry between management and external parties. Spence (1973) explains that a signal is information that can be used by external parties to assess the characteristics or quality of a particular party.

In corporate practice, information disclosed through financial statements and managerial decisions can serve as signals for investors in assessing the company's condition and prospects. Ross (1977) also explains that a company's financing decisions can provide information to the market regarding its condition. Therefore, information concerning firm size, capital structure, firm growth, and tax policies can serve as considerations for investors when making investment decisions.

Signaling Theory is used as the theoretical foundation of this study because the four independent variables are related to information about the company's financial

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condition and policies. Such information may influence investors' perceptions of the company's ability to manage its resources, meet its obligations, expand its business activities, and maintain its performance.

2) Firm Value

Firm value represents the market's assessment of a company's condition and prospects. It also reflects the company's level of success in creating wealth for shareholders. The more positively investors assess the company's performance and prospects, the greater the likelihood that the company will receive a favorable market valuation (Rahmawati & Susanto, 2022).

In this study, firm value is measured using the Price to Book Value (PBV) ratio. PBV is a ratio that compares the market price per share with the book value per share. This ratio is used to determine how the market evaluates the book value of a company. A higher PBV indicates that the market places a greater value on the company relative to its book value.

The use of PBV in this study aims to reflect investors' assessments of banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Firm value serves as the dependent variable used to examine its relationship with firm size, capital structure, firm growth, and tax avoidance.

3) Firm Size

Firm size represents the scale of a company, whether large or small, which can be identified through the resources and assets it owns. Total assets are commonly used to indicate firm size because they reflect the economic resources managed by the company. Companies with larger amounts of assets generally have greater operational capacity and broader resources compared to companies with smaller asset holdings.

From the perspective of Signaling Theory, firm size can serve as information for investors in assessing a company's capabilities and stability. Companies with larger assets may provide an indication of their capacity to carry out operational activities and expand their business. Such information can become one of the considerations for investors in evaluating the company's prospects (Rahmawati & Susanto, 2022)

In this study, firm size is measured using the natural logarithm of total assets (Ln Total Assets). The use of the natural logarithm aims to simplify the value of total assets so that it can be used in measuring the research variable. Firm size reflects the scale of banking companies based on their total assets.

4) Capital Structure

Capital structure refers to the composition of a company's financing derived from debt and equity. Decisions regarding capital structure are an important aspect of financial management because they are related to a company's ability to finance its

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operational activities and investments. The use of debt can provide additional sources of financing for a company; however, excessive use of debt can also increase financial obligations and financial risks.

From the perspective of Signaling Theory, a company's decisions in determining its sources of financing can provide signals to investors regarding the company's financial condition and level of risk. An effectively managed capital structure can indicate management's ability to determine an appropriate financing composition. Conversely, a high level of debt may raise investors' concerns about the company's ability to meet its obligations. Therefore, efficient capital structure management is important in strengthening positive signals conveyed by the company to the market (Sugiarto & Nirmala, 2023).

In this study, capital structure is measured using the Debt to Equity Ratio (DER), which is a ratio that describes the comparison between a company's total debt and total equity. DER is used to determine the extent to which a company's financing comes from debt compared to its own equity. The higher the DER, the greater the proportion of debt relative to the company's equity.

5) Firm Growth

Firm growth refers to a company's ability to increase its size or business capacity over time. Growth can be observed through an increase in the company's total assets. An increase in total assets indicates changes in the economic resources managed by the company and may reflect the development of its business activities.

From the perspective of Signaling Theory, firm growth can provide signals to investors regarding the company's future prospects and opportunities. Stable growth may indicate management's ability to manage resources and develop business activities. Such conditions can increase investor confidence in the company's prospects (Putra & Lestari, 2021; Rahmawati & Susanto, 2022).

Nevertheless, an increase in assets does not always directly indicate an improvement in firm performance or firm value. Asset growth needs to be accompanied by effective resource management in order to generate economic benefits for the firm. Therefore, investors do not only pay attention to asset growth but also consider the firm's ability to manage such growth.

In this study, firm growth is measured using annual total asset growth. This measurement is used to determine changes in the firm's total assets from one period to the next.

6) Tax Avoidance

Tax avoidance refers to a company's efforts to manage its tax obligations through the utilization of applicable tax regulations. Tax policies are one of the aspects of a

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company's financial decisions because they are related to the amount of tax expenses and after-tax profits earned by the company.

From a financial management perspective, tax avoidance can be associated with the company's efforts to improve tax expense efficiency. However, such policies may also raise investors' concerns regarding the company's transparency, compliance, and reputational risks. Investors' assessments of tax policies are not solely based on tax expense efficiency but also consider how the company manages its tax obligations.

In this study, tax avoidance is proxied by the Effective Tax Rate (ETR), in accordance with the operational definition used in the thesis. ETR is used as a tax indicator in analyzing the relationship between tax policies and firm value. The interpretation of the ETR value needs to be adjusted to the operational formula used in the study to avoid differences in the interpretation of the level of tax avoidance.

7) Previous Studies

Previous studies are used as a basis for understanding the development of research findings regarding factors associated with firm value. The results of previous studies indicate that the relationships between firm size, capital structure, firm growth, and firm value have produced mixed findings.

The study conducted by Putri and Suryani (2024) in the banking sector listed on the Indonesia Stock Exchange (IDX) showed that capital structure had a significant positive effect on firm value, while firm size had no significant effect. These findings indicate that a company's large asset base does not necessarily become a factor that directly determines market valuation. Meanwhile, the study by Lestari and Hidayat (2023) found that firm size and capital structure had a significant positive effect on firm value in the financial sector.

The study conducted by Nugroho and Dewi (2023) on the factors influencing firm value in the Indonesian banking sector showed that firm size had a significant positive effect on firm value, whereas capital structure did not have a significant effect. These differing findings indicate that the influence of firm characteristics and financing decisions on firm value requires further investigation.

Regarding the firm growth variable, the study by Santoso (2024) showed that firm growth had a positive effect on firm value. However, the studies by Aulia and Sari (2022) and Hamzah (2022) showed that firm growth had no significant effect on firm value. These differing findings indicate that an increase in assets or firm growth is not necessarily followed by an increase in market valuation.

Meanwhile, regarding the tax avoidance variable, tax policies may be associated with a company's financial efficiency, but investor assessments may also be influenced by aspects of transparency, compliance, and corporate risk. Research on

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tax avoidance and firm value in the banking sector provides one of the foundations for re-examining the relationship between these two variables in this study.

Based on various findings from previous studies, it can be concluded that the effects of firm size, capital structure, firm growth, and tax avoidance on firm value have not shown fully consistent results. Therefore, this study is conducted to provide empirical evidence regarding the effects of these four variables on firm value in banking companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

B. Hypothesis Development

1) Effect of Firm Size on Firm Value

Firm size describes the scale of a company based on its total assets. Companies with larger assets generally have broader resources and greater operational capacity. Such conditions may provide investors with an indication of the company's ability to conduct its business activities and maintain the continuity of its operations.

The studies conducted by Lestari and Hidayat (2023) and Nugroho and Dewi (2023) showed that firm size had a significant positive effect on firm value. However, the study by Putri and Suryani (2024) found that firm size had no significant effect on firm value. These differences in research findings indicate the need to re-examine the effect of firm size on firm value, particularly in banking companies during the 2022–2024 period. Based on this explanation, the first hypothesis (H1) is formulated as follows: firm size has a partial effect on firm value.

2) Effect of Capital Structure on Firm Value

Capital structure indicates the composition of a company's financing derived from debt and equity. The use of debt can help companies obtain financial resources to support their operational activities and business development. However, an increasing use of debt can also raise the company's financial obligations and financial risks.

The findings of Lestari and Hidayat (2023) showed that capital structure had a significant positive effect on firm value. Putri and Suryani (2024) also found a significant positive effect of capital structure on firm value in the banking sector. However, the study conducted by Nugroho and Dewi (2023) showed that capital structure had no significant effect on firm value. These differences in research findings provide a basis for re-examining the relationship between capital structure and firm value in the research object of this study. Based on this explanation, the second hypothesis (H2) is formulated as follows: capital structure has a partial effect on firm value.

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3) Effect of Firm Growth on Firm Value

Firm growth indicates the development of a company, which can be observed through an increase in total assets from one period to the next. Asset growth may reflect the expansion of business activities and an increase in the resources managed by the company. When such growth is managed effectively, the company has the potential to increase its operational capacity and strengthen its business prospects.

The study conducted by Santoso (2024) found that firm growth had a positive effect on firm value. Conversely, the studies by Aulia and Sari (2022) and Hamzah (2022) showed that firm growth had no significant effect on firm value. These differing findings indicate that asset growth does not necessarily lead directly to an increase in firm value. Therefore, the effect of firm growth on firm value needs to be re-examined in banking companies listed on the Indonesia Stock Exchange (IDX). Based on this explanation, the third hypothesis (H3) is formulated as follows: firm growth has a partial effect on firm value.

4) Effect of Tax Avoidance on Firm Value

Tax avoidance is related to a company's policies in managing its tax obligations. Tax management may be associated with tax expense efficiency and the after-tax profits earned by the company. However, tax policies may also become a concern for investors because they are related to transparency, compliance, and the company's reputational risks.

In this study, tax avoidance is measured using the Effective Tax Rate (ETR) as a proxy. The use of this proxy follows the operational definition in the thesis so that the interpretation of the relationship between tax avoidance and firm value remains consistent with the measurement applied. Tax policies can provide information regarding how a company manages its tax expenses, but their effect on firm value still needs to be empirically examined. Based on this explanation, the fourth hypothesis (H4) is formulated as follows: tax avoidance has a partial effect on firm value.

5) Simultaneous Effects of Firm Size, Capital Structure, Firm Growth, and Tax Avoidance on Firm Value

Firm value can be influenced by various factors related to a company's internal conditions and financial decisions. Firm size describes the scale of resources owned by the company, capital structure indicates its financing composition, firm growth reflects asset development, while tax avoidance is related to policies for managing tax obligations.

These four variables can provide complementary information to investors in assessing a company's condition and prospects. Firm value cannot be understood through a single factor alone but also requires consideration of a combination of

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several factors related to corporate management. Based on this explanation, the fifth hypothesis (H5) is formulated as follows: firm size, capital structure, firm growth, and tax avoidance simultaneously affect firm value.

C. Research Methods

This study employs a quantitative approach using secondary data obtained from annual reports and financial statements of banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The research population consists of 47 banking companies. The sample was selected using the purposive sampling method based on predetermined criteria, resulting in 31 companies as the research sample. With an observation period of three years, the total number of research data comprises 93 observations.

The independent variables in this study consist of firm size, measured using the natural logarithm of total assets; capital structure, measured using the Debt to Equity Ratio (DER); firm growth, measured using annual total asset growth; and tax avoidance, measured using the Effective Tax Rate (ETR). Meanwhile, the dependent variable, firm value, is measured using the Price to Book Value (PBV).

Data analysis was conducted using IBM SPSS. The analysis includes descriptive statistics, classical assumption tests, and multiple linear regression analysis. Furthermore, hypothesis testing was conducted using the t-test to determine the partial effect of each independent variable, the F-test to determine the simultaneous effect of the variables, and the coefficient of determination (R^2) to measure the ability of the independent variables to explain variations in firm value. The significance level applied in this study is 5%.

He dependent variable in this study is firm value, which is proxied by the Price to Book Value (PBV). The independent variables consist of firm size, measured using the natural logarithm of total assets (SIZE); capital structure, measured using the Debt to Equity Ratio (DER); firm growth, measured based on annual total asset growth (GROWTH); and tax avoidance, proxied by the Effective Tax Rate (ETR). These definitions and proxies follow the operationalization applied in the thesis to ensure that the analysis results remain consistent with the research objectives and hypotheses.

VARIABLE	PROXY/MEASUREMENT	ROLE
Firm Size	Ln total assets	Independen
Capital Structure	*Debt to Equity Ratio*	Independen

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Firm Growth	Annual growth in total assets	Independen
Tax avoidance	*Effective Tax Rate*	Independen
Firm Value	*Price to Book Value*	Dependen

All tests were conducted at a 5% significance level. The use of regression analysis and these statistical tests follows the quantitative data analysis procedures described in the research methodology literature (Ghozali, 2021).

D. RESULTS AND DISCUSSION

1) Descriptive Statistics

Descriptive statistics were calculated based on 93 observations from 31 banking companies over a three-year period, from 2022 to 2024. Firm size (SIZE) has a minimum value of 29.19 and a maximum value of 35.43, with a mean of 32.0028 and a standard deviation of 1.68821. Capital structure (DER) has a minimum value of 0.24 and a maximum value of 13.56, with a mean of 4.6657 and a standard deviation of 2.47944. Firm growth (GROWTH) ranges from -0.18 to 1.18, with a mean of 0.0985 and a standard deviation of 0.17361. Tax avoidance, proxied by ETR, has a minimum value of -0.29 and a maximum value of 0.90, with a mean of 0.2075 and a standard deviation of 0.16405. Meanwhile, firm value (PBV) ranges from 0.28 to 8.86, with a mean of 1.6434 and a standard deviation of 1.64638. These statistical results indicate that the characteristics of the sampled firms vary considerably, particularly in terms of DER and PBV.

VARIABLE	N	MIN	MAX	MEAN	STD. DEVIATION
Firm Size	93	29,19	35,43	32,0028	1,68821
Capital Structure	93	0,24	13,56	4,6657	2,47944
Firm Growth	93	-0,18	1,18	0,0985	0,17361
Tax avoidance	93	-0,29	0,90	0,2075	0,16405
Firm Value	93	0,28	8,86	1,6434	1,64638

The mean PBV of 1.6434, with a range of 0.28–8.86, indicates differences in relative market valuations compared to book value among the observed firm-year observations. The PBV standard deviation of 1.64638 also indicates that PBV values are not narrowly concentrated around the mean. Regarding capital structure, the relatively wide DER range of 0.24–13.56 reflects differences in the level of debt financing relative to equity across observations. Asset growth, which ranges from -0.18 to 1.18, indicates that during the observation period, some firms experienced a

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decline in assets, while others recorded relatively high asset growth. These descriptive statistics provide an initial overview of the variability in the data but do not explain causal relationships or the significance of effects. Such assessments are conducted through regression analysis and hypothesis testing.

2) Hypothesis Testing

Hypothesis testing was conducted using multiple linear regression analysis at a significance level of 5%. The partial test (t-test) was used to examine the effect of each independent variable on firm value, while the F-test was used to examine the simultaneous effect of all independent variables.

VARIABLE	COEFFICIENT	T-HITUNG	SIG	CONCLUSION
Firm Size	0,128	2,273	0,025	Positive and significant; H1 is accepted
Capital Structure	-0,531	-3,518	< 0,001	Negative and significant; H2 is accepted
Firm Growth	0,937	1,779	0,079	Not significant; H3 is rejected
Tax avoidance	0,049	0,102	0,919	Not significant; H4 is rejected

Based on the partial test results, firm size has a regression coefficient of 0.128, a t-statistic of 2.273, and a significance value of 0.025. These results indicate that firm size has a positive and significant effect on firm value.

Capital structure has a regression coefficient of -0.531, a t-statistic of -3.518, and a significance value of less than 0.001. Thus, capital structure has a negative and significant effect on firm value.

Firm growth has a regression coefficient of 0.937, a t-statistic of 1.779, and a significance value of 0.079. These results indicate that firm growth does not have a significant effect on firm value.

Tax avoidance has a regression coefficient of 0.049, a t-statistic of 0.102, and a significance value of 0.919. Thus, tax avoidance does not have a significant effect on firm value.

The simultaneous test results show an F-statistic of 7.131 with a significance value of less than 0.001. These results indicate that firm size, capital structure, firm growth, and tax avoidance jointly have a significant effect on firm value.

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3) Effect of Firm Size on Firm Value

The results show that firm size has a positive and significant effect on firm value, with a regression coefficient of 0.128 and a significance value of 0.025. This indicates that larger firms, as measured by the natural logarithm of total assets, tend to have higher firm values.

Larger firms generally have more extensive resources and assets, as well as greater operational capabilities. These conditions may provide investors with confidence in the firm's ability to conduct its business activities and manage risks. From the perspective of Signaling Theory, firm size can serve as information that signals a firm's stability and capabilities to investors.

The findings indicate that firm size is one of the factors considered by investors when evaluating banking firms. Therefore, the test results support the first hypothesis (H1).

4) Effect of Capital Structure on Firm Value

The results show that capital structure has a negative and significant effect on firm value, with a regression coefficient of -0.531 and a significance value of less than 0.001. This finding indicates that an increase in capital structure, as measured by the Debt to Equity Ratio (DER), tends to be followed by a decrease in firm value.

A capital structure characterized by relatively high debt usage may raise concerns among investors because it is associated with financial obligations and firm risk. In banking firms, financing structure needs to be managed carefully to ensure that financial risks remain under control. Such conditions may influence investors' assessments of the firm.

From the perspective of Signaling Theory, capital structure can provide investors with signals regarding the firm's financial condition and risk. Therefore, the findings indicate that capital structure is one of the factors influencing market valuation. The second hypothesis (H2) is accepted.

5) Effect of Firm Growth on Firm Value

The results show that firm growth has a positive regression coefficient of 0.937, with a significance value of 0.079. Since the significance value is greater than 0.05, firm growth does not have a significant effect on firm value.

These findings indicate that an increase in total assets is not necessarily followed by an increase in firm value. Asset growth may reflect the development of business activities; however, investors also consider the firm's ability to manage these assets to generate optimal performance and profits.

From the perspective of Signaling Theory, firm growth can serve as a signal of the firm's prospects. However, asset growth alone is insufficient to provide investors with

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confidence if it is not accompanied by information regarding the effectiveness of asset management and firm performance. Therefore, the third hypothesis (H3) is rejected.

6) **Effect of Tax Avoidance on Firm Value**

The results show that tax avoidance has a positive regression coefficient of 0.049, with a significance value of 0.919. Since the significance value is greater than 0.05, tax avoidance does not have a significant effect on firm value.

These findings indicate that changes in tax avoidance, as proxied by the Effective Tax Rate (ETR), have not been proven to significantly affect firm value in banking firms during the research period. Although tax efficiency may provide benefits to firms, tax policies are not the only factor considered by investors when evaluating a firm.

The insignificant effect of tax avoidance may also be related to the characteristics of the banking sector, which is subject to strict supervision and regulation. Investors may place greater emphasis on other information related to firms' performance and financial conditions. This finding is consistent with the study conducted by Nugraha and Fitriani (2022), which found that tax avoidance had no significant effect on firm value in the banking sector. Therefore, the fourth hypothesis (H4) is rejected.

7) **Simultaneous Effects of All Independent Variables on Firm Value**

Based on the simultaneous test results, the F-statistic is 7.131, with a significance level of less than 0.001. These results indicate that firm size, capital structure, firm growth, and tax avoidance jointly have a significant effect on firm value.

These findings suggest that the firm value of banking firms is not associated with a single factor alone but may be influenced by a combination of firm characteristics, financing decisions, asset growth, and tax policies. From the perspective of Signaling Theory, information regarding various aspects of a firm's condition may serve as a consideration for investors in assessing the firm's prospects and financial condition.

Although firm growth and tax avoidance do not show significant effects individually, all four variables collectively have a significant effect on firm value. Therefore, the fifth hypothesis (H5) is accepted.

CONCLUSION

Based on the analysis of 93 observations from 31 banking firms listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, this study finds that firm size has a positive and significant effect on firm value. Capital structure has a negative and significant effect on firm value. In contrast, firm growth has a positive coefficient but does not have a significant effect, while tax avoidance, as proxied by ETR, also has a positive coefficient but an insignificant effect. Simultaneously, firm size, capital structure, firm growth, and tax avoidance have a significant effect on firm value based on the F-test

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results. These findings indicate that the effects of individual variables need to be distinguished from their collective effect within the model.

Banking firms need to manage their assets effectively and ensure that their business scale is supported by sound operational management. The negative finding for DER also highlights the importance of considering financing structure and leverage risk in decision-making. For investors, firm size and capital structure can serve as considerations when evaluating firm value. However, investment decisions should not be based solely on these two indicators. Asset growth, tax indicators, profitability, asset quality, efficiency, and other relevant factors should also be assessed comprehensively. These implications should be interpreted within the scope of the data and research findings.

This study has several limitations, including its sample coverage, which is restricted to banking firms that met the purposive sampling criteria; its three-year observation period (2022–2024); and the use of four independent variables. Therefore, the findings may not necessarily be generalizable to other industrial sectors or different periods. Future research is recommended to extend the observation period, consider additional relevant variables, and examine the model across different firm characteristics or banking groups. Further studies may also conduct a more in-depth examination of the operationalization of tax avoidance and the proxy used to provide a clearer interpretation of the relationship between tax indicators and firm value.

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