



Application of tax avoidance and company size in influencing company value in the food and beverage sector

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ABSTRACT

Previous research objectives discuss How profitability effective in tax body income, however In this research the author saw tax avoidance effectiveness and size company in influence Company value in the sector manufacture food and Drink. Next research will be refers application mark company in growth economy. The research method uses quantitative data sourced from the Indonesian Stock Exchange (BEI). The population will used In this research there were 26 companies manufacturing sub sector food and beverages listed on the Indonesian Stock Exchange. Retrieval technique sample in this research is a purposive sampling technique. Then analyzed using analysis multiple linear regression, according to terms and conditions statistics. The results of this research are that the variables Tax Avoidance and Company Size have an influence significant on the company's corporate value manufacture subsector food and beverages listed on the Indonesian Stock Exchange means the more tall level debt and legal Company Value treatment will give positive impact for investors. This is stated hypothesis third (H3) which states The influence of Tax Avoidance and Company Size on Company Value is accepted.

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1. INTRODUCTION

Macro and micro economic conditions in Indonesia have a significant impact on the value of companies in the food and beverage sector. At the macro level, strong economic growth increases people's purchasing power, encouraging consumption of food and beverage products. However, high inflation can increase raw material production and distribution costs, which, if not managed well, can reduce the company's profit margin. Government policies, such as changes in tax rates or import regulations, can also affect operational costs and product prices in the domestic market. The main goal of the company is to obtain maximum profits in order to improve the welfare of shareholders and to increase the value of the company (Asthalia, 2024; Ramachandran et al., 2024; Widjaja, 2024). Company Value can be interpreted as investors' views of the company's level of success (Bestar & Damayanty, 2023; Iman et al., 2021; Martha et al., 2018). Company value is the company's performance as reflected by the share price which is formed by demand and supply in the capital market which reflects the public's assessment of the company's performance (Ali et al., 2021; Amaliyah & Herwiyanti, 2019; Kalbuana & Aryadi, 2020). The higher the income obtained, the company value can increase. Investors really pay attention to company value

(Bagheri et al., 2023). This can be seen from the value of a company, if the company value is good, it will have a good impact on the company so that investors intend to invest their shares in the company.

A decline in company value can be caused by various factors, such as poor financial performance, decreased revenue and profits, or unhealthy financial ratios, often reducing investor confidence and depressing the company's market value. Ineffective management, including poor strategic decisions or frequent leadership changes, can also create uncertainty and damage company value. To overcome this decline, companies can conduct cost audits and reduce inefficient or unnecessary expenses. Developing or expanding new product or service lines can help companies reduce dependence on one source of income and increase total sales.

Investors also look at the price of the shares of each company they will buy later (Bagheri et al., 2023; Wibowo et al., 2022). A high share price makes the company value also high, which means that the higher the company's share price will reflect increased market confidence in the company's performance not only in the present but also in future prospects (Pangemanan et al., 2024; Soviana et al., 2020). The difference in company value in the food and beverage sector with others such as technology, energy and non-food retail, is that the food and beverage sector tends to have more stable income compared to other sectors because food and beverages are basic needs that are always needed by consumers. regardless of economic conditions.

PT. Indofood CBP Sukses Makmur Tbk (ICBP), the company value in 2020 decreased from the previous year, namely to 4.8753 and decreased to 2.1091 in 2021. In 2022 it decreased again to 1.8092. The same thing happened to other companies. One of the obstacles to company value is tax avoidance activities. Research conducted by (Bestar & Damayanty, 2023; Jalih, 2023) states that tax avoidance has a significant effect on company value. Another factor that influences company value is company size. Research conducted by (Pujiastuti et al., 2022; Wen et al., 2020) states that company size has a significant effect on company value. Formulation of the research problem is whether tax avoidance can influence the value of manufacturing companies in the food and beverage sector; whether company size can influence the value of manufacturing companies in the food and beverage sector; Can the implementation of tax avoidance and company size affect the value of manufacturing companies in the food and beverage sector. State Of The Art Research aims to analyze the contribution of tax avoidance and company size in increasing the value of manufacturing companies in the food and beverage sector (Kedžo & Lukač, 2021; Larasati & Purwanto, 2022).

2. RESEARCH METHOD

This research was conducted by accessing the Indonesian Stock Exchange website, namely www.idx.co.id and downloading the financial reports of food and beverage subsector manufacturing companies listed on the Indonesian Stock Exchange. The data used in this research is secondary data. Secondary data is data that has been processed and published by certain agencies, for example data published by the Central Statistics Agency, Bank Indonesia, or other institutions. The population that will be used in this research is 26 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The criteria determined in this research are (Mukhtar, 2021):

Table 1. Research criteria

No	Information	Amount
1	Manufacturing company subsector food and beverages listed on the Indonesian Stock Exchange	26
2	Sub- sector manufacturing companies food and drink experience loss consecutive	(11)
3	Sub- sector manufacturing companies food and drink are not serve report complete finances	(3)
	Amount selected company become research sample	12
	Amount research samples (12 x 5)	60

Based on the sampling criteria above, the total sample in this study was 60 consisting of 12 food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange for 5 periods, namely the 2018-2022 period. In this research, the operational definition includes research variables, namely the dependent variable and independent variables which can be seen in table below:

Table 2. Operational definition of research variables

Variable	Definition	Indicator
Tax Avoidance	Tax Avoidance is an effort to avoid taxes that is carried out legally and safely for taxpayers without conflicting with applicable tax provisions.	Calculate the Effective Tax Rate value by dividing the Tax Expense by profit before tax.
Company Size	Company size is a measure that describes the size of the company which can be assessed from the value of the company's total assets.	Company Size = Ln (total assets)
The value of the company	Company Value is the investor's perception of the company's level of success, which is often linked to stock prices.	Price Book Value = Price per share / Book value per share

The analysis used is multiple linear regression, the aim of which is to look at the influence of tax avoidance and company size on the value of manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange. Data Analysis Stages Include Classical Assumption Tests, Linear Regression Tests, and Hypothesis Tests.

3. RESULTS AND DISCUSSIONS

Collected data of each variable (Tax Avoidance, Company Size, and Company Value) that have been processed will shown in this section by displaying statistics descriptive that can provide description about minimum, maximum, average and standard values deviation from each variable. Here are the results testing statistics descriptive:

Table 3. Statistics descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	60	0.1069	2.2950	0.313017	0.2916362
Company Size	60	27.0810	32.8204	29.152308	1.5744832
The value of the company	60	0.5813	28.8745	4.346428	6.1075468
Valid N (listwise)	60				

The amount of data used as many as 60 consisting from 12 companies manufacturing sub sector food and beverages listed on the Indonesian Stock Exchange for 5 periods, namely period 2017 - 2021. Statistical results descriptive shows the value the company has minimum value of 0.5813 owned by the SKBM company (PT. Sekar Bumi, Tbk) in 2020, the value maximum amounting to 28.8745 owned by MLBI (PT. Multi Bintang Indonesia, Tbk) in 2018, the average value was 4.346428 and the standard deviation amounting to 6.1075468. Statistical results descriptive shows Tax Avoidance has minimum value of 0.1069 owned by the SKLT company (PT. Sekar Laut, Tbk) in 2021, the value maximum amounting to 2.2950 owned by SKBM (PT. Sekar Bumi, Tbk) in 2019, the average value was 0.313017 and the standard deviation amounting to 0.2916362. Statistical results descriptive show Company size has The minimum value is 27.0810 owned by the HOKI company (PT. Buyung Poetra Sembada, Tbk) in 2021, value maximum amounting to 32.8204 owned by the INDF company (PT. Indofood Sukses Makmur, Tbk) in 2021, the average value is 29.152308 and the standard deviation amounting to 1.5744832.

Classic assumption tests in this research such as normality and multicollinearity has fulfil condition multiple linear regression. Analysis regression used to measure strength connection between two or more variables, also shows direction connection between variable dependent versus independent (Chalevas et al., 2024; Lee & Bose, 2021; Martin et al., 2023). As for the results analysis multiple linear regression in this research can be shown in the table below:

Table 4. Analysis results

Variable	B	Sig. t test	Sig. F test	R ²
(Constant)	3,173	0.587	0.014	0.152
Tax Avoidance	-0.546	0.004		
Company Size	-0.930	0.593		

Based on the table above, it can be seen equality multiple linear regression in this research are:

$$\text{Total Company Value} = 3.173 - 0.546 \text{ Tax Avoidance} - 0.930 \text{ Company Size} + e \quad (1)$$

Equality above can be explained as follows: The constant (α) of 3.173 shows that If mark Tax Avoidance and Company Size variables have a value of 0 (zero) or not If there is, then the Company Value is 3.173. Coefficient value The regression (β) of the Tax Avoidance variable is -0.546. This shows that that If mark variable independent other value 0 (zero) or fixed and Tax Avoidance is experienced decline of 1 unit, then the Company Value will be experience decline amounting to 0.564 units. It means every decline the Tax Avoidance aspect (X1) is 1 unit, then the Company Value will be decrease of 0.546. From table the t distribution obtained mark significant < 0.05, namely with a value of 0.004 < 0.05. Test result show that H1 is accepted, which means Tax Avoidance has an effect significant on the company's corporate value manufacturing sub sector food and beverages listed on the Indonesian Stock Exchange. Coefficient value regression (β) variable Company size of -0.930 shows that If mark variable independent other value 0 (zero) or fixed and Company Size experiences decline of 1 unit, then the Company Value will be experience decline amounting to 0.930 units. It means every decline aspect Company Size (X2) is 1 unit, then the Company Value will be decrease of 0.930. From table the t distribution obtained mark significant > 0.05, namely with a value of 0.593 > 0.05. Test result show that H2 is rejected, which means variable Company Size does not influential or not significant on the company's corporate value manufacturing sub sector food and beverages listed on the Indonesian Stock Exchange. The results of this research are in line with previous research conducted by Diantimala, Yossi, Syahnur, Sofyan, Mulyany, Ratna, Faisal. (2021), Ferry, Irawan, Turwanto (2020), Irawan, Dedi, Kusuma, Nurhadi (2019), which states that Tax Avoidance and Company Size have a significant effect on Company Value.

4. CONCLUSION

The results of this research state that there is an influence of Tax Avoidance (X1), Company Size (X2), on Company Value (Y) as shown by the results of multiple linear regression analysis, namely for the tax avoidance variable, a coefficient of -0.546 is obtained, giving the meaning of each increase in the Tax Avoidance aspect then the value of the company will decrease. The coefficient value for Company Size is -0.930, meaning that if the size of the company increases, the value of the company decreases. Partially, the Tax Avoidance variable has a significant influence on the value of food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange, seen from the significance value of 0.004, meaning that high levels of debt can be used as capital to support sales in order to obtain maximum income. This is stated by the first hypothesis (H1) which states that the effect of tax avoidance on company value is accepted. Partially, the Company Size variable has no significant effect on the value of manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange with a significance value of 0.593, meaning that a company value that is valid and transparent in financial reports will not influence investor decisions. This states that the second hypothesis (H2) which states that there is no or insignificant influence of company size on company value is accepted. Simultaneously, the Tax Avoidance and Company Size variables have a significant influence on the value of food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange, meaning that the higher the level of debt and the legal Company Value treatment, the more positive impact it will have on investors. This states that the third hypothesis (H3) which states that the influence of tax avoidance and company size on company value is accepted. Companies must pay attention to

company size towards company value. It is hoped that companies can increase awareness in tax management because the larger the size of the company which can be seen from buildings, land, vehicles, machines and so on, the greater the interest of investors in investing their shares in the company. For future researchers, they should change the sample or change the population by using another sub-sector or expand the sample that will be used if this research material is used as a basis for further research.

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