

# The Effect of Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership on Firm Value

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**ABSTRACT-** This research aims to determine the effect of Tax Avoidance, Debt-to-Equity Ratio, and Managerial Ownership on Firm Value. The objects in this study are Manufacturing Companies in the Food and Beverage Sub Sector that are listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This research was conducted on 14 sample companies using a quantitative approach. The analysis test carried out in this study was a multiple linear regression analysis test using SPSS 25 software. The results to this research show that Tax Avoidance has a significant effect on company value, Debt to Equity Ratio has no effect on company value, and Managerial Ownership has no effect on Company Value.

**Keywords:** Tax Avoidance, Debt to Equity Ratio, Managerial Ownership, Firm Value.

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## 1. INTRODUCTION

In general, the purpose of establishing a company is to maximize company value. Maximizing company value has a broader meaning than maximizing profits. Maximizing value also means considering the various risks of income flows and the quality of cash flows expected to be received in the future. Thus, firm value is very important because high firm value will be followed by high shareholder prosperity (Brigham, 2018). (Brigham, 2018). The basic principle of the company's stock value is the stock price of the company which is reflected in the level of investor confidence in the company's ability to increase cash flow in the future. The company must increase its focus on identifying opportunities, growing, and building a sustainable competitive advantage. In monitoring the increase in the value of the company's shares is in seeing contributing to the increase in the company's future cash flow income.

Investors really need good, accurate, complete, and timely information which is used as an analysis tool and benchmark for decision making in investing in a company. The value of the company will be indicated by the existence of signals in the form of information such as stock prices, funding decisions and investment activities carried out by the company which will later be received by investors. Through signal theory, firm value can be increased by overcoming unequal information between investors and company managers by signalling to investors

through reliable financial information. (Adiputra & Hermawan, 2020.)

Every company in running a business certainly has long-term and short-term goals. In the short term the company's goal is to increase sales results and want maximum profit. While in the long term the most important goal in the company is to maximize the value of the company. Firm value reflects the extent to which a company is recognized by the public. A high company value indicates the company's good financial performance and the success of the company and the prosperity of shareholders will also be high. Company value can be reflected through the stock price. The higher the share price means the higher the rate of return to investors and that means the higher the value of the company related to the company's own goals, namely maximizing shareholder prosperity. A high company value indicates the company's good financial performance and the success of the company and the prosperity of shareholders will also be high. Company value can be reflected through the stock price. The higher the share price means the higher the rate of return to investors and that means the higher the value of the company related to the company's own goals, namely maximizing shareholder prosperity.

Based on Table 1 of the five stock price data above, the average share price of the company has fluctuated from 2017-2021. So from this phenomenon, the company's value should be discussed and become research whether the company can compete with the times or will deteriorate with the development of the times and current technology.

Seeing from the information above, namely the decline in the company's shares owned by PT Tri Bayan Tirta Tbk (ALTO), the company's value is something that is a mirror of a company because the company's value reflects the market value, and also the company's value can provide prosperity from shareholders very large if the value of shares is increasing.

**Table 1. Stock Price Data of Five Companies in the Food and Beverage Manufacturing Sector listed on the IDX 2017-2021**

Issuer Code	Issuer name	Stock Prices								
		2017	2018	(%)	2019	(%)	2020	(%)	2021	(%)
GOOD	Garudafood Putra Jaya Tbk.	542	375	-31%	302	-19%	254	-16%	525	107%
ICBBP	Indofood CBP Sukses Makmur Tbk	11,400	10,450	-8%	11,150	7%	9,575	-14%	8,700	-9%
MYOR	Mayora Indah Tbk.	2020	2600	29%	2050	-21%	2910	42%	2090	-28%
ALTO	Tri Banyak Tirta Tbk.	390	400	3%	398	-1%	308	-23%	280	-9%
CAMP	Campina Ice Cream Industry Tbk.	955	346	-64%	374	8%	302	-19%	290	-4%

Source: www.idx.co.id

PT Tri Bayan Tirta Tbk (ALTO) experienced a decline in share price, in 2019 the share price was at IDR 39,800. After the covid-19 pandemic emerged in early 2020, the share price decreased by 23%, this occurred within 1 year after the pandemic hit in 2020, the share price was IDR 30,800. The Indonesia Stock Exchange (IDX) put the shares of PT Tri Banyan Tirta Tbk (ALTO) on its radar due to a decline in share price.

There are several factors that affect firm value, one of which is tax avoidance which is a legal tax avoidance that does not violate tax regulations. Tax Avoidance is an action to minimize the tax burden by taking advantage of weaknesses in tax provisions that are legal because they do not violate tax regulations. For example, reporting net income is smaller than actual. In addition to providing benefits for the company, tax avoidance can also provide various adverse risks for the company, including fines (sanctions) and a bad reputation in the eyes of the public. This is because tax avoidance reflects the personal interest of managers who manipulate earnings which results in incorrect information for investors. Thus, investors can provide a low assessment for companies that do tax avoidance (Sri Yuliandana & Ramadhan, 2017). (Sri Yuliandana & Ramadhan, 2021).

Although tax avoidance is legal because it is in the framework of the applicable tax regulations, the government still does not want this because it is not in line with the government's goal of maximizing tax revenue in order to improve public welfare. There are studies that state that tax avoidance has an influence on firm value and there are also other studies that state that tax avoidance has no influence on firm value (Fadjarenie, Agustin; Anisah, Yulia Apni Nur, 2016).

Research conducted by (Juli Ismanto, Puradinda Zulfiara, 2020) (Nobakht Maryam, Nobakht Younes, 2021), and (Nilam Anggita, Hari Stiawan, 2023) state that Tax Avoidance affects firm value. In contrast to research conducted by (Addina Shafirah, Ridarmelli, 2021), (Reeza Aldila Rajab, Alfiyyah Nikmah Taqiyah, Fitriyani Fitriyani, Khairina Amalia, 2022) stated that Tax Avoidance has no effect on firm value.

Apart from tax avoidance, Debt to Equity Ratio also affects firm value. Debt to Equity Ratio (DER) is a ratio used to measure the debt used by a company compared to its own capital. The higher the Debt-to-Equity Ratio, the higher the use of debt than equity capital Ahmad, Lela (2019).

A high DER (Debt to Equity Ratio) indicates that the company has a lot of debt, if the company cannot maximize its use properly, the company will be burdened by the cost of using capital. If the costs are not covered, the investor's equity will be threatened so that there is a decrease in investor interest in the share price. Causes the demand for shares to decrease so that the share price decreases. The company is considered capable of managing assets well if the assets are invested effectively and efficiently so that the company's value increases (Muti'ah, Marsyaf, & Ahmad, 2021).

Some results were obtained from previous research (Erni Kurniasari, 2020) (Ardelia Fauziah Yudanti, Dwi Urip Wardoyo, 2021), and (Oktavia Ika Rahmawati, Umi Nadhiroh, Udik Jatmiko, 2022). states that the Debt-to-Equity Ratio has an effect on firm value, in contrast to research conducted by (Fitriana Mahayati, Siti Fatonah, Ranny Meilisa, 2021), and (Lusaka Mahayati, Siti Fatonah, Ranny Meilisa, 2021)., 2021), and (Lusiana, Indriyenni, Hilda Mary, 2019) states that the Debt-to-Equity Ratio has no effect on firm value.

The next factor that affects firm value is managerial ownership. Managerial ownership is a joint ownership of shares by company management, which can be active in making company decisions. Managerial ownership can be concluded that the managers and directors of the company are also shareholders in the company. For this reason, managers play an important role in making decisions so that the company's performance runs well. One of the efforts to increase the value of the company is to recruit experts or professionals to be placed in the company to run the business properly, so that the company's goal of achieving good company performance can be achieved properly and the company can survive in the midst of competition while realizing a company that is able to maximize the welfare of owners and shareholders. Managerial Ownership in Indonesia,

especially for manufacturing companies, is still low so that management is still less motivated to increase Company Value. Research conducted by (Linda Safitri Dewi, Nyoman Abundanti, 2019), (Luh Putu Putri Adesia Widayanti, I Putu Yadnya, 2020), and (Luh Putu Putri Adesia Widayanti, I Putu Yadnya, 2020). (Anak Agung Ayu Astari Fana, Gine Das Prena, 2021), and (Anak Agung Ayu Astari Fana, Gine Das Prena, 2021)., 2021), stated that Managerial Ownership affects firm value. In contrast to previous research conducted by (Ahmad Maulana, Lela Nurlela Wati, 2019), and (Ramsa Satria Bagaskara, Kartika Hendra Titisari, Riana Rachmawati Dewi, 2021), state that Managerial Ownership affects firm value., 2021) stated that Managerial Ownership has no effect on firm value.

Based on the results of previous studies which concluded that there were differences in the results of the analysis, the researcher was interested in conducting a re-study to determine the consistent results of the independent variables on tax avoidance. This re-study is expected to strengthen the results of previous studies and the results of the analysis can show the researchers' alignment with previous research because previous studies still show different results. As well as seeing how the influence of these independent variables in affecting firm value. With regard to the above conditions, this study raises the research title "The Effect of Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership on Firm Value in Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 Period". The purpose of this study was to determine the effect of Tax Avoidance, Debt to Equity Ratio and Managerial Ownership on Firm Value.

## 2. MATERIALS AND METHODS

The type of research used in this study is causal research which aims to analyze and test the hypothesis between one variable and another or independent variable. Explaining that causal research is a causal relationship. So, this research is used to determine the effect, one or more independent variables on the

**Table 2. Descriptive Statistical Test Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Nilai Perusahaan	90	-1,076	91,748	3,03596	9,656905
Tax Avoidance	90	-1,561	7,628	,36274	1,018759
Debt To Equity Ratio	90	-30,639	17,211	,90490	4,494873
Kepemilikan Manajerial	90	,000	,850	,13530	,215897
Valid N (listwise)	90				

Source of data processing results SPSS 25, 2022

Based on the results of *table 2*, it can be seen the results of descriptive statistical tests, in the form of:

- The highest tax avoidance in the research sample, amounting to 7.628 is in the data of PT Prasadha Aneka

dependent variable. (Anasta, 2021). This study aims to determine the effect of Tax Avoidance, Debt to Equity Ratio, and managerial ownership, on firm value. The population that will be used in this study are manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) in 2017-2021. This study uses annual financial reports published on the Indonesia Stock Exchange (IDX) on the website [www.idx.co.id](http://www.idx.co.id). The sample used in this study used purpose sampling.

In this study, researchers used secondary data collection techniques collected and summarized from annual reports obtained from the Indonesia Stock Exchange (IDX) website, namely [www.idx.co.id](http://www.idx.co.id), IDN Financial, and the official website of each company and processed in the form of ratios in accordance with the operational definition of each research variable. The research data was then analyzed. The analysis method used in this research is quantitative descriptive analysis. Quantitative methods are methods used to test researcher hypotheses. In this study, data processing used the help of the SPSS statistical software application version 25 by testing the feasibility of the model, which included analyzing descriptive statistical tests, classical statistical tests, model feasibility tests and hypothesis testing with multiple regression analysis.

## 3. RESULTS

### 3.1. Descriptive Statistics Test Results

Descriptive statistical tests provide an overview or description of data into information that is clear and easy to understand. In this study, the data described is seen from the lowest value (minimum), the largest value (maximum), the average (mean) and the standard deviation of the calculation of the independent variables, namely Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership and Firm Value as the dependent variable. The descriptive test results are briefly presented in the table below.

Niaga Tbk (2019). The lowest tax avoidance in the research sample, amounting to -1.561 is in PT Salim Ivomas Pratama Tbk (2019). The average company in this research sample shows a potential tax avoidance of 0.36274. Based on this average value, it can be said that food and beverage companies do not avoid taxes because the average value is

36.27%. The standard deviation of 1.018759, the standard deviation value which is greater than the average (mean) indicates that there is a large enough gap from tax avoidance, thus

- b. identifying the large variation in data in the sample.
- c. The prospect of using the lowest debt to equity in this research sample, which is -30.639, is found at PT Bakrie Sumatera Plantations (2017) and the highest company growth prospect of 17.211 is found at PT Central Proteina Prima Tbk (2019). The average use of debt to equity in this research sample is -0.90490. The high DER value indicates that the Food and Beverage Company uses a lot of debt in its business capital, it can be seen that the average value of the DER portion is close to 100%. Standard deviation 4.494, The standard deviation value which is smaller than the average (mean) indicates that there is no considerable gap from the Debt To Equity Ratio, thus identifying a lack of data variation in the sample.
- d. The lowest proportion of managerial share ownership in this research sample, which is 0.00, is found in PT Salim Ivomas Pratama Tbk and the highest proportion of managerial ownership, which is 0.85, is found in PT Campina Ice Cream Industry Tbk. The average proportion of share ownership by managerial companies in this research sample is 0.1353. The standard deviation is 0.2158, the standard deviation value which is greater than the average (mean) indicates that the amount of data variation in the sample is 0.1353.
- e. The lowest company growth prospect in this research sample, amounting to -1.076, is PT Central Proteina Prima Tbk (2017) and the highest company growth prospect of 91.748 is PT Buyung Poetra Sembada Tbk (2020). The average company in this research sample is able to generate high value profits compared to investment expenditures of

3.035. Standard deviation 9.656, the standard deviation value which is greater than the average (mean) indicates that there is a large enough gap in the value of the company, thus identifying the variation of data in the sample.

### 3.2. Classical Assumption Test Results

#### 3.2.1. Normality Test

Table 3. K-S Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	3.41618534
Most Extreme Differences	Absolute	.177
	Positive	.177
	Negative	-.101
Test Statistic		.177
Asymp. Sig. (2-tailed)		.12 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on table 3 K-S test above, it is known that Asymp. Significance of 0.12 indicates that  $0.12 > 0.05$  means that the data in this study are normally distributed because Asymp. Sig is greater than the significant level of 0.05. In other words, the regression model fulfills the normality assumption, namely that the data is normally distributed.

#### 3.2.2. Test Multicollinearity

Table 4. Multicollinearity Test Results

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.908	1.293		2.249	.027		
	Tax Avoidance	-.023	1.022	-.002	-.023	.982	.997	1.003
	Debt To Equity Ratio	.128	.232	.059	.550	.584	.993	1.007
	Kepemilikan Manajerial	.152	4.837	.003	.031	.975	.991	1.009

a. Dependent Variable: Nilai Perusahaan

Source of data processing results SPSS 25, 2022

Based on table 4 which shows the results of the multicollinearity test with a tolerance value for the Tax Avoidance variable of 0.997, Debt to Equity Ratio of 0.993, and Managerial Ownership of 0.991, meaning that the tolerance value of all independent variables is greater than 0.10. Meanwhile, the VIF value on the Tax Avoidance variable is 1.003, Debt to Equity Ratio is 1.007, and Managerial Ownership is 1.009, which means that the VIF value of all independent variables is smaller than 10. So, referring to the basis for decision making in the multicollinearity test, it can be concluded that there are no multicollinearity symptoms in the regression model used.

#### 3.2.3. Heteroscedasticity Test

Table 5 Heteroscedasticity Test Results

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.908	1.293		2.249	.027
	Tax Avoidance	-.023	1.022	-.002	-.023	.982
	Debt To Equity Ratio	.128	.232	.059	.550	.584
	Kepemilikan Manajerial	.152	4.837	.003	.031	.975

a. Dependent Variable: Nilai Perusahaan

Source of data processing results SPSS 25, 2022

Based on *table 5* above shows the results of the heteroscedasticity test using the Glejser test. The significance value for the Tax Avoidance variable is 0.982, Debt to Equity Ratio is 0.584, and Managerial Ownership is 0.975. According to the basis for decision making in the Glejser test, if each variable has a significance value  $> 0.05$ , there is no heteroscedasticity in the regression model. So, it can be concluded that the regression model above does not occur symptoms of heteroscedasticity.

### 3.2.4. Autocorrelation Test

**Table 6. Autocorrelation Test Results**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error to the Estimate	Durbin-Watson
1	.059 <sup>a</sup>	.784	.731	3.80668	2.002
a. Predictors: (Constant), Kepemilikan Manajerial, Tax Avoidance, Debt to Equity Ratio					
b. Dependent Variable: Nilai Perusahaan					

Source of data processing results SPSS 25, 2022

Based on *table 6* above, it is known that the Durbin-Watson (d) value is 1.811. Furthermore, this value will be compared with the Durbin Watson table value at a significant 5% with the formula (k; n). As for k is the number of independent variables, namely 3 or "k" = 3, while n is the number of samples or "n" = 90. This figure is then seen in the distribution of Durbin-Watson table values. Then the dL value is found to be 1.5889 and dU is 1.7264. The Durbin Watson (d) value of 2.002 is greater than the upper limit value (du) of 1.7264 and less than (4-du = 4 - 1.7264) of 2.273. As the basis for decision making in the Durbin-Watson test above that  $du < d < 4-du$  or  $1.7264 < 2.002 < 2.273$ , it can be concluded that the regression model does not have autocorrelation problems or symptoms.

## 3.3. Model Fit Test Results

### 3.3.1. Test Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination ( $R^2$ ) aims to measure how far the model's ability to explain the variation in the dependent variable. A small  $R^2$  value means that the ability of the independent variables to explain the dependent variable is very limited. The  $R^2$  value can be seen in the table below:

**Table 7. Test Results of the Coefficient of Determination (R<sup>2</sup>)**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error To the Estimate	Durbin-Watson
1	.059 <sup>a</sup>	.784	.731	3.80668	2.002

Based on *table 7* above, it shows that the R Square value for the Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership variables is 0.731. This means that 73.1% of the

Company Value can be explained by the independent variables. While the remaining 26.9% ( $100\% - 73.1\% = 26.9\%$ ) is explained by other factors outside the study.

### 3.3.2. Simultaneous Significance Test (F Test)

The F test is used to show whether the independent variables in the regression model have a joint influence on the dependent variable. All independent variables are said to have a joint influence on the dependent variable if the significance probability value  $< 0.05$  or by comparing the calculated F value with the F value according to the table, namely the value of F count  $>$  F table. The results of the F test calculation can be seen in the following table,

**Table 8. F Test Results**

ANOVA <sup>a</sup>						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	29,067	3	.9,689	3.734	.000 <sup>b</sup>
	Residual	8270,701	86	96,171		
	Total	8299,768	89			
a. Dependent Variable: Nilai Perusahaan						
b. Predictors: (Constant), Kepemilikan Manajerial, Tax Avoidance, Debt To Equity Ratio						

Source of data processing results SPSS 25, 2022

Based on *table 8* above, the ANOVA test results show an Fcount value of 3.734 and a significant value of 0.00. Because the significance value is smaller than 0.05 or  $0.00 < 0.05$  and the value of Fhitung  $>$  Ftabel, namely  $3.734 > 2.70$  (k; n-k = 3 :90-3 = 3; 87 = 2.70), it can be said that the independent variables consisting of Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership, simultaneously have a significant influence on the dependent variable, namely Firm Value.

### 3.3.3. Individual Parameter Significance Test (t-test)

The t-test is conducted to test how far the influence of one independent variable individually on the dependent variable. If the significance probability value  $< 0.05$  or the t value  $>$  t table, the independent variable affects the dependent variable. The results of the t-test calculation are as follows:

**Table 9. Results of the t-test**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.053	.090		.587	.559
	Tax Avoidance	.126	.041	.352	3.050	.003
	Debt To Equity Ratio	.151	.081	.221	1.861	.067
	Kepemilikan Manajerial	.331	.503	.077	.658	.513
a. Dependent Variable: Nilai Perusahaan						
Source of data processing results SPSS 25, 2022						

Based on *table 9* above, the test results can show the effect of the independent variable on the dependent variable. Then the conclusions are as follows:

- a. Based on *table 9* on the Tax Avoidance variable, the *t* value is 3.050 with a significant probability of 0.003. This shows that the probability of significance is greater than the significance level  $\alpha = 0.05$  ( $0.003 < 0.05$ ). then it can be said that Tax Avoidance has a positive and significant effect on Firm Value, meaning that H1 is accepted.
- b. Based on *table 9* on the Debt-to-Equity Ratio variable, the *t* value is 1.861 with a significant probability of 0.067. This shows that the probability of significance is smaller than the significance level  $\alpha = 0.05$  ( $0.067 > 0.05$ ). then it can be said that the Debt-to-Equity Ratio has no effect on Firm Value, meaning that H2 is rejected.
- c. Based on *table 9* on the Managerial Ownership variable, the *t* value is 0.658 with a significant probability of 0.513. This shows that the probability of significance is smaller than the significance level  $\alpha = 0.05$  ( $0.513 > 0.05$ ). then it can be said that Managerial Ownership has no effect on Firm Value, meaning that H3 is rejected.

### 3.4. Multiple Linear Regression Analysis

Regression analysis is carried out to show the strength of the relationship between variables and shows the direction of the relationship between the dependent variable, namely Firm Value (Y) and the independent variable, namely Tax Avoidance (X1), Debt To Equity Ratio (X2), Managerial Ownership (X3). The results of multiple regression analysis can be seen in *table 4.8* by looking at the value in the Unstandardized Coefficients beta column. The multiple regression equation to test the hypothesis in this study is as follows:

$$Y = \alpha + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + e$$

Becoming:

$$ML = 0.053 + 0.126CETR + 0.151DER + 0.331KM + e$$

Based on the regression equation above, it can be concluded as follows:

1. The constant value is 0.053 and is positive, meaning that if Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership are 0, then the Company Value as the dependent variable will be positive at 0.053.
2. The Tax Avoidance regression coefficient is 0.126 and is positive. This means that each increase in the Tax Avoidance variable by 1 will cause an increase in firm value of 0.126 assuming other variables are constant.
3. The deferred Debt To Equity Ratio regression coefficient is 0.151 and has a positive value. This means that each increase in the Debt To Equity Ratio variable by 1 will cause an increase in firm value of 0.151 assuming other variables are constant.
4. The Managerial Ownership regression coefficient is 0.331 and is positive. This means that every increase in the Managerial Ownership variable by 1 will cause an increase in firm value of 0.331 assuming other variables are fixed.

## 4. DISCUSSION

### 4.1. The Effect of Tax Avoidance on Firm Value

The results showed that Tax Avoidance has a positive effect on Firm Value, meaning that H1 is accepted. With the company doing Tax Avoidance, the tax burden is getting smaller. Tax expense is a deduction from company profits. The smaller the tax burden incurred by the company, the greater the profit earned by the company. With a large profit, the greater the value of dividends that will be given to shareholders. This makes a positive signal for investors that they believe the company they buy shares in can provide a large profit for investors.

In agency theory, it is also explained that if company management applies tax avoidance to reduce the tax burden owed and streamline company profits, then what investors expect to get greater profits can be realized. And in accordance with signal theory which states that by providing positive signals in the company's profits, investors will tend to buy the company's shares.

The results of this study are in line with research (Juli Ismanto, Puradinda Zulfiara, 2020) (Nobakht Maryam, Nobakht Younes, 2021), and (Nilam Anggita, Hari Stiawan, 2023) state that Tax Avoidance affects firm value. However, this research is not in line with research (Addina Shafirah, Ridarmelli, 2021) (Reeza Aldila Rajab, Alfiyyah Nikmah Taqiyyah, Fitriyani Fitriyani, Khairina Amalia, 2022) states that Tax Avoidance has no effect on firm value.

### 4.2. The Effect of Debt-to-Equity Ratio on Company Value

The results showed that the Debt-to-Equity Ratio has no effect on the value of companies, which means H2 is rejected. Based on the results showed that companies in funding their assets tend to use their own capital (internal financing) which comes from retained earnings and share capital rather than using debt. The adequacy of funds owned by the company to finance its assets obtained from its own capital makes the company reduce the proportion of its debt. If the company uses debt to fund its assets, it means that the value of inventory increases, and the company is able to maximize its sales with a larger quantity of inventory, so the profit earned will be greater. However, high, and low debt will not affect the value of the Company if the manager can manage the funds. Companies that have a high debt value, cannot affect the value of the Company because the manager is able to manage existing funding from debt.

The results of this study are also in line with research (Fitriana Mahayati, Siti Fatonah, Ranny Meilisa, 2021), and (Lusiana, Indriyenni, Hilda Mary, 2019), 2021), and (Lusiana, Indriyenni, Hilda Mary, 2019) stated that Debt to Equity Ratio has no effect on Company value. However, this research is not in line with research (Erni Kurniasari, 2020) (Ardelia Fauziah Yudanti, Dwi Urip Wardoyo, 2021), and (Oktavia Ika Rahmawati, Umi Nadhiroh, Udik Jatmiko, 2022) state that Debt to Equity Ratio affects firm value.

### 4.3. The Effect of Managerial Ownership on Firm Value

The results showed that Managerial Ownership has no effect on Firm Value, meaning that H3 is rejected. The increasing

proportion of Managerial ownership in the Company, the more control and increased work motivation, because managers feel they have an interest in increasing the value of their Company, but the Company does not only consider the policies of managerial ownership but majority share ownership, with a smaller percentage of ownership making managerial ownership less of a policy reference in determining the strategies that the Company will carry out. Thus, the company continues to carry out other policies in determining the strategy to increase the value of the Company.

The results of this study are also in line with research (Ahmad Maulana, Lela Nurlela Wati, 2019), and (Ramsa Satria Bagaskara, Kartika Hendra Titisari, Riana Rachmawati Dewi, 2021), (2021) stated that Managerial Ownership has no effect on firm value. However, this research is not in line with research (Linda Safitri Dewi, Nyoman Abundanti, 2019), (Luh Putu Putri Adesia Widayanti, I Putu Yadnya, 2020), and (Anak Agung Ayu Astari Fana, 2019). (Anak Agung Ayu Astari Fana, Gine Das Prena, 2021)), states that Managerial Ownership affects firm value.

## 5. CONCLUSIONS

Based on the results of research and discussion regarding the effect of Tax Avoidance, Debt to Equity Ratio, and Managerial Ownership on firm value in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2021, that Tax Avoidance has a positive effect on firm value. This shows that tax avoidance can reduce the tax burden, thereby increasing the company's profit value, thus investors will be interested in buying shares and increasing the value of the shares. For Debt To Equity has no effect on firm value. This shows that companies in funding tend to use their own capital and Managerial Ownership has no effect on firm value. This shows that the low percentage of managerial ownership makes the company not only consider the policies of managerial ownership but majority ownership in determining strategies to increase company profits.

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### Appendix B:

**Tabulation List of Tax Avoidance (X1), Debt To Equity Ratio (X2), Managerial Ownership (X3), Company Value (Y)**

Issuer	Year	Firm Value (Y)	Tax Avoidance (X1)	Debt To Equity Ratio (X2)	Managerial Ownership (X3)
ANJT	2017	0,748	0,159	0,444	0,096
	2018	0,681	3,948	0,559	0,096
	2019	0,613	1,094	0,610	0,096

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**Conflicts of Interest:** The authors declare no conflict of interest.

### Appendix A:

#### Company Sample List

NO	CODE	ISSUER NAME
1	ANJT	Austindo Nusantara Jaya Tbk
2	BISI	Bisi International Tbk
3	BWPT	Eagle High Plantations Tbk
4	CAMP	Campina Ice Cream Industry Tbk
5	CPRO	Central Proteina Prima Tbk
6	DSNG	Dharma Satya Nusantara Tbk
7	HOKI	Buyung Poetra Sembada Tbk
8	INDF	Indofood Sukses Makmur Tbk
9	MYOR	Mayora Indah Tbk
10	PSDN	Prasidha Aneka Niaga Tbk
11	SIMP	Salim Ivomas Pratama Tbk
12	SKBM	Sekar Bumi Tbk
13	SKLT	Sekar Laut Tbk
14	STTP	Siantar Top Tbk
15	TBLA	Tunas Baru Lampung Tbk
16	TGKA	Tigaraksa Satria Tbk
17	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk
18	UNSP	Bakrie Sumatera Plantations

	2020	0,442	0,349	0,607	0,095
	2021	0,537	0,132	0,506	0,095
BISI	2017	2,448	0,255	0,192	0,001
	2018	2,175	0,248	0,197	0,002
	2019	1,360	0,325	0,270	0,003
	2020	1,257	0,319	0,186	0,003
	2021	1,094	0,275	0,148	0,000
BWPT	2017	0,091	-0,303	1,638	0,002
	2018	0,085	-0,128	1,787	0,002
	2019	0,102	-,011	2,424	0,000
	2020	0,124	-,001	3,318	0,000
	2021	0,108	-0,001	4,853	0,000
CAMP	2017	8,323	1,847	0,445	0,850
	2018	2,300	0,257	0,134	0,850
	2019	2,353	0,215	0,131	0,850
	2020	1,848	0,299	0,130	0,850
	2021	1,669	0,145	0,122	0,850
CPRO	2017	-1,076	-0,029	-4,673	0,091
	2018	4,417	0,031	8,746	0,062
	2019	9,040	-0,102	17,211	0,062
	2020	4,210	0,124	7,941	0,062
	2021	1,978	0,035	1,254	0,000
DSNG	2017	1,422	0,148	1,565	0,106
	2018	1,188	0,497	2,208	0,099
	2019	1,307	1,107	2,114	0,092
	2020	1,038	0,154	1,271	0,092
	2021	0,754	0,310	0,952	0,092
HOKI	2017	0,425	0,340	0,212	0,057
	2018	7,696	0,252	0,347	0,035
	2019	0,871	0,356	0,323	0,035
	2020	91,748	0,392	0,369	0,034
	2021	2,620	0,632	0,479	0,034
INDF	2017	1,432	0,451	0,881	0,000
	2018	1,310	0,465	0,934	0,000
	2019	1,284	0,270	0,775	0,000
	2020	0,760	0,224	1,061	0,000
	2021	0,641	0,247	1,070	0,000
MYOR	2017	6,141	0,269	1,028	0,252
	2018	6,857	0,304	1,059	0,252
	2019	4,630	0,202	0,923	0,252
	2020	5,376	0,229	0,755	0,252
	2021	4,015	0,263	0,753	0,252
PSDN	2017	1,231	-1,247	1,307	0,281
	2018	1,138	-1,221	1,872	0,281
	2019	1,252	7,628	3,339	0,281
	2020	1,558	-0,619	5,370	0,281
	2021	4,522	-0,208	13,551	0,281
SIMP	2017	0,404	0,578	0,837	0,000
	2018	0,390	2,719	0,896	0,000
	2019	0,377	-1,561	0,963	0,000
	2020	0,352	0,222	0,914	0,000
	2021	0,357	0,281	0,818	0,000
SKBM	2017	1,206	0,432	0,586	0,022
	2018	1,153	0,520	0,702	0,022
	2019	0,683	2,295	0,757	0,022
	2020	0,581	0,854	0,839	0,022
	2021	0,626	0,327	0,985	0,022
SKLT	2017	2,470	0,301	1,069	0,007
	2018	3,054	0,170	1,203	0,008
	2019	2,924	0,307	1,079	0,008
	2020	2,656	0,167	0,902	0,008
	2021	3,085	0,107	0,641	0,008



STTP	2017	4,125	0,210	0,692	0,032
	2018	2,984	0,277	0,598	0,033
	2019	2,744	0,153	0,342	0,033
	2020	4,655	0,150	0,290	0,033
	2021	2,996	0,207	0,187	0,033
TBLA	2017	1,636	0,153	2,524	0,001
	2018	0,966	0,185	2,416	0,001
	2019	0,991	0,147	2,238	0,001
	2020	0,848	0,115	2,300	0,001
	2021	0,654	0,120	2,248	0,001
TGKA	2017	2,216	0,250	1,714	0,005
	2018	2,466	0,214	1,793	0,007
	2019	3,200	0,221	1,152	0,007
	2020	4,180	0,163	1,103	0,002
	2021	3,652	0,239	0,933	0,019
ULTJ	2017	2,885	0,335	0,189	0,338
	2018	3,266	0,308	0,164	0,343
	2019	3,432	0,203	0,169	0,360
	2020	3,866	0,226	0,831	0,482
	2021	3,530	0,215	0,442	0,485
UNSP	2017	-0,320	-0,097	-30,639	0,066
	2018	-0,069	-0,020	-10,314	0,466
	2019	-0,046	-0,005	-2,542	0,262
	2020	-0,041	-0,009	-2,081	0,261
	2021	-0,040	0,042	-2,198	0,399

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