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The Implications of Firm characteristics, Disclosure of Corporate Social Responsibility, and Tax Avoidance Practices for Firm value

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Abstract. This research investigates the implications of the relationship model of firm characteristics, Corporate Social Responsibility disclosure, and tax avoidances on firm value. This study's object is all companies included in the Jakarta Islamics Index 70 on the Indonesia Stock Exchange. Data analysis performs using SEM-PLS.The study results show that firm characteristics, disclosure of Corporate Social Responsibility, tax avoidances simultaneously affect the company's value. Theresult of this researchis a disclosure that Corporate Social Responsibility had a positive effect on tax avoidances and firm value.Exposure to Corporate Social Responsibility positively affected the firm value, and tax avoidance harmed firm value. Disclosure of Corporate Social Responsibility and tax avoidance can mediate the relationship between the influence of firm characteristics on firm value.This research succeeded in combining two indicators, each Corporate Social Reporting Disclosure Index and Islamic Social Reporting Disclosure Index as a measure of the latent variable of corporate social responsibility disclosure in order to obtain a more comprehensive disclosure item. which ultimately provides more complete and holistic. The combination of these two indicators is called the Corporate Social Reporting Universal Disclosure Index (CSRUDI). In addition, this research also succeeded in proving a new measure named educational background of boards commissioner and free of fraud as one of the manifest variables of the latent variables of company characteristics.

Keywords: Tax Avoidance, firm characteristics, Corporate Social Responsibility, firm value
JEL Codes: D92, H26, L25

I. Introduction

The current global economic crisis has had an impact on all sectors. The recent pandemic case also considers being further worsening the global crisis that has occurred. That is because this pandemic threatens not only the economic aspect but also other aspects such as education, health and has implications for the standard of living of many people (UNDP, 2020). Furthermore, the topic of the sustainable development agenda, commonly known as the 2030 Sustainability Development Goals (SDGs

2030), is also threatened by this pandemic. SDGs 2030 prepares to intend to provide a blueprint for the global community to end poverty, inequality and protect the environment (INFID, 2017),involving all development sectors, including government, private industry, academia, and other parties.

The topic of corporate social responsibility, better known as CSR, is increasingly being discussed globally, both in print and electronic media, seminars, or conferences. Companies in the world are also increasingly claiming that they have carried out their social responsibilities. The board discussion of corporate social responsibility (CSR) is a natural result of implementing Good Corporate Governance (GCG) standards (Siboro et al., 2018). The principles include stating the need for companies to pay attention to the interests of their stakeholders to follow the existing regulations and establish active cooperation with stakeholders for the company's long-term sustainability (OECD, 2004). CSR as part of the factors that affect the company's long-term success is also closely related to SDGs 2030. Both have in common; namely, they prioritize aspects of people, profit, and the planet (Mishra, 2020). Based on the SDGs index report, Indonesia currently ranks 101 out of 166 countries globally, with an index number of 65.3 (Sachs et al., 2020). This index figure is measured using indicators of achievement of each country in each goal of the SDGs.

Law No. 40 of 2007 concerning Limited Liability Companies explains that limited companies that use natural resources in their business activities must disclose CSR. In agency theory, CSR activities are seen as an increase in the company's burden, resulting in a decline in the company's financial performance. However, from the stakeholder theory perspective, the company must establish good relations with all its stakeholders through CSR. The costs incurred for CSR activities in the long term will generate indirect benefits for the company (Muda et al., 2018 and Cincalova & Hedija, 2020).

CSR itself can indeed be a metric for a company's success, but in its implementation, CSR can influence by various factors (Cincalova & Hedija, 2020). That also occurs in the implications of CSR on the company's financial performance, which still causes conflicts from the agency and stakeholder side. Currently, the factors that influence CSR disclosure cannot use as 'instructions' or guidelines in CSR disclosure due to the dynamic nature of CSR following business developments, which are related to the components of CSR itself, including environmental, social, economic, and philanthropic activities(Elisabeth et al., 2018, Solikhin & Lubis, 2019; Yusuf Wibisono, 2007).

Firm characteristics can be one of the factors that can affect the implementation of CSR in the company. Robust features can explain the wide variation of voluntary disclosure in annual reports, and firm characteristics predict disclosure quality(Lang & Lundhlom, 1993& Muda et al., 2020). Each company has different features from one entity to another. In various previous studies, immutable characteristics generally include company size, age, management composition, and others.

Disclosure of CSR differs between companies, depending on the characteristics of the company. In this study, the company's aspects that affect CSR disclosure in the company's annual report refer to several previous studies (Amran & Devi, 2008; Y. C. Chen, Hung, & Wang, 2018; Mahmud Hossain, Marks, & Mitra, 2006; Kansal, Joshi, & Batra, 2014; Muttakin & Khan, 2014). namely domestic institutional ownership, degree of foreign ownership, firm size, solvency ratio or leverage ratio, industry type, profitability, and healthy age. Meanwhile, the additional variables are the educational background of the boards of commissioners and free of fraud indications.

Disclosure of CSR as a form of the company commitment to contribute to development can increase the value of the company both directly and indirectly by basing it on three aspects, namely economic, social, and environmental, as expressed byWibisono (2007)andSolikhin & Lubis, (2019). Furthermore, Watson

(2011) states that companies with low ratings in Corporate Social Responsibility (CSR) are considered socially irresponsible. Thus, they can carry out more aggressive tax strategies than socially aware companies.

CSR as a concept of private sector practice on SDGs' achievements can also see from the Islamic perspective. The company that conducts CSR is considered a business practice with Islamic ethical responsibilities(Asriati, Ulfah, & Setyorini, 2016). That indicates the similarity of the norms applied in CSR, which are closely related to the criteria in Islam, namely the commitment to maintain social relations between people. However, in this case, the company does this practice only to preserve its business itself.

The practice of CSR itself is not a new thing for companies based on Islamic values in their operations due to the similarity of norms in the application of CSR and Islamic values (N. Putri & Mardian, 2020). CSR considers not a burden for the company but a form of concern in the context of *ukhuwah Islamiyah.* Thus, its business practices can be more transparent through information reporting practices (Meutia&Febrianti, 2017). In the context of corporate reporting, companies with Islamic values also expect to consider social value as the main factor in reporting information. Companies with Islamic values should be able to provide information that is covered up or honestly to Muslims (as a form of accountability) regarding their activities to implement sharia principles to improve the welfare of the people.

Islamic Social Reporting (ISR) is a framework for corporate social responsibility disclosure based on Islamic values developed byRos Haniffa (2002). This framework fills the gap between conventional social responsibility reporting and spiritual considerations(N. Putri & Mardian, 2020). GRI, one of the popular corporate social responsibility information disclosure frameworks, is considered not to be maximally used for companies with an Islamic value base because some of its disclosure components do not reflect religious aspects. Islamic Social Reporting (ISR)compiles through 6 themes from the Quran and Hadith(Othman, Thani, & Ghani, 2009; Ros Haniffa, 2002).

Tax avoidance is the company's desire to minimize the tax burden through tax planning activities to maximize the value of the company (Abdul Wahab & Holland, 2012; Chang, Hsiao, & Tsai, 2013; X. Chen, Hu, Wang, & Tang, 2014; Santa & Rezende, 2016). Companies that choose to engage in CSR activities are likely to carry out lower tax aggressiveness. Companies with a high CSR profile predicts to be more cautious in reporting tax aggressively or tend to show less tax avoidance (Lanis & Richardson, 2015).Tax avoidance is considered legal, but it still does not expect this practice to happen from the government's point of view. The tax ratio to GDP can see the phenomenon of tax avoidance (Darmawan & Sukartha, 2014). The percentage of tax to GDP can show the government's ability to collect taxes or, in other words, the government's ability to take its GDP from the public in the form of taxes. The higher the tax ratio, the better the government's ability to collect its GDP through taxes. If the tax ratio is low, the government is considered not to have maximally collected its GDP back in taxes. That is due to various things, one of which is the practice of tax planning. Therefore, it can conclude that the low tax-to-GDP ratio can indicate that there has been a practice of tax avoidance by the company.

The low SDG index number reflects the practice of CSR as the role of the private sector in achieving the SDGs, and the low tax ratio that demonstrates the course of corporate tax avoidance may indicate a relationship between CSR practices and tax avoidance(Hoi, Wu, & Zhang, 2013).Furthermore,Hoi et al. (2013)revealed that CSR practices carried out by companies irresponsibly have a relationship with tax avoidance practices. The practice of tax avoidance considers being 'covered up by the existence of CSR. CSR believes to be a 'right action' that has an economic impact and social, environmental, and other external parties. CSR practices can use as a management strategy to protect its reputation in political, regulatory, or social forms.Meanwhile, the practice of tax avoidance, which may only be economically profitable, can bring adverse risks such as reduced company reputation, political pressure, and even product

boycotts. Thus, it can conclude that CSR and tax avoidance both have a relationship depending on what motives are used by the company.
Variables estimated to affect the company's value include firm characteristics, CSR disclosure, and tax avoidance. Several studies on these three variables also still produce different conclusions. In terms of firm features and substantial value, for example, the variables of profitability, ownership structure, firm size, and dividend policy have a positive effect on firm value (Khasawneh & Staytieh, 2017; Komarudin & Affandi, 2019; Lumapow & Tumiwa, 2017; V. R. Putri & Rachmawati, 2018; Sucuahi & Cambarihan, 2016). That shows that the company's characteristics that can be proxies by its performance can increase its value. However, from some of these studies, it is also known that several variables have a negative influence on firm value, such as company age and dividend policy(V. R. Putri & Rachmawati, 2018). Voluntary disclosures such as CSR disclosures can also affect firm value, according to signaling theory. Thus, this study involved Islamic companies included in the Jakarta Islamic Index, which is also closely related to voluntary disclosure, to be the objects of the study.

Information fromFinansial Bisnis (2020)reveals that over the last four years, the number of investors for sharia shares increased by 536. That is considering that Indonesia is one of the largest Muslim-majority countries in the world. Increased investor confidence will create a liquid market and will increase external funding. Islamic companies will be subject to supervision and provide more information as a form of responsibility both to Allah SWT and interested parties. In Indonesia, several listed companies that apply Islamic values can see in companies included in the Jakarta Islamic Index (JII)(Yusuf & Shayida, 2020). This grouping does make it easier for the public to recognize Islamic companies to increase the market share of Islamic securities. By involving companies in JII, this study also assessed how Islamic values apply in these companies in the context of the variables studied, such as CSR and tax avoidance.Reflections on the practice of tax avoidance prove that, in general, tax avoidance which includes tax planning, harms firm value(Abdul Wahab & Holland, 2012; Chang et al., 2013; X. Chen et al., 2014; Santa & Rezende, 2016).

2. Review of Literature

2.1. Theoretical Basis

2.1.1. Grand Theory, Middle Range Theory & Application Theory

2.1.1.1. Agency Theory

Jensen & Meckeling (1976) explained the existence of a reciprocal relationship between the owner of capital (principal) and company management (agent). Capital owners are interested in hiring managers to carry out various activities to meet the interests of these capital owners. Meanwhile, Hendriksen & Breda (2004) argues that the agent closes the contract to perform specific tasks for the principal and the principal closes the contract to reward the agent. The analogy is between company owners and company management (Ballwieser et al., 1989).Eisenhardt (1989) uses three assumptions of essential human nature to explain agency theory, namely: (1) humans are generally self-interested, (2) humans have limited thinking power about future perceptions (bounded rationality), and (3) humans always avoid risk (risk-averse). Based on the assumption of human nature, managers as humans are likely to act based on opportunistic traits, namely prioritizing their interests.

Jensen & Meckling (1974) explained that agency problems raise agency costs consisting of 1. The principal's monitoring expenditure is the supervision costs incurred by the principal to monitor agents' behavior in managing the company. 2. The bounding expenditure by the agent (bounding cost), namely the costs incurred by the agent to ensure that the agent does not act detrimental to the principal. 3. The Residual Loss, namely a decrease in the utility level of the principal and agent due to an agency relationship. Jensen & Meckling (1976) and Ballwieser et al. (1989) further revealed the effect of the conflict between the owner (principal) and manager (agent) would cause a decrease in the value of the company. This loss is the agency cost equity for the company.

2.1.1.2. Legitimacy Theory

Legitimacy theory is one of the most widely mentioned social and environmental accounting(Tilling, 2004). Likewise, Naser, Al-Hussaini, Al-Kwari, & Nuseibeh (2006) stated that legitimacy theory had been used in accounting studies to develop an idea of social and environmental responsibility disclosure.Legitimacy theory explains that a company always has a social contract with the natural environment and social environment. *"Legitimacy theory as the idea that for an organization to continue operating successfully, it must act in a manner that society deems socially acceptable."*It means that company management must ensure that the operations carried out are always acceptable to the surrounding community, especially related to norms trusted and believed by the community. Therefore, all the company's activities will be legitimized (accepted and allowed) by the community.Companies increasingly realize that the company's survival also depends on the company's relationship with the community and the environment in which the company operates. That supports the legitimacy theory, which states that the company has a contract with the district to carry out its activities based on the values of justice and how the company responds to various interest groups to legitimize the company's actions (Tilt, 1994).

The term “legitimacy” refers to the existence of an implicit social contract in which the firm is held accountable for society’s expectations or demands (Kuznetsov & Kuznetsova, 2012). Specifically, it considers that the survival of an organization would threaten if society perceives that the organization has violated the social contract (C. Deegan, 2002; Guthrie, Cuganesan, & Ward, 2007; C. M. Deegan, 2018). Legitimacy can be explained as a general perception that a company's actions are desirable, appropriate or appropriate in some social system constructed from norms, values, beliefs, and definitions (Moir, 2001).

Dowling & Pfeffer (1975) stated that organizations seek to create harmony between the social values inherent in their activities and behavioral norms that exist in the social system of society where the organization is part of the system. As long as the two systems are in sync, this can see as the company's legitimacy. When actual or potential misalignment occurs between the two systems, there will be a threat to the company's legitimacy. Legitimacy theory also states that large companies will have greater responsibilities than small companies (James Guthrie & Parker, 1989).

2.1.1.3. Stakeholders Theory

Currently, there is a shift in thinking about the responsibility for managing the organization, which initially only focused on the owners (stockholders), shifted to employees, the government, and the wider community (stakeholders), which became the basis of the development of stakeholder theory.The Stanford Research Institute first introduced the stakeholder theory in 1963, which Freeman further developed in 1984. Furthermore, Hannan & Freeman (1984) stated that stakeholders are parties whose existence is related to a company's policies.

Stakeholder theory also mentions that the company is not an entity that only operates for its own sake but must benefit its stakeholders. Thus, a company's existence strongly influences the support provided by the company's stakeholders(Ghozali & Chariri, 2007 and Kholish et al., 2020). The assumption of this theory explains that the considerations of the stakeholders always influence the company's presence. The Enterprise theory supports the stakeholder theory, where the emergence o enterprise theory causes social progress and increases public accountability by companies (Sofyan Syafri Harahap, 2007). In this theory, the center of attention is all parties or constituents involved or have an interest either directly or indirectly with the company or entity. Furthermore, the emergence of employee reporting, human resources accounting, value-added reporting, environmental accounting, and socio-economic accounting follows this enterprise theory (Harahap, 2007).

Corporate governance has a broader plan for the future. The principle of responsibility, which is one of the principles of Good Corporate Governance (GCG), is the principle that has the closest kinship with corporate social responsibility (CSR) (Wibisono, 2007, Muda and Wahyuni, 2019). The application of this principle expects to enable the company to realize that its operational activities often produce external impacts borne by stakeholders.Stakeholder theory defines as: "a theory of organizational management and business ethics that addresses morals and values in managing an organization." According to stakeholder theory, increasing CSR makes companies more attractive to consumers. Therefore, CSR is required to be carried out by all companies (Cheers, 2011).

Santoso & Dhiyaul-Haq, (2017) revealed that an assessment of a company's social responsibility (CSR) could carry out in several formats, including:
1. Global Reporting Initiative Sustainability Reporting Guidelines issued by Global Reporting Initiative (GRI)
2. Islamic Social Reporting (ISR) published by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
3. Organization for Economic Cooperation and Development guidelines for multinational enterprise issued by Organization for Economic Cooperation and Development (OECD).
4. Social Accountability 8000 issued by Social Accountability International
5. AA 1000 for auditing and assurance process issued by accountability, an international membership organization.
6. Environmental management system (ISO 14001, EMAS)
7. Global Compact and United Nations Norms issued by United Nations
8. Greenhouse gas Protocol issued by World Business Council for Sustainable Development (WBCSD) and World Resources Institute.

3. Research Method

This chapter discusses the research approaches and methods used. This section will describe several things regarding the types and sources of research data, data collection methods, research populations and samples, classification and operationalization of variables, and data analysis methods.

3.1. Types and Sources of Research Data

This study is explanatory research. Based on the scope of the explanation, this research is a causality study. Furthermore, Ferdinand (2006) states that descriptive research is research conducted with the intention of description (explanatory), while causality research is research that wants to find an explanation in the form of a causal relationship. Furthermore, Cooper & Schindler (2013) explain that a correlational relationship between variables that cause other variables in causal research. Thus, a causal relationship employs in this study.This study utilized secondary data sources. According to (Sekaran 2014), Secondary data are data collected by the researcher, data published in statistical journals and others, and information available from published or non-published sources useful for the researcher.
Meanwhile, according to Kuncoro (2013), secondary data has been collected by other parties, either individuals or institutions, through the media. Secondary data for the study obtains from the Indonesia

Stock Exchange (IDX), which accesses through the website www.IDX.co.id.The data from the IDX are from a list of companies included in the Jakarta Islamic Index (JII70) for the 2017 – 2019 period, and each company's annual report is the primary source of information in data collection.

3.2. Data Collection Method

The data included were from 2017-2019 because that period is when the concept of SDGs 2030 ideally applies by companies, where SDGs 2030 itself set in 2015. The year 2016 was not considered because, in that year, it indicates that there were still adjustments to the implementation of SDGs 2030 in the private sector. As previously explained that SDGs and CSR are both closely related. It expects that with the selection of the data year from 2017-2019, companies can disclose broad CSR disclosures as a private-sector effort to achieve SDGs 2030.

3.3. Research Population and Sample

Sekaran & Bougie (2016) explained that population refers to the whole group, person, event, or thing the researcher wants to investigate. A list of codes and names of companies that were the population in this study includes the Jakarta Islamic Index (JII70) on the Indonesia Stock Exchange. The people of this study were all companies included in the Jakarta Islamics Index 70 on the Indonesia Stock Exchange, concerning data from the July 2020 periodic evaluation announcements effective August 2, 2020, issued by the Indonesia Stock Exchange. Meanwhile, the selected research sample was JII70 companies as of August 2, 2020, which lists on the Indonesia Stock Exchange from 2017 - 2019 and regularly issue annual reports.

The reasons for using JII70 were selecting criteria for companies included in this index based on large company capitalization and high liquidity value. Companies with sharia principles consider having high 'ethics' in disclosing Islamic values. That can indicate that the company might issue more extensive information due to increased investor interest (Rizfani & Lubis, 2018; Lubis, Moeljadi, & Ismail, 2010). Therefore, this information can be the basis for investors' decisions, especially related to sharia practices. Second, the paradigm shift is in line with requests from the community to balance economic needs and religious needs (N. Santoso, Ningsih, & Paramitha, 2018). Thus, companies included in JII70 will be more concerned about implementing sharia principles and providing more comprehensive data related to the object in this study, especially in terms of Islamic social reporting.

In this study, the sampling technique employed was a non-probability sampling approach with a purposive sampling method. According to Kuncoro (2013), the determination of the non-probability sample is a sample chosen arbitrarily by the researcher, and the probability of the model selected is unknown. Purposive sampling is a sampling technique with specific considerations. Purposive sampling itself divides into two parts, namely judgment sampling and quota sampling(Kuncoro, 2013). Thus, this study utilized judgment sampling. Judgment sampling is a sampling technique in which the researcher selects a sample based on assessing several characteristics of the sample members. The features or criteria set are as follows:

Taking into account the limitations as described above, the number of samples studied followed the following procedure:

1. The number of companies included in JII70 as of August 2020 = 70.
2. Number of JII70 companies as of August 2020 that did not issue annual reports wholly and regularly from 2017-2019 = 16
3. The number of companies that fall into the banking, finance, and mining categories has different characteristics = 5.
4. The number of companies as a sample = 49.

3.4. Classification and Operationalization of Research Variables

The summary of operationalization definition and measurement of research variables used in this study presents in the table below (**Table 1**):

Table 1.Operationalization of Research Variables

No.	Latent Variable Exogenous/ Endogeneous	Definition	Indicator Variables/Manifest Variables		Scale
1.	**Firm Characteristics (X)**	Firm characteristics mean the characteristics or points of view that distinguish a company from other companies. These characteristics vary greatly depending on the point of view from which they are distinguished. Chow & Wong-boren, (1987); Chauhan & Amit, (2014); Muda et al., (2018), Uyar, Kilic, Mehmet Ali Koseoglu, Kuzey, &	**X.1. 1**	Firm Size $\textbf{Firm Size} = Ln\ (Total\ Asset)$ Singhvi & Desai, (1971); Hamid, (2004); Othman et al., (2009); Kansal, Joshi, & Batra, (2014)danY. C. Chen, Hung, & Wang, (2018)	Ratio
			X.1. 2	**Profitability** $\textbf{ROA} = \frac{\text{Earnings After Tax (EAT)}}{\text{Total Assets}}\ X\ 100\%$ A. Belkaoui & Karpik, (1989); A. R. Belkaoui, (2005); Freddman & Jaggi, (1988); Hamid, (2004); danChen et al., (2018)	Ratio
			X.1. 3	**Solvency *(Leverage)*** $\textbf{DER} = \frac{\text{Total Liabilities}}{\text{Total Assets}}\ X\ 100\%$ Cormier & Magnan, (1999)	Ratio
			X.1. 4	**Institutional Ownership** $\textbf{\textit{Institutional Ownership}} = \frac{Number\ of\ Institutional\ Shares}{Number\ of\ Shares\ Outstanding}\ X\ 10$ Moh'd, Perry, & Rimbey, (1995); C. R. Chen & Steiner, (1999); Widyaningsih, (2018); Kennelly, (2019)	Ratio
			X.1. 5	***Degree of Foreign Ownership*** $\textbf{\textit{Foreign Ownership}} = \frac{Number\ of\ Shares\ Held\ by\ Foreign}{Number\ of\ Shares\ Outstanding}\ X$	Ratio

		Karaman, (2020)		Ruland, Tung, & George, (1990); Sumilat & Destriana, (2017); Tangke, (2019); Polii & Herawaty, (2020)	
			X.1.6	***Firm Age*** **Firm age** = The length of the listing Al-ajmi, Al-mutairi, & Al-duwaila, (2015); Giannarakis, (2014); Jizi, Salama, Dixon, & Stratling, (2014); Nawaiseh, Boa, & Rezk Abou Zaid Youssef El-shohnah, (2015).	Ratio
			X.1.7	**Type of Industry** Industry classification ***High-profile*** companies number 1; ***Low-profile*** companies number 0 (Hackston & Milne, 1996).	Nominal
			X.1.8	***EB of BOC*** Percentage of Commissioners with accounting/economics education $\boldsymbol{BOCEDU} = \frac{\mathbf{\Sigma\ Commissioner\ of\ accounting\ or\ fi}}{\boldsymbol{\Sigma\ member\ of\ the\ BOC}}$ (Uzliawati & Djati, 2015)	Ratio
			X.1.9	***Free of Froud*** Fraud-free companies assess from the RSST number with the following formula: $RSST = \frac{\Delta WC + \Delta NCO + \Delta FIN}{ALS.}$ (Dechow et al., 2007) A company with an RSST value > 1 indicates fraud. Thus, it gives a number 1 A company with an RSST value <1 indicates free of fraud. Thus, it gives a number 0	Ratio
2.	**Disclosure ofCorporate Social Responsibility(Y.1)**	Disclosure of corporate social responsibility is a process of communicating the social and	**Y.1.1**	**Corporate Social Reporting Disclosure Indeks (CSRDI)** $\boldsymbol{CSRDI} = \sum_{i=1}^{jn} (d_{ij})$ There are 148 disclosure items (GRI (Global Reporting Initiative), 2018) Disclosure items will give a score of 0 if the thing does not disclose; 1 if one or less than one sentence reveals; 2 if more than one	Ratio

		environmental impacts of an organization's economic activities to special interest groups and society as a whole (Mathews, 1997).		sentence has expressing; 3 if only one quantitative number find; 4 if the disclosure is non-monetary and consists of more than one digit; 5 if entire disclosure states in monetary and non-monetary terms Kansal et al., (2014)	
			Y.1.2	**Islamic Social Reporting Disclosure Index (ISRDI)** $$\boldsymbol{ISRDI} = \sum_{i=1}^{jn}(d_{ij})$$ There are 43 disclosure items (Othman & Thani, 2010; Ros Haniffa, 2002) Disclosure items will give a score of 0 if the thing does not disclose; 1 if one or less than one sentence reveals; 2 if more than one sentence expresses; 3 if only one quantitative number find; 4 if the disclosure is non-monetary and consists of more than one digit; 5 if entire disclosure states in monetary and non-monetary terms Kansal et al., (2014)	Ratio
3.	**Tax Avoidances(Y.2)**	Tax avoidance is part of tax planning that carry out to minimize tax payments that are still within the corridor of legislation (lawful fashion) (Kim et al., 2011); (Lim, 2011)	**Y.2.1**	***Cash Effective Tax Rate (CETR)*** $$\boldsymbol{Cash\ ETR} = \frac{Cash\ Tax\ Paid}{Pretax\ Income}$$ During et al. (2010); Lanis & Richardson (2012)	Ratio
			Y.2.2	***Book Tax Difference (BTD)*** $$\boldsymbol{BTD} = \frac{(LA - PKP)}{TA}$$ Lim, (2011); and Maraya & Yendrawati, (2016)	Ratio
4.	**Firm Value(Z)**	Firm value is a specific condition	**Z.1.1**	**Stock Market Value** **Stock Market Value** = Market Price Per Share	Ratio

		that a company has achieved as an illustration of public or investor confidence in the company (Keown et al., 2005); (Horne & John M. Wachowicz, 2009);Santoso and Muda (2020),(Brigham & Houston, 2012),		Helfert (2001)	
			Z.1.2	*Price Book Value* (PBV) $\mathbf{PBV} = \frac{\text{HPS (Stock Market Price)}}{\text{NB (Book Value)}}$ (Brigham & Houston, 2012)	Ratio
			Z.1.3	Tobin's Q $\boldsymbol{Tobin's\ Q} = \frac{((\text{CP x Total Shares}) + \text{TL} - \text{I}) + \text{CA}}{\text{Total Asset}}$ Dyreng et al., (2010); Lim, (2011); Desai & Dharmapala, (2009); and Violeta & Serly, (2020)	Ratio

Source: Operational Definition of Research Variables processed by Researchers (2020).

3.5. Data Analysis

This study employed inferential statistical analysis in the form of PLS based on the reasons described above. The purpose of this analysis is to predict the model. That refers to Solimun & Rinaldo (2009) and Ghozali (2008) opinion that PLS can be considered an alternative to covariance-based SEM and is more suitable for prediction purposes. According to Ghozali (2008), PLS intends for causal- predictive analysis in the high complexity and low theoretical support situations. Furthermore, Solimun & Rinaldo (2009) added that PLS is more appropriate for prediction purposes. That is especially true in conditions where indicators are both reflective and formative.

4. Research Findings and Discussion

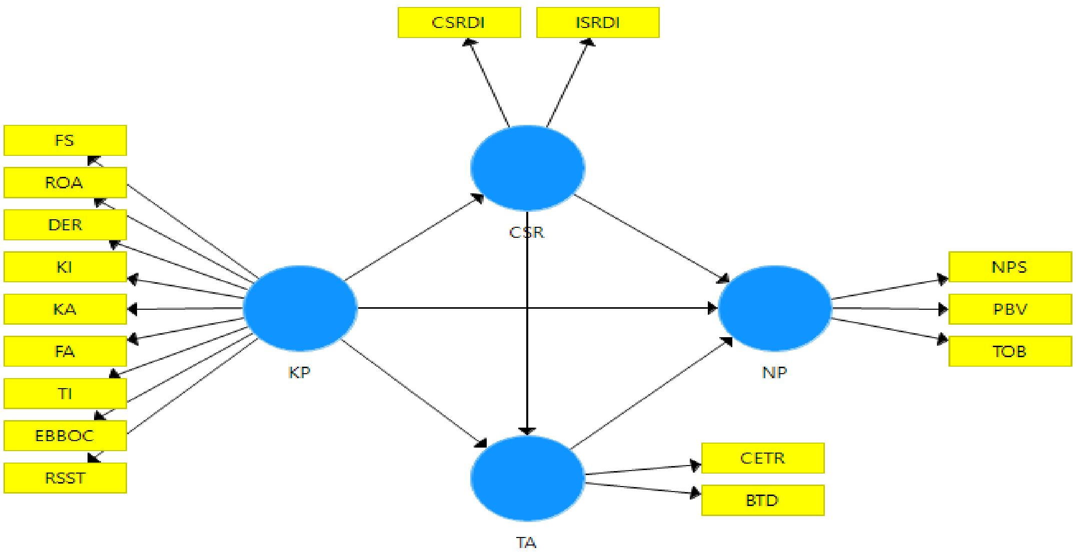
4.1. Research Findings

4.1.1. Inferential Statistical Analysis Results

The use of SmartPLS software in this study was since it has several advantages, namely: (1) Its objective to test the relationship between variables; (2) SmartPLS approach considers powerful because it does not base on various assumptions; (3) The number of samples required in the analysis is relatively small. SmartPLS does highly recommends when we have a limited number of samples while the model build is complex. (4) The data in SmartPLS analysis do not have to have a normal distribution because SmartPLS uses the bootstrapping method or random multiplication. It also does not require a minimum number of samples. (5) SmartPLS can test formative and reflective SEM models with different indicator measurement scale in one model. Whatever can test the form of the scale and direction of the indicator in one model (Ghozali, 2008; Ghozali & Latan, 2015; Hair et al., 2013; Solimun & Rinaldo, 2009)

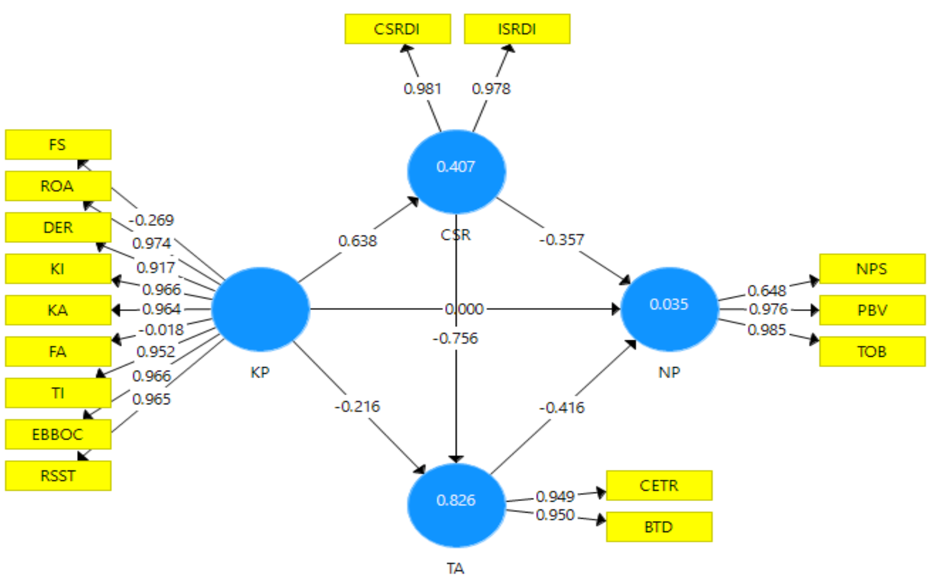
4.1.2.1. Results of Measurement Model Test (Outer Model/Indicator Testing)

The results of the initial research model construction proposed by the researcher using SmartPLS visualizes in Figure 1 below:



Source: SmartPLS Output, 2021
Figure1. Initial Research Model

The calculation results from the initial model of the study (PLS Algorithm) using the SmartPLS software present in Figure 2. below:



Source: SmartPLS Output, (2021).
Figure2. Calculation Results (PLS Algorithm) of Initial Research Model

Discriminant validity testing proves that an indicator in a construct might have the most significant loading factor in the construct it forms than other constructs. The value of outer loading can see in Table 2. below:

Table2.Result For Initial/First Outer Loading Model

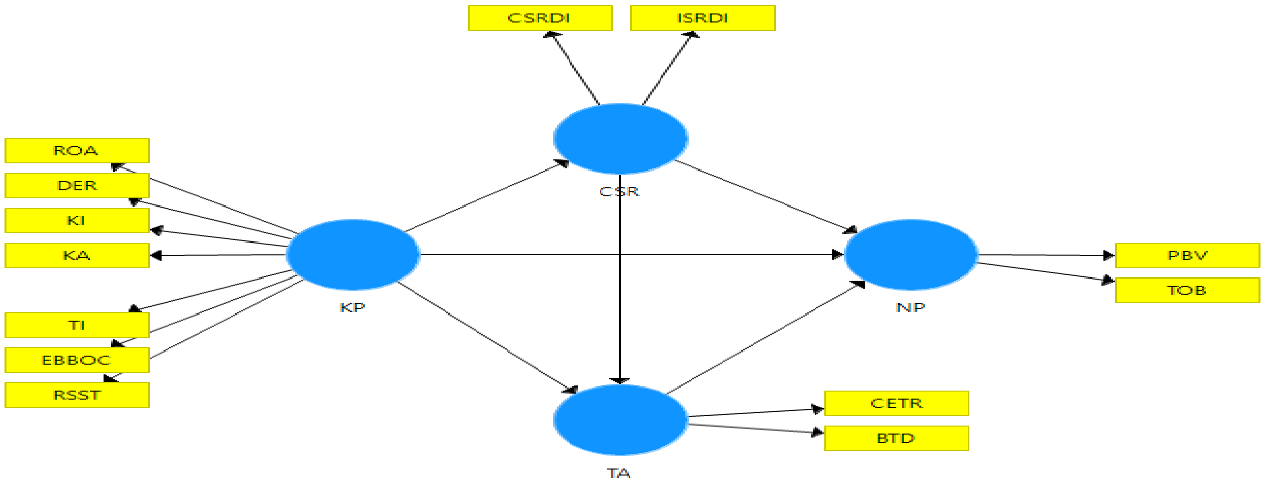
	CSR	FC	FV	TA
BTD				0.950
CETR				0.949
CSRDI	0.981			
DER		0.917		
EBBOC		0.966		
FA		-0.018		
FS		-0.269		
ISRDI	0.978			
FO		0.964		
IF		0.966		
MV			0.648	
PBV			0.976	
ROA		0.974		
RSST		0.965		
IT		0.952		
TOB			0.985	

Source:SmartPLS Output, (2021).

According to Ghozali & Latan (2015), the correlation between item/indicator scores and construct scoressuggest convergent validity of the measuring model with reflective indicators. The loading factor name gives to this correlation (outer loading). If the indicator's correlation value is more than 0.70, it regards as dependable. However, at the research stage of the scale development stage, a loading of 0.5 to 0.6 is still acceptable. In this study, the researcher determined the loading factor value limit for indicators still included in the model, namely the loading factor value above 0.7.

The guidelines described byGhozali & Latan (2015) and Lubis (2010) reveal that in Figure 5.2 and Table 2., it can be seen that in the latent variable of firm characteristics (FC), of the 9 (nine) indicators, there are 7 (seven) indicators. That has a loading factor value above 0.7 is Return on Assets (ROA) of 0.974, Debt to Equity Ratio (DER) of 0.917, Institutional Ownership (IO) of 0.966, Foreign Ownership (FO) of 0.964, Industrial Type (IT) of 0.952, Educational Background of the Board of Commissioners (EBBOC) of 0.966 and Free of Fraud (RSST) of 0.965. At the same time, the other two indicators have a loading factor value below 0.7, namely Firm Size (FS) of -0.269 and Firm Age (FA) indicator of -0.018.

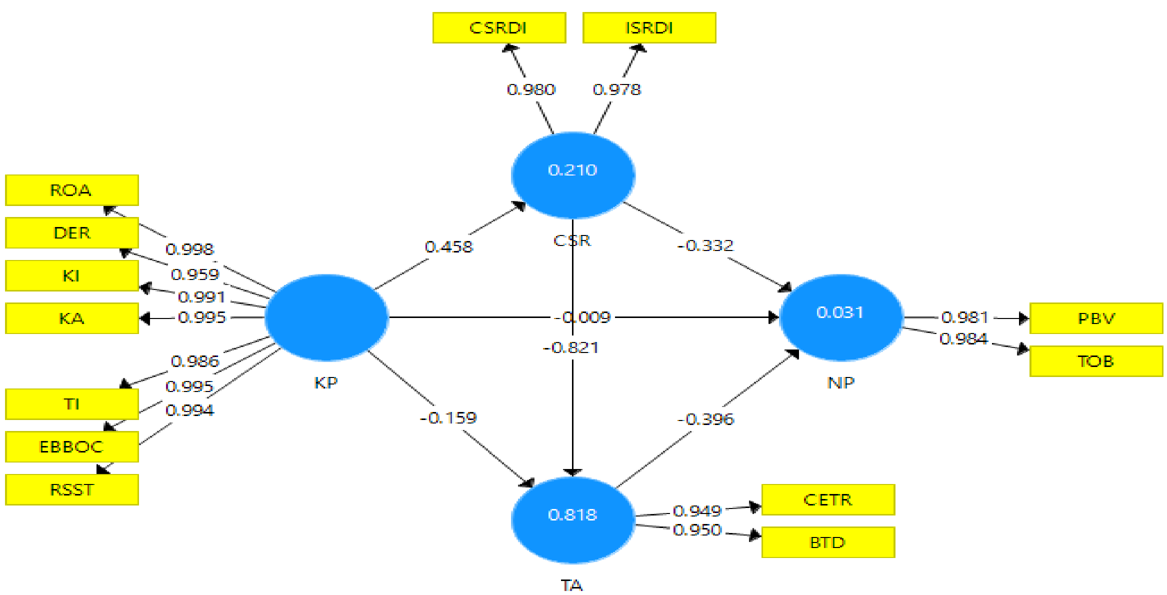
The latent variable of Corporate Social Responsibility Disclosure (CSR) of the 2 (two) indicators, all of which have a loading factor value above 0.7, namely the Corporate Social Responsibility Disclosure Index (CSRDI) of 0.981 and the Islamic Social Reporting Disclosure Index (ISRDI) of 0.978. Indicators of the latent variable Tax Avoidance (TA) of 2 (two) hands owned, all of them also have a loading factor value above 0.7, namely the Cash Effective Tax Rate (CETR) of 0.949 and Book Tax Difference (BTD) of 0.950. Finally, the latent variable Firm Value (FV), of which the 3 (three) indicators owned, there are 2 (two) indicators that have a loading factor value above 0.7, namely Price Book Value (PBV) of 0.976 and Islamic Tobin's Q (TOB).) of 0.985, while 1 (one) other indicator has a loading factor value below 0.7, namely the Firm's Market Value (MV) of 0.648.Needles that have a loading factor below 0.7 will then drop from the research model. Therefore, the hands of each variable in this study consist of hands that have a loading factor above 0.7. Thus, the construction of this research model changes and then becomes a research model after indicator reduction (second model), as shown in Figure 3. below:



Source:SmartPLS Output, 2021

Figure3. The Second Research Model

The subsequent calculations for the second model (PLS Algorithm) using SmartPLS software presents in Figure 4. below:



Source:SmartPLS Output, (2021).

Figure4. Calculation Results (PLS Algorithm) of the Second Research Model

Next, the outer loading values for the second model are present in the following Table 3 :

Table3. Results for Outer Loading of the Second Research Model

	CSR	FC	FV	TA
BTD				0.950
CETR				0.949
CSRDI	0.980			
DER		0.959		
EBBOC		0.995		
ISRDI	0.978			
FO		0.995		
IO		0.991		
PBV			0.981	
ROA		0.998		
RSST		0.994		
IT		0.986		
TOB			0.984	

Source: SmartPLS Output, (2021)

The above Figure 4 and Table 3 indicate that all indicators of the latent variables of this study already have a loading factor above 0.7. Thus, these indicators are valid and reliable as indicators that reflect the variables of this study. The convergent validity of the indicator test (measurement model) can not only see from the loading factor value. Still, it can also see from the results of calculating the third model in the form of Average Variance Extracted and Composite Reliability results. The importance of Average Variance Extracted (AVE) and Composite Reliability (CR) presents in Table 4below:

Table4. Average Variance Extracted (AVE)and Composite Reliability (CR)

Variable	Average Variance Extracted (AVE)	Composite Reliability (CR)	Description
FC	0.997	0.976	Meet the criteria
CSR	0.979	0.959	Meet the criteria
TA	0.948	0.902	Meet the criteria
FV	0.982	0.965	Meet the criteria

Source: Processed from SmartPLS Output, (2021).

The value of loading factor, Average Variance Extracted and Composite Reliability, the indicators of each latent variable in this study are reliable and valid reflecting their respective variables.

4.1.2.2. Results of Structural Model (Inner Model) Testing

Testing of the structural model (inner model) was done by looking at the R-square value resulting from the goodness-fit model test. The R-square value can see in the R-square table from the results of the running calculation of the model. The goodness of fit test of the structural model against the inner model uses the predictive-relevance (Q^2) value. The Q^2 has a value range of $0 < Q^2 < 1$. The closer to 1, the better the model(Solimun & Rinaldo, 2009). The following is the R Square value from this study as presented in Table 5 below:

Table5. R Square and R Square Adjusted

	R Square	R Square Adjusted
CSR	0.210	0.204
TA	0.818	0.816
FV	0.031	0.011

Source:SmartPLS Output, (2021).

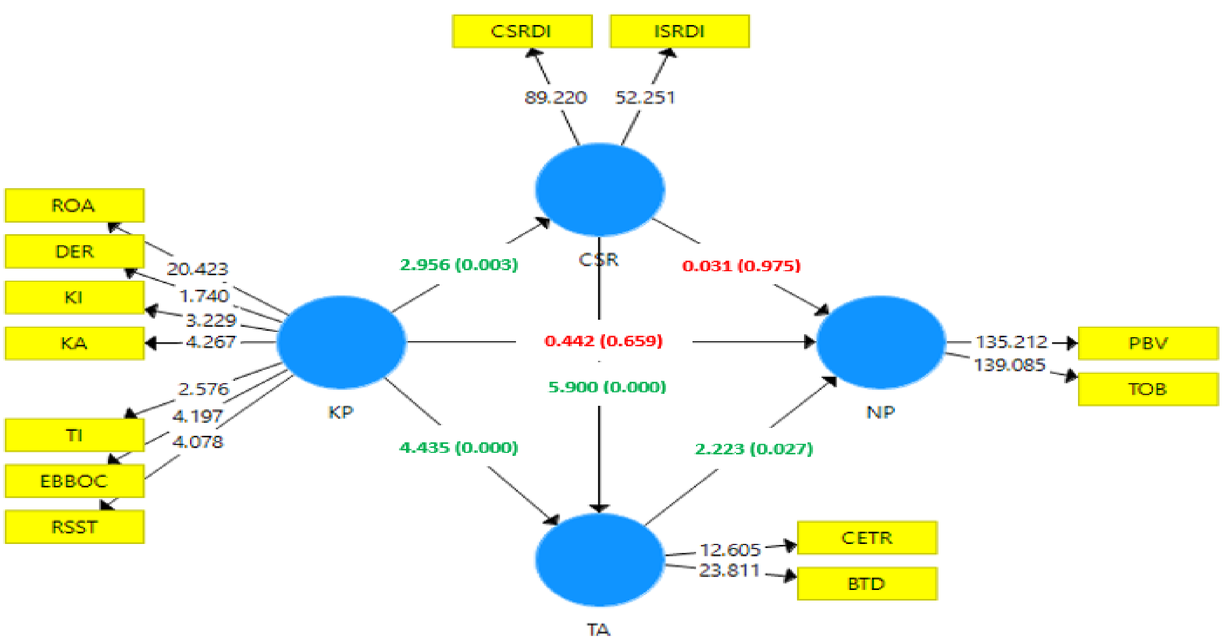
The R-square value of each variable after being obtained from the SmartPLS output as presented in Table 5, then the Q-square or predictive-relevance value can then be calculated using the following formulations and calculations:

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) (1 - R_3^2)$$
$$Q^2 = 1 - (1 - 0.210)(1 - 0.818) (1 - 0.031)$$
$$Q^2 = 1 - 0.139$$
$$Q^2 = 0.861$$

The calculation results of the predictive-relevance value of 0.861 or 86.1% indicate that the diversity of data that the model can explain is 86.1%. The remaining 13.9% presents other variables that do not contain in the model and errors. These results indicate that this research model is feasible because it has relevant predictive value. In addition, the Q^2 value of 0.861 indicates that the model is in a solid category to use for hypothesis testing. In other words, all indicators and variables in the research model are feasible models for predicting the model.

4.1.2. Hypothesis Testing Results

This study has 10 (ten) hypotheses which were divided into 6 (six) ideas to see the direct effect and 4 (four) pictures to see the mediation effect. Hypothesis testing does bootstrapping on the second model of this study to see the immediate impact and the impact of mediation. The results of the second model of Bootstrapping in this study can see in Figure 5. below:



Source:Processed from SmartPLS Output, (2021).

Figure5. Results of Bootstrapping of the Second Research Model

4.1.2.1. Results of Inner Model (Structural Model) Evaluation: Direct Effect Significance Test

The next inner model evaluation test carries out in this study is a direct influence significance test. The internal model or measurement of the inside is also called the structural model test. Table 6. presents path coefficient values and P-Values values for testing the significance of the direct effect (total effect).

Table6. Direct Effect Significance Test (Total Effect)

	Original Sample	Sample Mean	Standard Deviation	t Statistics	P Values
CSR -> FV	-0.007	-0.170	0.226	0.031	0.975
CSR -> TA	-0.821	-0.773	0.139	5.900	0.000
FC -> CSR	0.458	0.625	0.155	2.956	0.003
FC -> FV	0.050	0.130	0.114	0.442	0.659
FC -> TA	0.535	0.653	0.121	4.435	0.000
TA -> FV	-0.396	-0.385	0.178	2.223	0.027

Source:SmartPLS Output, (2021).

Table6 presents the results of the significance test of the direct effect (total effect) and determines the magnitude of the influence between the latent variables of this study. Based on the table, it can seem that the effect's importance can see from the original sample estimate column. Meanwhile, the level of significance can see from the t statistics column and p values. According toGhozali (2008), the t-stat value above 1.96 indicates a significant effect on each hypothesis. The results of hypothesis testing based on Table 7 below:

4.1.2.1.1. First Hypothesis Testing

The first hypothesis of this study is "firm characteristics have a positive effect on the disclosure of corporate social responsibility." Testing the first hypothesis resulted in a path coefficient value of 0.458 (positive) with the t-stat value of 2.956 > 1.96 and a p-value of 0.003 < sig 0.005. These results indicate that the effect of corporate characteristics on the disclosure of corporate social responsibility is 0.458. That suggests that **there is sufficient empirical evidence to accept the first hypothesis.**Thus, it concludes that firm characteristics have a positive effect on the disclosure of corporate social responsibility.

4.1.2.1.2. Second Hypothesis Testing

The second hypothesis in this study is "firm characteristics have a positive effect on tax avoidance practices." Testing the second hypothesis resulted in a path coefficient value of 0.535 (positive) with the t-stat value of 4.435 > 1.96 and a p-value of 0.000 < sig 0.005.These results indicate that the effect of firm characteristics on tax avoidance practices is 0.535 and significant. That shows that**there is sufficient empirical evidence to accept the second hypothesis.** To conclude, firm characteristics have a positive effect on tax avoidance practices.

4.1.2.1.3. Third Hypothesis Testing

The third hypothesis in this study is "firm characteristics have a positive effect on firm value." Testing the third hypothesis resulted in a path coefficient value of 0.050 (positive) with the t-stat value of 0.442 < 1.96 and a p-value of 0.659 > sig 0.005. These results indicate that the effect of firm characteristics on firm value is 0.050 and not significant. That shows that **there is not enough empirical evidence to accept the third hypothesis.** Thus, it concludes that firm characteristics do not have a positive effect on firm value.

4.1.2.1.4. Fourth Hypothesis Testing

The fourth hypothesis in this study is "disclosure of corporate social responsibility hurts the practice of tax avoidance." Testing the fourth hypothesis resulted in a path coefficient value of -0.821 (negative) with the t-stat value of 5.900 > 1.96 and a p-value of 0.000 < sig 0.005. These results indicate that the effect of firm characteristics on firm value is 0.821 and is significant. That shows that**there is sufficient empirical evidence to accept the third hypothesis.** Thus, it concludes that the disclosure of corporate social responsibility hurts the practice of tax avoidance**.**

4.1.2.1.5. Fifth Hypothesis Testing

The fifth hypothesis in this study is "corporate social responsibility disclosure positively affects firm value." Testing the fifth hypothesis resulted in a path coefficient value of -0.007 (negative) with the t-stat value of 0.031 < 1.96 and a p-value of 0.975 > sig 0.005.These results indicate that the effect of firm characteristics on firm value is -0.007 and not significant. That shows that **there is not enough empirical evidence to accept the fifth hypothesis.**Thus, it concludes that corporate social responsibility disclosure does not have a positive effect on firm value.

4.1.2.1.6. Sixth Hypothesis Testing

The sixth hypothesis in this study is "tax avoidance practices hurt firm value." Testing the sixth hypothesis resulted in a path coefficient value of -0.396 (negative) with the t-stat value of 2.223 > 1.96 and a p-value of 0.027 < sig 0.005.These results indicate that the effect of firm characteristics on firm value is -0.396 and significant. That shows that **there is sufficient empirical evidence to accept the sixth hypothesis.** Thus, it concludes that the practice of tax avoidance hurts firm value.Based on the hypothesis testing that does previously, a summary of the results of direct hypothesis testing presents in Table 7. below: :

Table7. Summary of Direct Effect Hypothesis Testing Results (Total Effect)

No.	Inner Model Hypothesis	Relationship Hypothesis	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Description
1.	FC → CSR	(+)	0.458	2.956	0.003	Hypothesis is accepted
2.	FC → TA	(+)	0.535	4.435	0.000	Hypothesis is accepted
3.	FC → FV	(+)	0.050	0.442	0.659	Hypothesis rejects
4.	CSR → TA	(-)	-0.821	5.900	0.000	Hypothesis is accepted
5.	CSR → FV	(+)	-0.007	0.031	0.975	Hypothesis

						rejects
6.	TA → FV	(-)	-0.396	2.223	0.027	Hypothesis is accepted

Source:Processed from Output SmartPLS, (2021).

4.1.2.2. Inner Model (Structural Model) Evaluation Test Results: Significance Test for Indirect Effects (Mediation Effect)

The indirect effect between latent variables in this study can be seen in Table 8 below: :

Table8. Indirect Effect Significance Test (Specific Indirect Effect)

	Original Sample	Sample Mean (M)	Standard Deviation	T Statistics	P Values
FC -> CSR -> FV	0.152	0.311	0.177	0.861	**0.390**
CSR -> TA -> FV	0.325	0.303	0.152	2.140	**0.033**
FC -> CSR -> TA -> FV	0.149	0.182	0.095	2.566	**0.018**
FC -> TA -> FV	0.063	0.068	0.073	0.866	**0.387**
FC -> CSR -> TA	0.376	0.479	0.145	2.595	**0.010**

Source: SmartPLS Output, (2021).

Furthermore, to investigate and determine the type of mediation (mediation effect) that occurs, it is necessary to know the value of the original sample from the path coefficient model as the procedure developed by Nitzl, Roldan, & Cepeda-Carrion (2016). The path coefficients values are present in the following Table 9:

Table9. *Path Coefficients (Mean, STDEV, T-Values, P-Values)*

	Original Sample	Sample Mean	Standard Deviation	*t* Statistics	P Values
CSR -> FV	-0.332	-0.473	0.183	1.818	**0.070**
CSR -> TA	-0.821	-0.773	0.139	5.900	**0.000**
FC -> CSR	0.458	0.625	0.155	2.956	**0.003**
FC -> FV	0.009	0.192	0.301	0.031	**0.975**
FC -> TA	0.159	0.174	0.145	1.093	**0.275**
TA -> FV	-0.396	-0.385	0.178	2.223	**0.027**

Source:SmartPLS Output, (2021).

4.1.2.2.1. Seventh Hypothesis Testing

The seventh hypothesis in this study is "corporate social responsibility disclosure mediates the relationship between firm characteristics and firm value." Testing the seventh hypothesis produces path coefficient values which can see in table 5.8. namely the test table for the significance of the indirect effect (specific indirect effect), which obtained a value of 0.152 (positive) with the t-stat value of 0.861 < 1.96 and a p-value of 0.390 > sig 0.005. These results indicate that the effect of corporate social responsibility disclosure mediating the relationship between firm characteristics and firm value is 0.152 and not significant. That shows that **there is not enough empirical evidence to accept the seventh hypothesis.** Thus, it concludes that corporate social responsibility disclosure does not mediate the relationship between firm characteristics and firm value.

4.1.2.2.2. Eighth Hypothesis Testing

The eighth hypothesis in this study is "tax avoidance practices mediate the relationship between firm characteristics and firm value." Testing the eighth hypothesis produces path coefficient values which can see in table 5.8. namely, the test table for the significance of the indirect effect (specific indirect effect) were obtained a value of 0.063 (positive) with the t-stat value of 0.866 < 1.96 and a p-value of 0.387 > sig 0.005.These results indicate that the practice of tax avoidance does not mediate the relationship between firm characteristics and firm value, which is 0.063 and is not significant. That shows that **there is not enough empirical evidence to accept the eighth hypothesis.** Thus, it concludes that the practice of tax avoidance does not mediate the relationship between firm characteristics and firm value.

4.1.2.2.3. Ninth Hypothesis Testing

The ninth hypothesis in this study is “corporate social responsibility disclosure mediates the relationship between firm characteristics and tax avoidance practices.” Testing the ninth hypothesis produces path coefficient values which can see in table 5.8. namely, the test table for the significance of the indirect effect (specific indirect effect), which obtained a value of 0.376 (positive) with the t-stat value of 2.595 > 1.96 and a p-value of 0.010 < sig 0.005. These results indicate that corporate social responsibility disclosure's effect on the relationship between firm characteristics and tax avoidance practices is 0.376 (positive) and significant. That shows that **there is sufficient empirical evidence to accept the ninth hypothesis.** Thus, it concludes that the disclosure of corporate social responsibility mediates the relationship between firm characteristics and tax avoidance practices.

4.1.2.2.4. Tenth Hypothesis Testing

The tenth hypothesis in this study is "tax avoidance practices mediate the relationship between disclosure of corporate social responsibility and firm value." Testing the tenth hypothesis produces path coefficient values which can see in table 5.8. namely, the test table for the significance of the indirect effect (specific indirect effect), which obtained a value of 0.325 (positive) with the t-stat value of 2.140 > 1.96 and a p-value of 0.033 < sig 0.005. These results indicate that tax avoidance practices' effect on the relationship between corporate social responsibility disclosure and firm value is 0.376 (positive) and significant. That suggests that **there is sufficient empirical evidence to accept the tenth hypothesis.** Thus, it concludes that the practice of tax avoidance mediates the relationship between disclosure of corporate social responsibility and firm value.

4.1.2.2.5. Eleventh Hypothesis Testing

The eleventh hypothesis in this study is "corporate social responsibility disclosures and tax avoidance practices mediate the relationship between firm characteristics and firm value." Testing the eleventh hypothesis produces path coefficient values which can see in table 5.8. namely, the test table for the significance of the indirect effect (specific indirect effect), which obtained a value of 0.149 (positive) with the t-stat value of 2.566 > 1.96 and a p-value of 0.018 < sig 0.005. These results indicate that the effect of corporate social responsibility disclosure and tax avoidance practices mediating the relationship between firm characteristics and firm value is 0.149 (positive) and significant. That shows that **there is sufficient empirical evidence to accept the eleventh hypothesis**. Thus, it concludes that the disclosure of corporate social responsibility and tax avoidance practices mediate the relationship between firm characteristics and firm value.Next, to see the type of mediation effect that occurs, the procedure developed by Nitzl et al.

(2016), as explained in chapter 3 previously, was carried out. There are two steps to testing the mediating effect:(1) Determining the significance of the indirect influence and its magnitude, and (2) Determining the type of influence and mediation. Then, the direct effect seen in the path coefficients compares with the mediating effect (specific indirect effect).The mediation effect might always exist if the clear indirect impact is significant.

The mediation literature currently discusses three types of mediation, complete mediation, partial mediation, and no mediating effect (without mediation)(Cepeda et al., 2017). **Full mediation**, in this case, is where the direct impact is not significant, while the indirect effect is significant. Partial mediation can further divide into complementary partial mediation and competitive partial mediation. **Complementary partial mediation**, in this case, is where the direct and indirect effects are significant and point in the same direction (positive or negative). Furthermore, **in this case, competitive partial mediation** is where the direct and indirect effects are significant but lead in different directions.

At last, no mediation divides into two types, namely only direct effect and no effect. **The only immediate effect**is where the direct impact is significant while the indirect effect is not significant. Furthermore, **no product** shown in this case is where there is no significant effect, either direct or indirect.The results of this study determine the type of mediation effect from the previously proposed hypothesis. In the following, the researcher explained the mediating consequences of the seventh hypothesis, eighth hypothesis, ninth hypothesis, tenth hypothesis, and eleventh hypothesis.

The results of **the seventh hypothesis testing** indicate that the direct effect of FC – FV is not significant with a positive sign (+). This can be seen from the path coefficients t-stat value of 0.031 < 1.96 and the p-value of 0.975 > sig 0.005 (table 5.9). Furthermore, the indirect effect of FC – CSR – FV also shows insignificant results with a positive sign (+). This can be seen from the specific indirect effect t-stat value of 0.863 < 1.96 and p-value of 0.390 > sig 0.005 (table 5.8). From these results, it can conclude that the seventh hypothesis includes the **no effect** type.

The results of **eighth hypothesis testing** show that the direct effect of FC - FV is not significant with a positive sign (+). This can be seen from the path coefficients t-stat value of 0.031 < 1.96 and the p-value of 0.975 > sig 0.005 (table 5.9.). Furthermore, the indirect effect of FC – TA – FV also showed insignificant results with a positive sign (+). This can be seen from the specific indirect effect t-stat value of 0.866 < 1.96 and p-value of 0.387 > sig 0.005 (Table 5.8). From these results, it can conclude that the eighth hypothesis includes the **no effect** type.

The results of **the ninth hypothesis** show that the direct effect of FC – TA is not significant with a positive sign (+). This can be seen from the path coefficients t-stat value of 1.093 < 1.96 and the p-value of 0.275 > sig 0.005 (table 5.9). On the other hand, the indirect effect of FC – CSR – TA shows significant results with a positive sign (+). This can be seen from the specific indirect effect t-stat value of 2.595 > 1.96 and p-value of 0.010 < sig 0.005 (table 5.8). From these results, it can conclude that the ninth hypothesis includes the **full mediation** type.

The results of **the tenth hypothesis** show that CSR–FV's direct effect is not significant with a negative sign (-). This can be seen from the path coefficients, the t-stat value of 1.818 < 1.96, and the p-value of 0.070 > sig 0.005 (table 5.9). On the other hand, the indirect effect of CSR – TA – FV shows significant results with a positive sign (+). This can be seen from the specific indirect effect t-stat value of 2.140 > 1.96 and p-value of 0.033 < sig 0.005 (table 5.8). From these results, it can conclude that the tenth hypothesis includes the **full mediation** type.

The results of **the eleventh hypothesis** show that the direct effect of FC – FV is not significant with a positive sign (+). This can be seen from the path coefficients t-stat value of 0.031 < 1.96 and the p-value of 0.975 > sig 0.005 (table 5.9). On the other hand, the indirect effect of FC – CSR – TA – FV shows significant results with a positive sign (+). This can be seen from the specific indirect effect t-stat value of 2.566 > 1.96 and p-value of 0.018 < sig 0.05 (table 5.8). From these results, it can conclude that hypothesis eleventh hypothesis includes the type of **full mediation**.

Based on the results of the evaluation test of the inner model (structural model): the significance test of the indirect effect (mediation effect) and the mediation effect procedure as developed by Nitzl et al. (2016), the results can summarize as shown in Table 10 below: :

Table10. Summary of Indirect Effect Hypothesis Testing Results*(Specific Indirect Effect)*

No.	Inner Model Hypothesis	Original Sample	T Statistics	P Values	Decision	Type of Mediation
7.	FC → CSR → FV	0.152	0.861	0.390	Hypothesis reject	***No Effect***
8.	FC → TA → FV	0.063	0.866	0.387	Hypothesis reject	***No Effect***
9.	FC → CSR → TA	0.376	2.595	0.010	Hypothesis is accepted	***Full Mediation***
10.	CSR → TA → FV	0.325	2.140	0.033	Hypothesis is accepted	***Full Mediation***
11.	FC → CSR → TA → FV	0.149	2.566	0.018	Hypothesis is accepted	***Full Mediation***

Source:Processed from SmartPLS Output, (2021).

4.2. Discussion

Based on the results of inferential statistics in this study, the influences between research variables with exposure finds as follows:

4.2.1. The Influence of Firm Characteristics on Disclosure of Corporate Social Responsibility

4.2.1.1. Discussion of Research Findings

Hypothesis testing previously concludes that firm characteristics have a positive and significant effect on corporate social responsibility disclosure. This can be seen from the path coefficient value of 0.458 (positive) with the t-stat value of 2.956 > 1.96 and a p-value of 0.003 < sig 0.005. these results can interpret that the company's characteristics, reflected by the indicators of ROA, DER, IO, FO, IT, EBBOC, and RSST, directly affect the disclosure of corporate social responsibility reflected by the indicators of CSRDI and ISRDI.

People are all aware of a paradigm shift in the company's thinking in the last decade. In carrying out its operational activities, the company pays great attention to its corporate social responsibility information disclosure quality and the extent of its annual report. That is very closely related to the existence and sustainability of the company because it is one of the considerations of investors in making investment decisions (Kholis et al., 2020). The quality of disclosure of social responsibility information which includes the level, theme, type, and location of this disclosure, can be influenced by several factors, including size, profitability, leverage, type of industry, and company ownership structure.

A preliminary study in the form of a literature survey also found evidence of new indicators of firm characteristics that can influence corporate social responsibility disclosure, namely the educational background of boards commissioner and free of fraud indications.Members of the board of commissioners in companies with economic education backgrounds consider better ability to manage the business. Suppose one of the commissioners has educational experience in accounting/ economics/ finance/ business. In that case, there is a tendency that the company will disclose more information to show accountability, improve company image, and demonstrate credibility (R. M. Haniffa & Cooke, 2002). in other words, if the board of commissioners consists of individuals with educational backgrounds in business and accounting, this will encourage management to disclose more comprehensive information to improve the company's image and credibility of the management team.

The results showed that the sample companies' average Richardson, Sloan, Soliman, and Tuna (RSST) was 0.52887. The tabulation results show that overall, none of the sample companies indicated fraud (free of fraud). That can see from the absence of a company's RSST calculation value greater than 1 (one). As previously explained, this study's population is companies listed on the Jakarta Islamic Index (JII) or have a sharia stock index. Companies with Islamic values expect to consider social values as the main factor in reporting their information. Thus, business practices are considered more transparent through information reporting practices(Meutia & Febrianti, 2017). Companies with Islamic values should be able to provide information that is not covered up or honestly to Muslims (as a form of accountability) regarding their activities to carry out sharia principles to improve the welfare of the people, which is a characteristic of Islamic companies.

Finally, based on the outer model test, it can be seen that the indicators of company size as measured by the logarithm of total assets and company age are not factors that affect the disclosure of corporate social responsibility. That is certainly an exciting finding, where based on the results of previous studies, most researchers found that, in general, large companies disclose more information than smaller companies (Dewi & Sitinjak, 2009; R. O. B. Gray et al., 2001; Jensen & Meckeling, 1976). That may be because the government has issued various regulations regarding the company's obligation to disclose multiple information. It is related to the company's financial statements, especially for companies listed on the Indonesia Stock Exchange (IDX), such as Law no. 40 of 2007 concerning Limited Liability Companies, which has several regulatory points closely related to implementing sustainable finance Indonesia.

The emergence of the Financial Services Authority rules and tax regulations that bind companies to provide complete information related to financial statements, including corporate social responsibility. Furthermore, every company is obliged to face complex issues related to its social responsibility. These issues are numerous and change depending on the situation and conditions. Rigid corporate rules cannot deal with these issues. Whether the firm is large or small, the firm is new or has a list for a long time. It has its perspective in viewing CSR programs as essential or not carried out by companies. This perspective will ultimately decide whether the company will implement CSR practices or not. That may cause the company's size and age to no longer significantly affect corporate social responsibility disclosure. The disclosure obligations are considered mandatory and are no longer voluntary for companies listed on the stock exchange.

4.2.1.2. The Relation of Research Findings with Previous Studies

The results of this study support the findings of previous researchers, such as those of Uyar et al. (2020), Y. C. Chen et al. (2018), Kansal et al. (2014), Muttakin & Khan (2014), Othman et al. (2009), W. E. Putra, Afrizal, Mukhzarudfa, & Lubis (2020), Mahmud Hossain et al. (2006), and Hamid (2004) which found that there is a positive and significant relationship or influence between the characteristics of the company as a whole and the disclosure of corporate social responsibility. Yet, the findings of this study contradict the results of research conducted by Wiyuda & Pramono (2017) and Oktariani & Mimba (2014). They found that the study's companies' characteristics measures company size, industry type (profile), and leverage did not affect the extent of corporate social responsibility disclosure.

4.2.2. The Effect of Firm Characteristics on Tax Avoidance Practices

4.2.2.1. Discussion of Research Findings

The hypothesis testing can conclude that immutable characteristics have a positive and significant effect on tax avoidance practices. This can be seen from the path coefficient value of 0.535 (positive) with the t-stat value of 4.435 > 1.96 and a p-value of 0.000 < sig 0.005. These results can interpret that the company's characteristics, which reflect ROA, DER, IO, FO, IT, EBBOC, and RSST, directly affect corporate tax avoidance, reflecting the CETR and BTD indicators.

The practice of tax avoidance by the company cannot separate from the Theory of Planned Behavior. The theory helps explain the tendency of planned corporate tax avoidance. Based on the Theory of Planned Behavior model by Ajzen (1991; 2011), it can demonstrate that individual behavior to disobey tax provisions influence the intention to behave disobediently. Lim (2011) defines tax avoidance as tax savings that arise by utilizing tax provisions carried out legally to minimize tax obligations. Tax avoidance is part of tax planning that carry out to reduce tax payments. Tax avoidance is not legally prohibited, although it is often under the tax office's spotlight because it considers having a negative connotation. Tax avoidance is in contrast to tax evasion, which is an effort to reduce tax by violating the applicable tax provisions. Tax evasion perpetrators can be subject to administrative sanctions as well as criminal sanctions. Tax avoidance also has other terms such as tax aggressive and tax sheltering. As Frank, Lynch, & Rego (2009) expressed, the definition of tax bold is an action that aims to reduce taxable income through tax planning.

4.2.2.2. The Relation of Research Findings with Previous Studies

The results of this study are in line with previous studies such as those conducted by Dyreng et al. (2010); G. Richardson et al. (2013; 2016). As previously explained, firm characteristics are characteristics or characteristics inherent in a business entity that can see from various aspects, including the type of business or industry, level of liquidity, level of profitability, firm size, investment decisions, and others (Lang & Lundhlom, 1993; Uyar et al., 2020). The characteristics of the company influence companies carrying out tax avoidance activities. In other words, the better the company's financial performance value (ROA, Sale, et cetera) and other characteristics such as size, leverage, et cetera, the greater the chance that the company will take tax avoidance. That is as disclosed by G. Richardson et al. (2013; 2016). Furthermore, G. Richardson et al. (2016) revealed a significant relationship between firm characteristics measured by SIZE, LEV, CINT, RDINT, and ROA with corporate tax aggressiveness.

The findings of this study contradict the results of research conducted by Lanis & Richardson (2011), which found a negative and statistically significant relationship between the membership of the board of commissioners and the tax aggressiveness that applies in various specifications of the regression model.

4.2.3. The Effect of Firm Characteristics on Firm Value

4.2.3.1. Discussion of Research Findings

Hypothesis testing that previous researchers have done concludes that firm characteristics have a positive but not significant effect on firm value. This can be seen from the path coefficient value of 0.050 (positive) with the t-stat value of 0.442 < 1.96 and a p-value of 0.659 > sig 0.005. These results can interpret that the company's characteristics, which reflect the indicators of ROA, DER, IO, FO, IT, EBBOC, and RSST, directly have no significant effect on the company's value reflects the indicators of PBV and TOB.

4.2.3.2. The Relation of Research Findings with Previous Studies

The results of this study are different from the results found by Khasawneh & Staytieh (2017), Komarudin & Affandi (2019), Lumapow & Tumiwa (2017), and Sucuahi & Cambarihan (2016). The firm characteristics as profitability, size, foreign ownership, and dividend policy positively affected company value. However, these findings support the research conducted by Putri & Rachmawati (2018), which revealed that several indicators of company characteristic variables hurt the firm value, firm age, and dividend policy. Furthermore, Lanis & Richardson (2011) and Richardson et al. (2013) also stated that immutable characteristics might have a non-linear effect on tax aggressiveness.

4.2.4. The Effect of Corporate Social Responsibility Disclosure on Tax Avoidance Practices

4.2.4.1. Discussion of Research Findings

Hypothesis testing has previously concluded that corporate social responsibility disclosure has a significant negative effect on tax avoidance. That can be seen the path coefficient value of -0.821 (negative) with the t-stat value of 5.900 > 1.96 and a p-value of 0.000 < sig 0.005.The data from the research described previously explained that in Indonesia itself, the tax-to-GDP ratio was quite volatile from 2009 - 2018. That could indicate that tax planning practices that include tax avoidance and tax evasion are still high by companies in Indonesia(OECD, 2020). Hoi et al. (2013)mengungkapkanbahwapraktik CSR yang dilakukanperusahaansecaratidak revealed that CSR practices carried out by companies irresponsibly have a relationship with tax avoidance practices. The method of tax avoidance considers being 'covered up by the existence of CSR. CSR believes to be a 'right action' that has an economic impact and social, environmental, and other external parties. CSR practices can use as a management strategy to protect its reputation in political, regulatory, or social forms.

4.2.4.2. The Relation of Research Findings with Previous Studies

The results of this study support previous studies conducted by Laguir, Staglianò, & Elbaz (2015), Lanis & Richardson (2012; 2015), and Lin, K. Z., Cheng, S., & Zhang, (2017). That indicates that the higher the CSR disclosure, the lower the practice of tax avoidance occurs. The CSR strategy, which includes the company's code of business ethics, makes companies reluctant to practice tax avoidance. However, the findings of this study contradict the results of research conducted byKhaoula (2013), which found the results that the CSR variable had a significant positive effect on tax planning. That can happen because CSR practices do only use as a "camouflage" strategy for companies to carry out their tax aggressiveness.

4.2.5. The Effect of Corporate Social Responsibility Disclosure on Firm Value

4.2.5.1. Discussion of Research Findings

Hypothesis testing does, it can conclude that the disclosure of corporate social responsibility directly has no significant effect on firm value. This can be seen from the path coefficient value of 0.007 (positive) with the t-stat value of 0.031 < 1.96 and a p-value of 0.975 > sig 0.005.The Indonesian government has issued various provisions and regulations regarding the company's obligation to disclose multiple information related to the company's financial statements since 2007, especially for companies listed on the Indonesia Stock Exchange (IDX). Such as Law no. 40 of 2007 concerning Limited Liability Companies has several regulatory points closely related to implementing sustainable finance in Indonesia. That can be presumed to be why corporate social responsibility disclosure does not directly affect firm value because the disclosure obligation is mandatory for the company. Moreover, the disclosure of CSR disclosures can also hurt substantial discounts if the company is too excessive to attract investors through CSR disclosure(Sun et al., 2019).

4.2.5.2. The Relation of Research Findings with Previous Studies

The results of this study are pretty interesting because they found different results from the effects of several previous studies which found a positive relationship between the disclosure of corporate social responsibility and firm value, such as research conducted by Li et al. (2018), Harjoto & Laksmana (2018), Qiu et al. (2016), and Cellier & Chollet, (2016).

4.2.6. The Effect of Tax Avoidance Practices on Firm Value

4.2.6.1. Discussion of Research Findings

Based on the hypothesis testing, it can conclude that tax avoidance has a significant negative effect on firm value. That can see from the path coefficient value of -0.396 (negative) with the t-stat value of 2.223 > 1.96 and a p-value of 0.027 < sig 0.005.Tax avoidance is an act of tax savings that is still in the corridor of legislation (lawful fashion). In traditional theory, tax avoidance is considered an activity to transfer welfare from the state to shareholders (Kim et al., 2011). Meanwhile, Lim (2011) defines tax avoidance as tax savings that arise by utilizing tax provisions carried out legally to minimize tax obligations. Tax avoidance is part of tax planning that carry out to reduce tax payments. Tax avoidance is not legally prohibited, although it is often under the tax office's spotlight because it considers having a negative connotation.

4.2.6.2. The Relation of Research Findings with Previous Studies

The results of this study are in line with research conducted by Abdul Wahab & Holland (2012), Chang et al. (2013), X. Chen et al. (2014), and Santa & Rezende (2016). Research conducted by Santa & Rezende (2016) found a relationship between tax avoidance activities and firm value in the Brazilian capital market. The results show that tax avoidance and substantial value are negatively related. This study support a previous study conducted by Chang et al. (2013) concluded that income from subsidiaries that use tax havens has a relatively negative effect on firm value.

Chen et al. (2014) explained that tax avoidance behavior would increase agency costs and reduce firm value. They found that information transparency interacts with corporate tax avoidance and moderates the relationship between tax avoidance and firm value. Furthermore, Abdul Wahab & Holland (2012) also conducted research and concluded that tax planning does not appreciate shareholders and reduces the company's value. The consistent negative relationship between tax planning and firm value that appears is generally vital for several specifications of the different control variables. The findings of this study contradict the results of research conducted by Saragih (2017), which explains that tax avoidance as measured by the effective tax rate has no significant effect on firm value. Moreover, Desai & Dharmapala (2009) also reveal that tax avoidance has no significant impact on firm value. That could be due to some investors realizing that this tax avoidance practice is not against regulations and is only a management strategy.

4.2.7. Disclosure of Corporate Social Responsibility Mediates the Relationship between Firm Characteristics and Firm Value

4.2.7.1. Discussion of Research Findings

Based on the hypothesis testing, it can conclude that the disclosure of corporate social responsibility does not mediate the relationship between firm characteristics and firm value. This can be seen from the path coefficient value of 0.152 (positive) with the t-stat value of 0.861 < 1.96 and a p-value of 0.390 > sig 0.005. This study shows that it turns out that the disclosure of corporate social responsibility reflects the CSRDI and ISRDI indicators. It cannot mediate the relationship between the influence of firm characteristics as reflected by the ROA, DER, IO, FO, IT, EBBOC, and RSST indicators with a firm value reflected by PBV and TOB indicators. Because CSR does not succeed as an intermediary between profitability and leverage in influencing firm value, the real relationship directly influences the effect of profitability and leverage on firm value.

4.2.7.2. The Relation of Research Findings with Previous Studies

The results of this study support those expressed by Isnaini & Kurnia (2017) in their research. That could be because the disclosure of social responsibility (CSR) by companies in Indonesia is still not optimal. Moreover, the government has not fully implemented sanctions and penalties for companies not disclosing their social responsibility (CSR). Thus, there are still many companies that have not fully informed their social responsibility (CSR).Furthermore, what may be the reason why the disclosure of corporate social responsibility (CSR) cannot mediate the relationship between firm characteristics and firm value. Most companies consider the disclosure of social responsibility information as a burden by the company and not as a form of responsibility because it distributes the company's wealth for the social interest of the community. That is following what was also found by Ikhwandarti, Pratolo, & Suryanto (2010) in their study. However, the findings of this study are different from the results of research conducted by Ayu & Suarjaya (2017) and Robert (2016). they revealed that corporate social responsibility (CSR) disclosure could mediate the influence relationship between firm characteristics, measured by firm size and profitability to solid value.

4.2.8. Tax Avoidance Practices Mediates the Relationship between Firm Characteristics and Firm Value

4.2.8.1. Discussion of Research Findings

The previous hypothesis testing concluded that tax avoidance does not mediate the relationship between firm characteristics and firm value. This can be seen from the path coefficient value of 0.063 (positive) with the t-stat value of 0.866 < 1.96 and a p-value of 0.387 > sig 0.005. This study shows that the practice of tax avoidance which reflect by the CETR and BTD indicators. It cannot mediate the influence of firm characteristics as reflected by the indicators of ROA, DER, IO, FO, IT, EBBOC, and RSST with a strong value. That reflects PBV TOB indicators because tax avoidance is not an intermediary for the firm characteristics (firm value) in influencing its value. But the real relationship is the direct influence between firm characteristics on tax avoidance and the direct influence of tax avoidance on firm value.

4.2.8.2. The Relation of Research Findings with Previous Studies

The results of this study support previous studies conducted by Nofiata, Indrabudiman, & Handayani (2020) and Y. R. A. N. Putra, Indrabudiman, Riyadi, & Handayani (2020). The study results found that tax avoidance could not mediate the influence relationship between firm characteristics as measured by firm size, profitability, and leverage on firm value.

4.2.9. Disclosure of Corporate Social Responsibility Mediates the Relationship between Firm Characteristics and Tax Avoidance Practices

4.2.9.1. Discussion of Research Findings

Corporate social responsibility disclosure mediates the relationship between firm characteristics and tax avoidance practices is Testing the hypothesis. This can be seen from the path coefficient value of 0.376 (positive) with the t-stat value of 2.595 > 1.96 and a p-value of 0.010 < sig 0.005. This study shows that the disclosure of corporate social responsibility reflects the CSRDI and ISRDI indicators. It can mediate the relationship between the influence of firm characteristics reflected by the ROA, DER, IO, FO, IT, EBBOC, and RSST indicators with tax avoidance practices reflected by the CETR BTD indicators.Firm characteristics are predictors of disclosure quality (Lang & Lundhlom, 1993; Uyar et al., 2020; Wallace, Naser, & Mora, 1994). Furthermore, companies that choose to engage in CSR activities are likely to carry out lower tax aggressiveness. Companies with a high CSR profile predicts to be more cautious in reporting tax aggressively or tend to show less tax avoidance (Lanis & Richardson, 2015).

4.2.9.2. The Relation of Research Findings with Previous Studies

The results of this study support previous studies conducted by Laguir et al. (2015), Lanis & Richardson (2012; 2015), Lin, K. Z., Cheng, S., & Zhang (2017), and Uyar et al. (2020). it turned out the disclosure of corporate social responsibility as reflected by the CSRDI and ISRDI indicators. It was able to mediate the relationship between the influence of firm characteristics reflected by the hands of ROA, DER, IO, FO, IT, EBBOC, and RSST with tax avoidance practices as reflected by the CETR and BTD indicators.

4.2.10. Tax Avoidance Practices Mediates the Relationship between Corporate Social Responsibility Disclosures and Firm Value

4.2.10.1. Discussion of Research Findings

Hypothesis testing that does, it can conclude that the practice of tax avoidance mediates the relationship between disclosure of corporate social responsibility and firm value. This can be seen from the path coefficient value of 0.325 (positive) with the t-stat value of 2.140 > 1.96 and a p-value of 0.033 < sig 0.005. This study shows that, in fact, the practice of tax avoidance which reflects the CETR and BTD indicators, can mediate the relationship of the influence of the disclosure of corporate social responsibility, which reflects the CSRDI and ISRDI indicators with a firm value reflected by PBV and TOB indicators.

4.2.10.2. The Relation of Research Findings with Previous Studies

The results of this study are related to and support previous studies conducted by Cabello et al. (2019), Chang et al. (2013), Laguir et al. (2015), Lanis & Richardson (2015), and Santa & Rezende (2016) concluded that the practice of tax avoidance mediates the relationship between disclosure of corporate social responsibility and firm value.

4.2.11. Disclosure of Corporate Social Responsibility and Tax Avoidance Practices Mediates the Relationship between Firm Characteristics and Firm Value

4.2.11.1. Discussion of Research Findings

Hypothesis testing does, it can conclude that the disclosure of corporate social responsibility and tax avoidance practices mediate the relationship between firm characteristics and firm value. This can be seen from the path coefficient value of 0.149 (positive) with the t-stat value of 2.566 > 1.96 and a p-value of 0.018 < sig 0.005. The results of this study indicate that the disclosure of corporate social responsibility reflects the CSRDI and ISRDI indicators and the practice of tax avoidance reflected by the CETR and BTD indicators. It can mediate the relationship between the effects of firm characteristics, which reflects indicators of ROA, DER, IO, FO, IT, EBBOC, and RSST with a firm value reflected by indicators of PBV and TOB.

Firm characteristics can be a 'cause' factor for the various aspects described above. The robust characteristics that are proxied by fit size, type of industry and sector, profitability, and composition of the board of directors and commissioners have a positive relationship to CSR disclosure both conventionally and using ISR(Kansal, Joshi, & Batra, 2014; Muttakin & Khan, 2014; Othman et al., 2009). Companies that choose to engage in CSR activities are likely to carry out lower tax aggressiveness. Companies with a high CSR profile predicts to be more cautious in reporting tax aggressively or tend to show less tax avoidance (Lanis & Richardson, 2015). These results also indicate that the higher the CSR disclosure, the lower the practice of tax avoidance that occurs. CSR strategies, which include the company's code of business ethics, make business people reluctant to practice tax avoidance(Laguir et al., 2015; Lanis & Richardson, 2012, 2015; Lin, K. Z., Cheng, S., & Zhang, 2017).The decrease in the tendency of companies to carry out tax avoidance actions will increase the company's value. That is because investors, as the basis for the company's assessment, do not like this practice of tax avoidance because it considers that the company may not be transparent. Applying tax avoidance practices continuously can cause an increase in agency costs which in turn will harm the value of the company due to the decreasing level of investor confidence(Abdul Wahab & Holland, 2012; Chang et al., 2013; X. Chen et al., 2014; Santa & Rezende, 2016). At last, the disclosure of corporate social responsibility and the practice of tax avoidance by the company can positively mediate the effect of corporate social responsibility on firm value.

4.2.11.2. **The Relation of Research Findings with Previous Studies**

The results of this study support previous studies conducted by Laguir et al. (2015), Lanis & Richardson (2012; 2015), Lin, K. Z., Cheng, S., & Zhang (2017), Uyar et al. (2020), Abdul Wahab & Holland (2012), Chang et al. (2013), X. Chen et al. (2014) and Santa & Rezende (2016) concluded that the disclosure of corporate social responsibility and tax avoidance practices mediate the relationship between firm characteristics and firm value.

4.3. Research Model

Based on the results of this study, it can see the visualization of the research model before and after analyzes as follows in Figure 6:

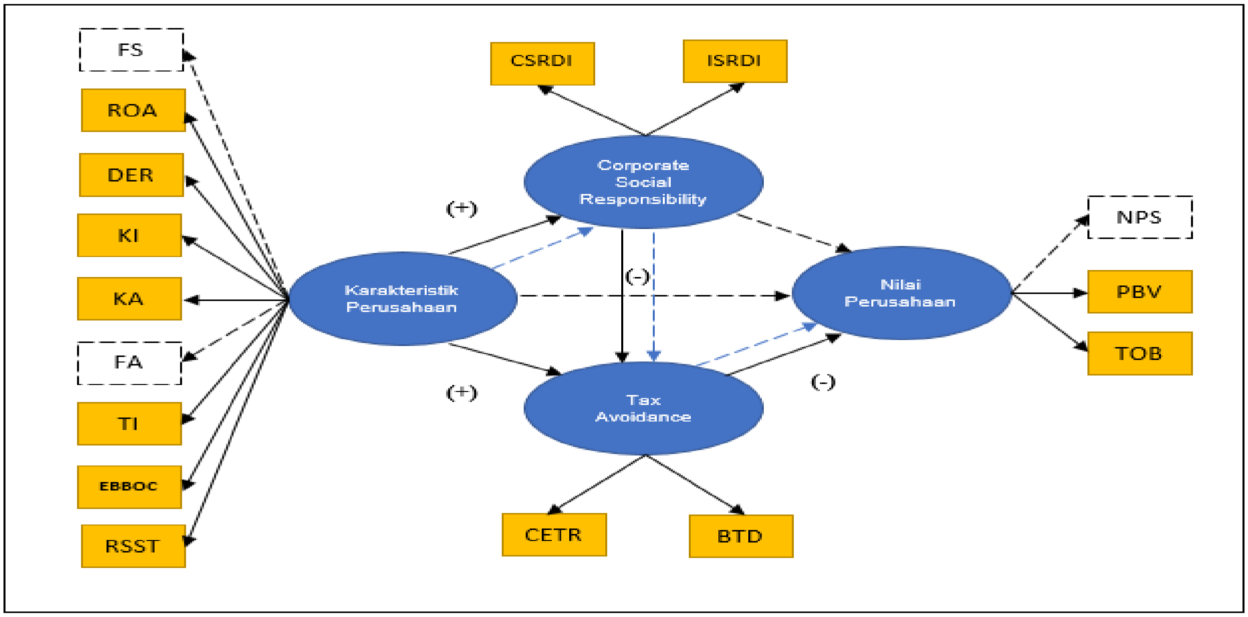


Figure6. Summary of Research Model Before and After Analysis

Description:

: there is influence

: no influence

: variable found in the model

: indicators found in the model

: indicators that are not used in the model

: mediation relationship

The research findings formed by this model illustrate that immutable characteristics have a significant favorable influence on corporate social responsibility disclosure. Furthermore, firm characteristics also have a significant positive effect on tax avoidance practices. Disclosure of corporate social responsibility has a significant negative impact on tax avoidance practices. Likewise, the pattern of tax avoidance has a significant negative effect on firm value. The following can see the image of the new research model as follows:

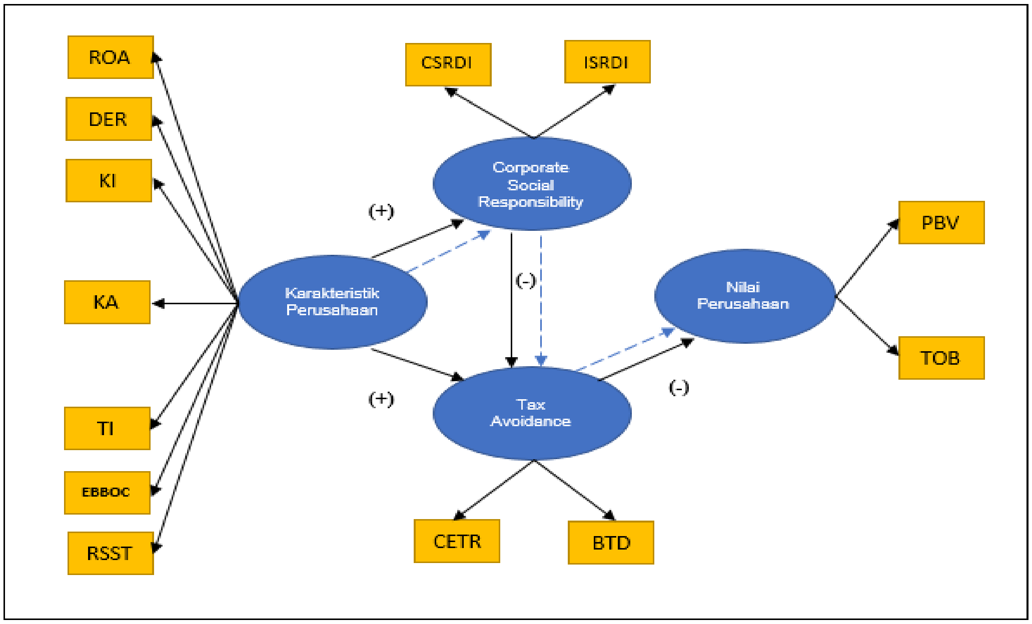
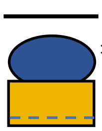


Figure7. New Research Model Found

Description:


: there is influence
: variable found in the model
: indicators found in the model
: mediation relationship

4.4. Managerial Implications

According to the firm's theory, the company's primary purpose is to increase the owners' or shareholders' prosperity by increasing the firm value (Salvatore, 2005). Furthermore, the firm value, in general, can be defined as the fair firm value, which describes the investor's perception of the issuer concerned. Srinivasan & Hanssens (2009) explained that the process of continuous adjustment to the firm value is a big thing that is important for senior executives. Brigham & Houston (2012) explain that substantial value is significant because the high firm value follows increased shareholder prosperity. The higher the share price, the higher the firm value.

Firm characteristics are one of the variables that influence the practice of corporate tax avoidance and corporate social responsibility disclosure. The findings of this study explain that immutable traits have a positive and significant effect on tax avoidance. This study indicates that increasing the variable firm characteristics has several indicators such as ROA, DER, ownership structure, RSST, etc., which might cause an increase in indications of tax avoidance. Firm features can also be one of the factors that can affect the implementation of CSR in the company. Based on the findings of this study, it knows that immutable characteristics have a positive and significant effect on the disclosure of corporate social responsibility. That indicates that increasing the immutable characteristics have several indicators such as ROA, DER, ownership structure, educational background of DEKOM members, RSST, et cetera, which might lead to increased corporate social responsibility disclosures made by the company. Each company has different characteristics from one entity to another. Furthermore, firm factors can explain the wide variation of voluntary disclosure in the annual report; immutable characteristics predict disclosure quality.

4.5. Theoretical and Practical Implications

The results of this study have theoretical implications for this study. The researchers succeeded in combining 2 (two) indicators of corporate social responsibility disclosure, namely the corporate social reporting disclosure index (CSRDI) and the Islamic social reporting disclosure index (ISRDI), which produce disclosure items that can provide more comprehensive information. With the combination of the 2 (two) disclosure indicators, the researcher named the corporate social reporting universal disclosure index (CSRUDI).

This study also proved 2 (two) new indicators as manifest variables of the latent variables of firm characteristics, namely the educational background of boards commissioner and free of fraud indications.First, members of the board of commissioners in companies with economic education backgrounds and the like consider having a better ability to manage a business. Suppose one of the board members of commissioners has educational experience in accounting/economics/finance/business. In that case, there is a tendency that the company will disclose more information to demonstrate accountability, enhance the company's image, and establish the credibility of the management team (R. M. Haniffa & Cooke, 2002).

Second, based on the results of this study, it can seem that the average value of Richardson, Sloan, Soliman, and Tuna (RSST) of the sample companies shows that overall, none of the sample companies indicates to be free of fraud. That can see from the absence of a company's RSST calculation value greater than 1 (one). As previously explained, this study's population is companies listed on the Jakarta Islamic Index (JII) or have a sharia stock index. Companies with Islamic values expect to consider social values as the main factor in reporting their information so that business practices are considered more transparent through information reporting practices (Meutia & Febrianti, 2017). Companies with Islamic values should be able to provide information that is not covered up or honestly to Muslims (as a form of accountability) regarding their activities to carry out sharia principles to improve the welfare of the people, which is a characteristic of Islamic companies.

The results of this study also have practical implications, where one of the efforts to increase the company's value is to reduce the practice of tax avoidance by the company. Based on the results of the study, it can seem that the method of tax avoidance has a negative and significant effect on the value of the company, meaning that the greater the indication of tax avoidance practices by the company, the lower the value of the company itself in the eyes of investors. Lim (2011) defines tax avoidance as tax savings that arise by utilizing tax provisions carried out legally to minimize tax obligations. Tax avoidance is part of tax planning that carry out to reduce tax payments. Tax avoidance is not legally prohibited, although it is often under the tax office's spotlight because it considers having a negative connotation. Investors do not like tax avoidance as the basis for evaluating the company because they believe it may not be transparent. If a company applies tax avoidance practices continuously, it can cause an increase in agency costs (Abdul Wahab & Holland, 2012; Chang et al., 2013; X. Chen et al., 2014; Santa & Rezende, 2016).

The factors that influence the practice of tax avoidance based on the findings of this study are the disclosure of corporate social responsibility and the firm characteristics of the company itself. Based on the study results, it can see that the disclosure of corporate social responsibility has a negative and significant effect on the practice of tax avoidance. That indicates that the higher the CSR disclosure, the lower the preparation of tax avoidance occurs. The CSR strategy, which includes the company's code of business ethics, makes companies reluctant to practice tax avoidance. Companies that choose to engage in CSR activities are likely to carry out lower tax aggressiveness.

5. Conclusions and Suggestions

5.2. Conclusions

The results of this study can conclude as follows:

1. It finds that the prediction of the magnitude of the influence of firm characteristics, disclosure of Corporate Social Responsibility, tax avoidances simultaneously on firm value with a predictive-relevance value (Q^2) of 0.861 or 86.1%. That means that this research model is good because it has a high predictive high relevance value. The Q^2 value of 0.861 or 86.1% shows that the variables in this research model determine 86.1% the variation in changes in firm value. In comparison, the remaining 13.9% defines other variables or factors not present in this model.
2. Disclosure of Corporate Social Responsibility has a positive effect on tax avoidances and firm value.
3. Disclosure of corporate social responsibility positively affects firm value, and tax avoidance harms substantial value.
4. Disclosure of Corporate Social Responsibility and tax avoidance can mediate the relationship between the influence of firm characteristics on firm value.

6.2. Suggestions

From the results of the research findings, the researcher provides the following suggestions:

a. Suggestions for the government, especially the Ministry of Environment

The research data indicate that companies' average value of the disclosure index is still below 50%. Therefore, the government needs to develop standard and mandatory corporate social responsibility disclosure standards for companies. Thus, they can become a standard reference for companies in reporting their corporate social responsibility.

b. Suggestions for the Indonesia Stock Exchange (IDX)

The Indonesia Stock Exchange (IDX) needs to make periodic reports related to corporate social responsibility disclosure by considering the econometric model of the results of this study.

c. Suggestions for the Financial Services Authority

The Financial Services Authority is one of the parties related to one of the indicators of the firm characteristic variable, namely the educational background of the board of commissioners. There are findings of the importance of formal educational experience in accounting/ economics/ business/ finance for commissioners as supervisors. The company's operations, especially finance, can be used as a reference for perfecting Financial Services Authority Regulation No. 33 of 2014, which does not require the board of commissioners or directors to come from a unique educational background. Furthermore, Financial Services Authority needs to make stricter regulations regarding sanctions and penalties for companies that do not disclose their social responsibility (CSR).

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