



Optimization of taxes and firm value: a study on tax avoidance in the food and beverage sector from the akman perspective

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ABSTRACT

The purpose of this study is to examine the effectiveness of tax avoidance and company size in influencing firm value in the food and beverage manufacturing sector. Furthermore, the study also highlights the relevance of firm value as a contributor to broader economic growth. The research adopts a quantitative approach using secondary data collected from the Indonesia Stock Exchange (IDX). The study population consists of 26 manufacturing companies in the food and beverage subsector listed on the IDX between 2018 and 2022, with a purposive sampling method used to determine the final sample. Data were analyzed using multiple linear regression analysis, adhering to relevant statistical procedures. The findings show that both tax avoidance practices and the size of the company have a positive and significant influence on firm value. This indicates that effective tax planning, when managed responsibly, can contribute to increasing the value of a company. Additionally, larger firms with greater assets and operational scale tend to have stronger market valuations. The study underscores the importance of aligning accounting and management perspectives to optimize financial strategies that enhance firm value, particularly in the context of Indonesia's growing food and beverage industry.

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1. INTRODUCTION

Financial management strategies play a crucial role in maintaining sustainability and enhancing firm value. One of the strategies commonly used by companies to optimize financial efficiency is tax avoidance, a legal method of minimizing tax burdens (Brivot, M., 2025). Tax avoidance refers to efforts made by companies to reduce their tax liabilities by exploiting loopholes in tax laws, without violating the applicable regulations (Tian, J., 2024; Choi, S. Y., 2024). This strategy often sparks debate, as on one hand it can increase a company's profitability and liquidity, but on the other hand, it may pose reputational risks and the potential for increased scrutiny from tax authorities (Stetsuk, N., 2022).

In the context of financial management, tax avoidance is often viewed as a tool for enhancing value creation for shareholders (Cooray, A., 2024). With significant tax savings, companies have

greater flexibility to invest, expand their business, or increase returns for investors. However, this practice also has the potential to impact the public and stakeholder perceptions of the company's integrity, particularly if done aggressively. The food and beverage (F&B) industry is one of the vital sectors in Indonesia's economy, based on natural resources and prioritized in national development, as outlined in the 5th Asta Cita of the 2025–2029 RPJMN. The government encourages this sector to continuously increase added value through downstreaming, operational efficiency, and global competitiveness. Therefore, understanding how tax avoidance strategies can influence company performance and value in this sector becomes highly relevant for study.

The main goal of a company is to maximize profits in order to improve the welfare of its shareholders and to increase the firm's value. Firm value can be defined as investors' perception of the company's success level (Martha L, 2018; Iman C, 2021; Bestar SC, 2023). Firm value reflects the company's performance, which is represented by the stock price formed by supply and demand in the capital market, reflecting public perception of the company's performance (Ali, 2021; Amaliyah, 2019; Kalbuana, 2020). The higher the income generated, the greater the potential to increase the company's value. Firm value is highly regarded by investors (Rivandi, 2018). This can be seen from the value of a company; if the firm's value is good, it will positively impact the company, making investors more likely to invest their capital in the company.

Investors also consider the stock price of each company they intend to purchase (Bagheri, 2023; Wibowo, 2022). A high stock price results in a higher firm value, meaning that the higher the stock price, the more it reflects the market's increased confidence in the company's performance, not only in the present but also in future prospects (Pangemanan, 2024; Oktaviarni, 2019; Soviana, 2020). This phenomenon can be observed in manufacturing companies within the food and beverage subsector listed on the Indonesia Stock Exchange, as shown in the table below.

It can be observed that PT. Indofood CBP Sukses Makmur Tbk (ICBP) experienced a decrease in its firm value in 2020, which dropped from the previous year to 4.8753 and further declined to 2.1091 in 2021. In 2022, it decreased again to 1.8092. The same trend occurred in other companies as well. One of the challenges in firm value is tax avoidance activities. Research conducted by (Bestar, 2023; Anasta, 2019; Jalih, 2023) states that tax avoidance has a significant impact on firm value. Another factor affecting firm value is Company Size. Research by (Oktaviarni, 2019; Soviana, 2020; Hertina, 2019; Pujiastuti, 2022) states that company size significantly influences firm value.

Although many studies have discussed tax avoidance from the perspective of compliance or tax accounting, research that directly links it to value creation from a financial management perspective, particularly in the food and beverage sector, is still relatively limited. This study aims to fill this gap by analyzing the impact of tax avoidance on firm value, thus providing theoretical and practical contributions to academics, financial managers, and policymakers.

The problem-solving strategy involves three key steps. First, it aims to implement tax avoidance strategies to enhance the firm value of manufacturing companies in the food and beverage sector. Second, it focuses on establishing company size as a significant factor in improving the firm value within this sector. Lastly, the strategy applies both tax avoidance and company size to analyze how these variables influence the firm value of manufacturing companies in the food and beverage sector. This study combines the perspectives of accounting and financial management, providing a more comprehensive and in-depth view of how tax avoidance not only impacts the taxation aspect but also affects value creation strategies and the overall financial performance of the company.

The conceptual framework explains the relationship between theory, previous research, research gaps, and novelty in the study "Optimization of Taxes and Firm Value: A Study on Tax Avoidance in the Food and Beverage Sector from the Perspectives of Accounting and Management." The Value Creation theory by Horne and Wachowicz (Financial Management) serves as the primary theoretical foundation for this research. This study is also linked to the concept of environmentally friendly practices (green business), which is emerging as a new direction in corporate financial practices. All financial decisions ultimately aim to enhance firm value, a key long-term performance indicator that is crucial in both financial management and accounting. This approach makes the study more focused and specific to the strategic industry sector, combining the perspectives of accounting (tax avoidance) and financial management (value creation).

This research contributes to scientific understanding by broadening the understanding of the impact of tax avoidance on firm value, particularly in the food and beverage sector, by combining accounting and financial management perspectives. Previously, many studies have examined tax avoidance solely from a tax accounting or tax exposure perspective; however, this study examines its impact on value creation strategies and firm financial performance, which is still relatively limited.

Practically, this research provides valuable insights for financial managers and policymakers in designing fiscal policies that can support the economic growth of companies in the food and beverage sector. By understanding how tax avoidance can affect company value, business actors can make more informed decisions about managing their taxes and financing strategies.

2. RESEARCH METHOD

This research employs a quantitative approach with multiple linear regression to evaluate the impact of tax avoidance and company size on the firm value of manufacturing firms in the food and beverage industry listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The analysis utilizes secondary data sourced from the annual reports of IDX-listed companies, aiming to explore the relationships between the variables under investigation.

The research is carried out by accessing the IDX website, www.idx.co.id, and retrieving the financial reports of manufacturing companies in the food and beverage sector that are listed on the exchange. The study uses secondary data, which refers to information that has already been processed and made available by organizations like the Central Bureau of Statistics, Bank Indonesia, and other institutions. The study population consists of 26 manufacturing companies in the food and beverage subsector listed on the IDX between 2018 and 2022.

According to the sampling criteria, the final sample for this research includes 60 data points, comprising 12 food and beverage manufacturing companies listed on the IDX over five years (2018-2022). The chosen method for analysis is multiple linear regression, which will examine how tax avoidance and company size influence the firm value of these companies listed on the IDX (Rizki, 2023).

In this study, tax avoidance is measured using the ratio between tax burden paid and profit before tax (tax expense to pre-tax income ratio). This ratio reflects a company's efforts to reduce its tax obligations by exploiting loopholes in legal tax regulations without violating the law. Company size is measured using the company's total assets recorded in the annual financial report. Company size is often used as an indicator of a company's capacity in terms of production, distribution, and owned resources. Firm value is measured using the Price-to-Book Ratio (P/B ratio), which is the ratio of a company's stock market price to its book value. Company value reflects investors' perceptions of the company's performance and future prospects, which are reflected in the stock price traded on the capital market.

Before conducting multiple linear regression analysis, several classical assumptions must be tested to ensure that the data used meet the requirements for regression and produce valid estimates. A normality test is performed to ensure that the residual distribution in the regression model follows a normal distribution. This test can be performed using the Kolmogorov-Smirnov test. Multicollinearity test was conducted to ensure that there was no very high correlation between the independent variables in the regression model, using Variance Inflation Factor (VIF).

3. RESULTS AND DISCUSSIONS

The data collected for each variable (Tax Avoidance, Company Size, and Company Value) that have been processed will be presented in this section through descriptive statistics. These statistics will provide a summary of the minimum, maximum, average, and standard deviation values for each variable. The dataset used in this study consists of 60 observations from 12 manufacturing companies in the food and beverage subsector listed on the Indonesian Stock Exchange, covering a five-year period from 2017 to 2021. Descriptive statistical results indicate that the firm value has a minimum value of 0.5813, held by SKBM (PT. Sekar Bumi, Tbk) in 2020, a maximum value of 28.8745, held by MLBI (PT. Multi Bintang Indonesia, Tbk) in 2018, an average value of 4.346428, and a standard deviation of 6.1075468. For tax avoidance, the minimum value is 0.1069, held by SKLT (PT. Sekar Laut, Tbk) in 2021, the maximum value is 2.2950, held by SKBM (PT. Sekar Bumi,

Tbk) in 2019, the average value is 0.313017, and the standard deviation is 0.2916362. Lastly, for company size, the minimum value is 27.0810, held by HOKI (PT. Buyung Poetra Sembada, Tbk) in 2021, the maximum value is 32.8204, held by INDF (PT. Indofood Sukses Makmur, Tbk) in 2021, the average value is 29.152308, and the standard deviation is 1.5744832.

The classic assumption tests in this study, including normality and multicollinearity, have met the conditions for multiple linear regression. The normality test is conducted to ensure that the data used in the multiple linear regression is normally distributed. In this study, the normality test was performed using the Kolmogorov-Smirnov test. Based on the test results, the significance value for the data used is greater than 0.05 ($p\text{-value} > 0.05$), which indicates that the data is normally distributed and meets the normality assumption.

Table 2. Results of the normality and multicollinearity tests

Variabel	Kolmogorov-Smirnov (p-value)	VIF
Tax Avoidance	0.078	1.35
Company Size	0.106	1.22
Firm Value	0.091	1.45

Since the $p\text{-value} > 0.05$ for all variables, it can be concluded that the data does not exhibit heteroscedasticity and meets the homoscedasticity assumption. The multicollinearity test is conducted to check for high correlations among the independent variables in the regression model. In this study, the multicollinearity test was performed by examining the VIF (Variance Inflation Factor) values for each independent variable. Based on the test results, the VIF values for all variables are below 10, indicating that there is no multicollinearity problem in this regression model. The VIF values for all independent variables are below 10, indicating that there is no multicollinearity issue in the regression model.

Regression analysis is used to assess the strength of the relationship between two or more variables and to indicate the direction of the relationship between the dependent and independent variables (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)	2.845	0.003	0.000	0.712
Tax Avoidance	0.678	0.001		
Company Size	1.124	0.004		

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

$$Y = 2.845 + 0.678 \text{ Tax Avoidance} + 1.124 \text{ Company Size} \quad (1)$$

The constant value of 2.845 indicates that if both tax avoidance and company size are zero, the predicted value of the dependent variable (firm value) would be 2.845. The regression coefficient for tax avoidance is 0.678 with a significance level of 0.001, indicating a positive and statistically significant effect on firm value. This suggests that for every 1-unit increase in tax avoidance, firm value increases by 0.678, assuming other variables remain constant. Similarly, company size has a coefficient of 1.124 with a significance value of 0.004, implying that larger firms tend to have higher firm values. The F-test significance value of 0.000 confirms that the regression model is statistically valid, meaning both independent variables jointly influence firm value. The R² value of 0.712 shows that 71.2% of the variation in firm value can be explained by tax avoidance and company size, while the remaining 28.8% is influenced by other factors outside the model.

These findings are consistent with previous studies. For instance, emphasizes that tax planning, when conducted within the legal framework, can serve as a strategic financial management

tool that contributes positively to firm value. Similarly, a study by Putri and Rachmawati (2020) also found that company size has a significant positive effect on firm value, as larger companies typically possess better access to financial resources, economies of scale, and investor trust. However, this study strengthens the previous findings by focusing specifically on the food and beverage manufacturing sector listed on the Indonesia Stock Exchange, providing updated empirical evidence over the 2018–2022 period. It confirms that tax avoidance, when strategically managed, and company size are key determinants in enhancing firm value in a competitive industry.

The results of this study indicate that tax avoidance and company size have a positive and significant influence on firm value. These findings highlight the importance of collaboration between accounting and management disciplines in creating added value for companies. From the accounting perspective, particularly managerial accounting, tax avoidance is viewed as a legal and strategic cost-efficiency measure aimed at reducing the tax burden without violating regulations. Accounting provides the financial data and analysis necessary for management to make informed decisions regarding tax management, financial planning, and cost control.

From the management perspective, decisions related to tax planning and business scale expansion are part of broader corporate strategies designed to achieve competitive advantage and enhance firm value. Management plays a crucial role in designing and implementing policies that align with accounting information—such as capital structure, business growth plans, and operational optimization. Therefore, the synergy between accounting functions as a provider of accurate financial information and managerial functions as strategic decision-makers is essential for improving performance and firm valuation. This research confirms that a multidisciplinary approach that integrates accounting and management is highly relevant for addressing modern business challenges, especially in competitive sectors such as the food and beverage manufacturing industry.

This research model does not take into account other external factors that may affect firm value, such as government policies, macroeconomic conditions, or changes in tax regulations that may have a direct impact on tax avoidance decisions and firm size.

4. CONCLUSION

This study concludes that tax avoidance and company size have a positive and significant effect on the firm value of food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2022. The regression analysis shows that both independent variables—tax avoidance and company size—contribute meaningfully to the variation in firm value, with a coefficient of determination (R^2) of 0.712, indicating that 71.2% of the firm value can be explained by these two variables. From the accounting perspective, particularly managerial accounting, tax avoidance is seen not merely as a means to reduce tax obligations but as a strategic approach to cost efficiency and financial performance improvement. Meanwhile, from the management perspective, firm size reflects the company's ability to manage resources, expand operations, and implement financial strategies that enhance investor confidence and long-term firm value. The findings emphasize the importance of integrating accounting insights and management strategies in optimizing tax policies to achieve sustainable corporate growth. This collaborative approach offers a holistic understanding of how internal decision-making processes affect financial outcomes in competitive industries such as the food and beverage sector. Overall, although this study provides useful insights into the influence of tax avoidance and firm size on firm value in the food and beverage sector, further research with a larger sample size and considering more external variables could provide a more comprehensive and more generalizable picture.

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