



The Effect of Tax Planning and Good Corporate Governance on Firm Value

Haya Huwaidah, Indra Pahala, Unggul Purwohedi

hayahuw@gmail.com

Universitas Negeri Jakarta

Abstract:

This study investigates how tax planning and Good Corporate Governance influence firm value among consumer non-cyclical companies listed on the Indonesia Stock Exchange between 2021 and 2024. The research population included all such firms on the IDX during the period, and purposive sampling based on set criteria yielded 51 companies and 198 observations after data transform and outlier. Using panel data regression in EViews 13, the analysis found that, individually, tax planning, independent commissioners, the audit committee, institutional ownership, and managerial ownership do not significantly affect firm value. In contrast, when considered together, tax planning and Good Corporate Governance have a significant effect on firm value. This indicates that while no single independent variable shows a significant individual impact, their combined influence helps explain changes in firm value.

Keywords: Tax Planning, Good Corporate Governance, Firm Value.

BACKGROUND

Corporations exist primarily to maximize shareholder wealth by driving up firm value, a metric widely regarded as a proxy for how investors perceive a company's current performance and future prospects. A higher firm value typically signals stronger investor confidence in a firm's capacity to generate sustainable profit. In capital markets, this valuation is commonly captured through share price, since price movements reflect the market's ongoing assessment of a firm's condition and operational results.

Indonesia's primary consumer goods sector specifically food, beverages, toiletries, and daily necessities. Occupies a strategic position given the country's large population and comparatively stable consumption patterns, with the food and beverage subsector a leading contributor to national manufacturing growth and GDP. Yet between 2021 and 2024 the sector faced rising production costs, persistent inflation, a “downtrading” shift toward cheaper alternatives, and softening purchasing power, prompting closer investor scrutiny of growth prospects and governance quality.

Consistent with these pressures, valuation levels proxied here by Price to Book Value (PBV) fluctuated considerably across listed primary consumer goods firms from 2021 to 2024, suggesting investors weigh more than profitability alone.

Table 1. PBV Trends of Selected Primary Consumer Goods Companies, 2021–2024



Company	PBV			
	2021	2022	2023	2024
UNVR (Unilever Indonesia)	33.99	43.14	30.13	25.56
ICBP (Indofood CBP)	1.60	2.00	2.18	1.69
MYOR (Mayora Indah)	3.37	4.55	3.58	2.81
AMRT (Sumber Alfaria Trijaya)	12.91	10.57	7.75	4.27
INDF (Indofood Sukses Makmur)	0.59	0.60	0.56	0.58

Unilever Indonesia (UNVR) commanded by far the richest valuation, peaking at 43.14 in 2022 before easing to 25.56 by 2024. Indofood CBP (ICBP) and Mayora Indah (MYOR) followed similar arcs, rising through 2022–2023 before cooling. Sumber Alfaria Trijaya (AMRT) saw a sustained, uninterrupted decline from 12.91 to 4.27, while Indofood Sukses Makmur (INDF) traded consistently below book value (0.59–0.58) throughout. These uneven trajectories confirm PBV's usefulness as a proxy capturing growth prospects, financial stability, and governance quality together, reflecting a broader shift in which capital-market participants increasingly weigh governance quality, transparency, and risk management alongside financial performance.

One strategy many firms pursue to lift firm value is tax planning per Suandy (2016), the initial step in tax management aimed at meeting tax obligations while legally minimizing the tax burden, raising after-tax profit and signaling sound management to investors. Indonesia's government has meanwhile tightened tax administration: national tax revenue climbed from Rp1,277.5 trillion in 2021 to Rp1,869.2 trillion in 2023, exceeding the state budget target for three consecutive years and pressuring firms to plan tax strategy more carefully. Empirical findings are inconsistent: Hendra and Erinos (2020) reported a negative link between tax planning and firm value, whereas other studies found a positive relationship. These conflicting results may stem from investors viewing tax efficiency either as a sign of competent management or as an indicator of increased legal and reputational risk.

Good Corporate Governance (GCG) is another factor investors weigh heavily, with timely financial disclosure one visible marker of governance strength. Compliance gaps persist: the IDX reported 143 listed firms late with 2022 audited statements and 129 late with 2023 statements (77 escalating to a second warning plus a Rp50 million fine), and flagged 123 firms for late 2024 interim statements as of November 2024 recurring lapses pointing to shortcomings in transparency and accountability. Agency theory holds that GCG functions as a control system curbing shareholder–management conflict and sharpening decision-making. This study proxies GCG through four mechanisms: managerial ownership, institutional ownership, independent commissioners, and the audit committee.

Findings on tax planning, GCG, and firm value remain inconsistent across studies, and most prior research has focused broadly on manufacturing, food and beverage, or energy firms, leaving the primary consumer goods sector during 2021–2024 comparatively underexplored



despite its distinct exposure to post-pandemic inflationary pressure and shifting consumption patterns. This study addresses that gap by jointly testing the effects of tax planning and four GCG mechanisms on firm value among primary consumer goods firms over 2021–2024.

THEORETICAL FRAMEWORK

Supporting Theories

This study draws on three theories. Agency theory (Jensen & Meckling, 1976) explains that delegating authority from owners (principal) to management (agent) creates information asymmetry and room for conflicting interests; both tax planning and GCG are treated here as signals that shape investor perception and can lift firm value. Signaling theory (Spence, 1973) holds that a better-informed party sends signals to reduce a less-informed party's uncertainty; disclosures on tax planning and GCG implementation function as such signals, with robust governance reinforcing transparency and investor trust. Tax Compliance Theory (Alm, 2019; Suandy, 2022) frames tax planning as legally minimizing tax liability while remaining compliant. A firm that does so efficiently raises profit, signals positively to investors, and increases firm value.

Firm Value

Firm value reflects investor perception of a firm's condition and prospects, commonly tied to share price (Brigham & Houston, 201; Wahyuni et al., 2023). Common proxies include PBV, Tobin's Q, PER, and MBR; this study uses PBV the ratio of market share price to book value per share—for its ability to directly capture how the market prices a firm's book value:

$$PBV = \text{Share Price per Share} \div \text{Book Value per Share}$$

Relative to the alternatives, PBV offers simpler calculation from readily available financial-statement and share-price data while directly capturing investor assessment of a firm's net worth.

Tax Planning

Tax planning is a firm's effort to manage tax obligations effectively while minimizing its burden without violating regulation (Suandy, 2016; Pohan, 2018), thereby optimizing after-tax profit; Nazwar et al. (2025) found effective tax planning strengthens investor confidence and raises firm value. Among common proxies Effective Tax Rate (ETR), Cash ETR, Book Tax Difference, and Tax Retention Rate. this study follows Zahra dan Fidiana (2022) in using ETR, the most widely used measure, for which required data are consistently available and which directly captures tax burden relative to pre-tax profit:

$$ETR = \text{Tax Expense} \div \text{Pre-tax Profit} \text{ (a lower ETR indicates more effective tax planning)}$$

Good Corporate Governance

GCG is a system for directing, controlling, and overseeing company activity in line with corporate objectives while safeguarding stakeholder interests (KNKG, 2006), guided by five principles known as TARIF: Transparency, Accountability, Responsibility, Independency, and Fairness. This study proxies GCG through four mechanisms:

Independent Commissioners (KI), board members with no ties to management or controlling shareholders, strengthening objective oversight (Pambudi et al., 2020):

$$KI = \text{Number of Independent Commissioners} \div \text{Total Board of Commissioners}$$



Audit Committee (KA), A body formed by the board of commissioners to oversee financial reporting and internal control (Agoes, 2022):

$KA = \text{Number of Audit Committee Members}$

Institutional Ownership (KIns), Shares held by institutions, which typically monitor more effectively than individual investors (Maychandra & Nelvirita, 2023):

$KINS = \text{Institutionally Held Shares} \div \text{Total Shares Outstanding}$

Managerial Ownership (KM), Shares held by management, aligning managers' interests with shareholders' (Harmono, 2022):

$KM = (\text{Shares Held by Management} \div \text{Total Shares Outstanding}) \times 100\%$

Prior Research and Hypothesis Development

Table 2 summarizes prior studies on tax planning, GCG, and firm value; findings differ considerably in direction and significance, which this study seeks to re-examine using more recent data from the primary consumer goods sector.

Table 2. Summary of Prior Research

No.	Author (Year), Sector/Period	Variables Tested	Key Finding
1	Zahra & Fidiana (2022) consumer goods, IDX 2018–2020	Tax planning; managerial, institutional & independent-commissioner GCG; audit committee	Tax planning negative; managerial ownership positive; other GCG mechanisms not significant.
2	Martinus & Riduwan (2022) F&B manufacturers, IDX 2012–2016	Book tax difference; ETR; institutional & managerial ownership; independent commissioners	ETR negative; institutional ownership, managerial ownership & independent commissioner proportion positive; BTD not significant.
3	Cahyani et al. (2023) energy sector, IDX 2020–2022	Tax planning; institutional & managerial ownership; audit committee; independent commissioners	Tax planning positive; all four GCG mechanisms not significant.

Findings on tax planning's effect on firm value remain inconsistent: some studies report a negative effect, suggesting investors may perceive tax-planning practices as elevating firm risk, while others find a positive effect, arguing that effective tax planning improves efficiency and raises after-tax profit. GCG findings are similarly mixed across the four mechanisms confirming that GCG's effectiveness in raising firm value remains an open question.

Hypothesis Development



Tax Compliance Theory suggests that firms which balance tax efficiency with regulatory compliance can reduce the risk of penalties, safeguard their reputation, and strengthen investor confidence. Under signaling theory, efficient tax management is viewed as a positive signal of effective management and higher net profit, which can attract investors and support share prices. Hardianti, Yuniati, and Kodariah (2024) and all found that effective tax planning raises firm profit and, by extension, firm value.

H1: Tax planning affects firm value.

Effect of Independent Commissioners on Firm Value. Independent commissioners are board members who are not affiliated with management or controlling shareholders, so they can provide more objective oversight and strengthen corporate governance. This role is often associated with better monitoring, improved transparency, and greater investor confidence, which may support higher firm value. Under agency theory, a larger proportion strengthens oversight of managerial policy and improves transparency; Auliya and Hadiprajitno (2025) found independent commissioners reinforce investor confidence and lift firm value.

H2: Independent commissioners affect firm value.

The audit committee, formed by the board of commissioners, contributes to firm value by monitoring financial reporting, strengthening internal controls, and ensuring compliance with regulations. When it works effectively, it can increase transparency and investor confidence, which may in turn enhance the company's value. Agoes (2022) assigns it a role in safeguarding financial-reporting quality; under agency theory, an effective committee narrows information asymmetry, and Khoerusifa et al. (2023) found it improves governance quality in ways that can influence firm value.

H3: The audit committee affects firm value.

Institutional ownership, held by banks, insurance companies, pension funds, and investment firms, usually strengthens monitoring because these investors tend to have greater resources and expertise than individual shareholders. As a result, higher institutional ownership is often associated with better oversight and, in many studies, a positive effect on firm value. Under agency theory, greater institutional ownership curbs opportunistic behavior; Chrissyani et al. (2025) found it strengthens governance effectiveness and raises firm value as investors favor firms with stronger oversight.

H4: Institutional ownership affects firm value.

Effect of Managerial Ownership on Firm Value. Managerial ownership aligns management's interests with shareholders', since managers also bear the risks of their own decisions. Agency theory holds that this reduces agency conflict and motivates stronger performance, prompting a positive investor response reflected in higher share price and firm value.

H5: Managerial ownership affects firm value.

Conceptual Framework

The conceptual framework of this study illustrates the relationships among the variables examined in primary consumer goods companies listed on the Indonesia Stock Exchange during 2021–2024. Firm value, proxied by PBV, is the dependent variable. Tax planning is assumed to improve efficiency and profitability, thereby increasing firm value, while the four GCG mechanisms are expected to strengthen management supervision. Based on agency



theory and signaling theory, effective tax management and strong governance can provide positive signals to investors and ultimately enhance firm value.

METHOD

This study focuses on primary consumer goods (consumer non-cyclicals) firms listed on the Indonesia Stock Exchange (IDX) during 2021–2024, a sector chosen for its comparatively steady demand and its strategic weight in the national economy. Out of the sector's full IDX population, a purposive sample was drawn using five screening criteria: continuous listing throughout 2021–2024; an initial public offering completed before 1 January 2021; accessible, regularly published financial statements across the period; and no reported net loss during the period. Starting from an initial population of 132 firms, the screen removed 46 firms listed after January 2021, 9 with inaccessible statements, and 30 that recorded losses, leaving a final sample of 51 firms observed over four years and 204 firm-year observations in total.

The data are secondary, drawn from published annual financial statements and annual reports available on the IDX website and each company's official site, covering tax planning, independent commissioners, the audit committee, institutional and managerial ownership, and firm value across 2021–2024. Data were gathered through a documentation technique: the relevant figures were compiled, recorded, and cross-checked directly against these published sources.

Firm value, the dependent variable, captures how investors perceive company performance and is proxied by Price to Book Value (PBV) the market share price (taken three trading days after the financial statement's release, H+3) divided by book value per share:

$$PBV = \text{Share Price per Share} \div \text{Book Value per Share}$$

The independent variables are measured as follows: tax planning is proxied by the Effective Tax Rate, calculated as tax expense divided by pre-tax profit; the independent commissioner ratio is calculated by dividing the number of independent commissioners by the total number of board members; the audit committee is measured by the total number of its members; institutional ownership is determined by dividing institutionally held shares by total outstanding shares; and managerial ownership is calculated by dividing shares held by management by total outstanding shares.

Data were analyzed quantitatively through panel-data regression (using EViews and SPSS), pooling cross-sectional data across the sampled firms with a 2021–2024 time series to gain additional degrees of freedom and more efficient estimates. Descriptive statistics — minimum, maximum, mean, and standard deviation — were computed for all variables before estimation. The regression model takes the form:

$$PBV_{it} = \alpha + \beta_1 ETR_{it} + \beta_2 KI_{it} + \beta_3 KA_{it} + \beta_4 KINS_{it} + \beta_5 KM_{it} + \varepsilon$$

Here, i denotes the firm and t denotes the year, α is the intercept, β_1 through β_5 are the regression coefficients, and ε is the error term. Selecting the most suitable panel data model relied on the Chow test and Hausman test, supplemented by the Lagrange Multiplier test where necessary. Model validity was then confirmed through a series of classical assumption checks: normality was assessed with the Jarque-Bera test, multicollinearity was examined using a correlation matrix with a 0.90 cutoff, heteroscedasticity was tested via the Breusch-Pagan-Godfrey method, and autocorrelation was checked using the Durbin-Watson statistic. Hypothesis testing



followed, using the partial t-test to examine each variable's individual influence at a significance level of $p < 0.05$, the simultaneous F-test to gauge the joint effect of all five predictors, and the Adjusted R^2 value to indicate how much of the variance in firm value the model accounts for.

RESULT

This study examines companies in the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange (IDX), observed over the 2021–2024 period. The sample was selected through purposive sampling, leaving a final sample of 51 firms observed over four years and 204 firm-year observations in total.

The descriptive statistics summarize the central tendency and dispersion of each research variable across the 204 observations.

Variable	Mean	Median	Min	Max	Std. Dev.
LNPBV (Firm Value)	0.3375	0.2842	-3.2721	3.7644	1.0631
ETR – Tax Planning	0.2430	0.2242	0.0174	0.8206	0.0967
KI – Independent Commissioners	0.4201	0.4000	0.2500	0.8333	0.1042
KA – Audit Committee	3.0354	3.0000	2.0000	5.0000	0.3246
KINS – Institutional Ownership	0.6808	0.7592	0.0000	0.9993	0.2748
KM – Managerial Ownership	0.0708	0.0012	0.0000	0.6767	0.1535

Firm value (LNPBV) shows a wide dispersion, with a mean of 0.3375 and a standard deviation of 1.0631. The lowest value was recorded by PT Bakrie Sumatera Plantations Tbk, while the highest belonged to PT Unilever Indonesia Tbk, indicating substantial variation in market valuation across the sample. Tax planning (ETR), measured through the Effective Tax Rate, is comparatively homogeneous, with a standard deviation smaller than its mean; its lowest value came from PT Bakrie Sumatera Plantations Tbk in 2022 and its highest from PT Sinar Mas Agro Resources and Technology Tbk, also in 2022.

The proportion of independent commissioners (KI) is relatively uniform across firms, which is consistent with the fact that this proportion is largely determined by board composition rather than individual company policy, so firms with similar board structures tend to report similar ratios. Audit committee size (KA) averages around three members, matching the minimum regulatory requirement, with little variation across the sample. Institutional ownership (KINS) is high on average, ranging from firms with no institutional shareholders at all to firms almost entirely owned by institutional investors, such as PT Pradiksi Gunatama Tbk. Managerial ownership (KM), by contrast, shows considerable variability: while many firms report no managerial shareholding, PT Indonesian Tobacco Tbk shows a notably high proportion, and its standard deviation exceeds its mean, reflecting substantial cross-firm heterogeneity.



Panel data model selection was conducted in two stages. First, the Chow test was used to compare the Common Effect Model (CEM) and the Fixed Effect Model (FEM). The results showed a cross-section F statistic of 32.4661 and a cross-section Chi-square statistic of 499.0100, both with a probability value of 0.0000. Because this probability is below 0.05, the null hypothesis was rejected, indicating that the FEM is more appropriate than the CEM. The analysis then continued with the Hausman test to compare the FEM and the Random Effect Model (REM). The Hausman test produced a Chi-square statistic of 14.4152 with a probability of 0.0132. Since this value is also below 0.05, the null hypothesis was rejected again, confirming that the FEM is the most suitable model for this study. Based on the results of both tests, the Fixed Effect Model was selected to estimate the relationship between tax planning, corporate governance mechanisms, and firm value.

Classical assumption test divided into three part. Normality Test, An initial inspection of the dependent variable, firm value measured by Price to Book Value (PBV), revealed a skewed distribution. To address this, the variable was transformed using a natural logarithm (LNY), which helps normalize the distribution, reduce the influence of extreme values, and produce a more stable regression model. Even after transformation, the Jarque-Bera probability was 0.0000, indicating that the normality assumption was still not met. Outliers were then identified using standardized residuals (ZRESID); following Ghazali (2021), observations with standardized residuals exceeding ± 2.5 were treated as outliers and considered for removal. After transforming the data and removing outliers, the Jarque-Bera probability rose to 0.2056, which exceeds the 0.05 threshold, confirming that the residuals are now normally distributed.

Multicollinearity Test, Multicollinearity among the independent variables was assessed using a correlation matrix, with a threshold of 0.80 as the cutoff for problematic correlation. All pairwise correlations among the independent variables were below this threshold; the highest correlation, between institutional ownership (KINS) and managerial ownership (KM), was -0.7179, still comfortably under 0.80. The model is therefore free from multicollinearity, and all five independent variables: tax planning (ETR), independent commissioners (KI), audit committee (KA), institutional ownership (KINS), and managerial ownership (KM) are suitable for inclusion in the regression.

Heteroskedasticity Test, was tested using the Glejser test, regressing the absolute residuals on the independent variables. The resulting probabilities were 0.6433 for tax planning, 0.7585 for independent commissioners, 0.6426 for audit committee, 0.6663 for institutional ownership, and 0.3088 for managerial ownership all well above 0.05. This indicates that the regression model does not suffer from heteroskedasticity.

With the classical assumptions satisfied and the Fixed Effect Model confirmed as the appropriate specification, the panel regression was estimated using 198 unbalanced observations across 51 cross-sections and 4 periods. The results are summarized below.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C (Constant)	-1.5417	1.0925	-1.4112	0.1604
ETR – Tax Planning	-0.2011	0.3151	-0.6383	0.5243



KI – Independent Comm.	1.9298	1.9730	0.9781	0.3297
KA – Audit Committee	0.2192	0.1996	1.0980	0.2741
KINS – Institutional Own.	0.7109	0.4383	1.6218	0.1071
KM – Managerial Own.	-0.4513	0.8116	-0.5561	0.5790

R-squared = 0.9433; Adjusted R-squared = 0.9214; F-statistic = 42.9801 (Prob. 0.0000); Durbin-Watson stat = 1.9487.

The estimated regression equation is:

$$LNY = -1.5417 - 0.2011(ETR) + 1.9298(KI) + 0.2192(KA) + 0.7109(KINS) - 0.4513(KM) + e$$

The constant of -1.5417 suggests that if all independent variables were held at zero, firm value would be predicted at this negative baseline, though the constant itself is statistically insignificant ($p = 0.1604$). Tax planning (ETR) carries a negative coefficient of -0.2011, implying that a one-unit increase in the Effective Tax Rate is associated with a decline in firm value, all else equal, but this relationship is not statistically significant ($p = 0.5243$). Independent commissioners (KI) show a positive coefficient of 1.9298, audit committee size (KA) a positive coefficient of 0.2192, and institutional ownership (KINS) a positive coefficient of 0.7109, all suggesting a positive association with firm value, though none reach statistical significance ($p = 0.3297$, 0.2741 , and 0.1071 respectively). Managerial ownership (KM) shows a negative coefficient of -0.4513, again not statistically significant ($p = 0.5790$).

Each independent variable was tested individually against firm value at a 5% significance level. In every case, the probability value exceeded 0.05, meaning none of the five hypotheses (H1–H5) were supported in this sample:

Tax planning, measured by ETR (coefficient -0.2011, $t = -0.6383$, $p = 0.5243$), independent commissioners (coefficient 1.9298, $t = 0.9781$, $p = 0.3297$), audit committee (coefficient 0.2192, $t = 1.0980$, $p = 0.2741$), institutional ownership (coefficient 0.7109, $t = 1.6218$, $p = 0.1071$), and managerial ownership (coefficient -0.4513, $t = -0.5561$, $p = 0.5790$) each failed to show a statistically significant partial effect on firm value. H1 through H5 are therefore all rejected.

The Adjusted R-squared of 0.9214 indicates that the five independent variables jointly explain approximately 92.14% of the variation in firm value, leaving about 7.86% attributable to factors outside the model. This is a very high explanatory power for a firm-value model, largely driven by the fixed cross-sectional effects capturing firm-specific characteristics.

The findings of this study are consistent with those of Septiani and Syahzuni (2025), who employed the Fixed Effect Model to analyze the determinants of firm value. Their study



demonstrated that although the selected model successfully passed the model selection tests and exhibited strong explanatory power in accounting for the variation in the data, not all independent variables had a statistically significant effect on firm value. Therefore, a high coefficient of determination should not be interpreted as evidence that all independent variables have a statistically significant partial effect on the dependent variable.

The F-statistic of 42.9801, with a probability of 0.0000, confirms that tax planning, independent commissioners, audit committee, institutional ownership, and managerial ownership jointly and significantly influence firm value. This finding is notable because it stands in contrast to the individual (partial) test results: while none of the five variables show a significant effect on their own, their combined explanatory contribution is highly significant. This suggests that the variables interact or jointly capture underlying firm characteristics that matter for valuation, even though no single governance or tax mechanism is, by itself, a strong enough signal to move investor perception.

DISCUSSION

Tax planning, proxied by the Effective Tax Rate, was found to have no significant effect on firm value (coefficient -0.2011, $p = 0.5243$), leading to the rejection of H1. Although the negative coefficient hints that a higher ETR is associated with lower firm value, the relationship is not statistically robust.

This result can be interpreted through Tax Compliance Theory, which holds that firms are obligated to meet their tax responsibilities accurately and on time. Under this lens, most tax planning by listed firms is oriented toward lawful, efficiency-driven tax management rather than aggressive avoidance, so it is not necessarily perceived by the market as a distinct value driver. Signaling Theory offers a complementary explanation: investors tend to respond more strongly to indicators that directly reflect operating performance; profitability, earnings growth, and cash flow. Than to the level of a firm's effective tax rate, which by itself sends an ambiguous signal about company quality.

This finding is consistent with prior studies by Martinus and Riduwan (2022) and Betara and Rahmawati (2025), both of which found no significant link between tax efficiency measures and firm value, as well as with Wardani and Juliani (2018) and Lestari and Ningrum (2020), who likewise concluded that tax planning does not meaningfully influence investor valuation, since investors weigh fundamental performance more heavily than tax-saving strategies.

The proportion of independent commissioners was not found to significantly affect firm value (coefficient 1.9298, $p = 0.3297$), so H2 is rejected. While the positive coefficient suggests a directionally favorable association, it does not reach statistical significance.

Agency Theory (Jensen & Meckling, 1976) frames independent commissioners as a governance mechanism intended to monitor management and curb agency conflicts. The insignificant result suggests that this oversight function may not be operating at full effectiveness in the sampled firms potentially due to limited independence in practice, constrained decision-making authority, or the influence of controlling shareholders that can dilute the board's monitoring power. Viewed through Signaling Theory, the proportion of independent commissioners does not appear to function as a strong enough positive signal on its own; investors seem to weigh profitability, growth prospects, and operational efficiency more heavily.



This result aligns with Zahra and Fidiana (2022) and Cahyani, Oktafiyani, Septriana, and Herawati (2023), both of which found no significant relationship between independent commissioners and firm value. It contrasts, however, with Martinus and Riduwan (2022), who reported a positive and significant effect, arguing that a larger proportion of independent commissioners strengthens managerial oversight and thereby boosts investor confidence and firm value.

Audit committee size showed no significant effect on firm value (coefficient 0.2192, $p = 0.2741$), leading to the rejection of H3, despite the positive direction of the coefficient.

Under Agency Theory, the audit committee exists to support the board of commissioners in overseeing management, improving financial reporting quality, and reinforcing transparency and accountability. The lack of a significant result implies that committee size alone does not guarantee effective oversight competence, independence, experience, meeting frequency, and the actual quality of financial-reporting oversight likely matter more than headcount. From a Signaling Theory perspective, the mere existence of an audit committee, structured largely to satisfy governance regulations, does not appear to be a strong enough signal to shift investor perception; profitability and growth indicators remain more influential.

This is consistent with Cahyani, Oktafiyani, Septriana, and Herawati (2023) and Zahra and Fidiana (2022), who similarly found no significant relationship, suggesting that audit committees are often formed primarily for regulatory compliance rather than as a genuine value-enhancing mechanism. In contrast, Putry and Murni (2022) found a positive and significant effect, arguing that an effective audit committee strengthens financial reporting quality and internal controls, thereby increasing investor trust; Aswatun Hasanah and Khamimah (2025) reached a similar conclusion in the theoretical literature underpinning this study.

Institutional ownership was found to have no significant effect on firm value (coefficient 0.7109, $p = 0.1071$), so H4 is rejected, although the positive coefficient suggests a favorable directional relationship.

Agency Theory positions institutional ownership as a monitoring mechanism, since institutional investors are typically presumed to have greater resources and expertise for overseeing management. The insignificant result, however, suggests that a high proportion of institutional ownership does not necessarily translate into active, effective monitoring in practice institutional investors may not always be deeply involved in corporate decision-making, and some may prioritize short-term returns over sustained oversight. Under Signaling Theory, institutional ownership is often seen as a positive signal of institutional confidence, yet this study finds it insufficiently strong on its own to shift investor perceptions of value, relative to profitability, growth, and operational efficiency.

This finding aligns with Cahyani, Oktafiyani, Septriana, and Herawati (2023) and Hardianti, Yuniati, and Kodariah (2024), both of which found that institutional ownership does not significantly enhance firm value unless paired with genuinely effective oversight. It contrasts with Martinus and Riduwan (2022), who found a significant positive relationship, arguing that greater institutional ownership sharpens managerial oversight and, in turn, boosts investor confidence and firm value.



Managerial ownership was not found to significantly affect firm value (coefficient -0.4513, $p = 0.5790$), leading to the rejection of H5. The negative coefficient suggests that higher managerial ownership is directionally associated with lower firm value, though this relationship lacks statistical support.

Agency Theory suggests managerial ownership should align managers' interests with shareholders', since managers who hold equity share directly in the consequences of their decisions. The insignificant result may reflect that managerial shareholdings in the sampled firms are generally too small to meaningfully shift managerial incentives or influence corporate policy. It is also possible that managerial ownership does not guarantee shareholder-aligned decision-making managers may still prioritize personal or short-term interests. Through the lens of Signaling Theory, managerial share ownership can in principle signal management's confidence in the firm's prospects, but this study finds that signal is not strong enough, on its own, to move investor valuation relative to profitability, growth, and earnings stability.

This result is consistent with Cahyani, Oktafiyani, Septriana, and Herawati (2023), who likewise found no significant relationship between managerial ownership and firm value, attributing this to an incentive-alignment mechanism that has not yet functioned optimally. It contrasts with Martinus and Riduwan (2022) and Rieke Pernamasari and Fina Melinda Jumrotul Mu'minin (2022), both of which found a significant positive effect, arguing that greater managerial ownership better aligns managerial and shareholder interests, strengthens firm performance, and ultimately increases firm value.

Overall, the analysis shows that tax planning and the four governance mechanisms examined independent commissioners, audit committee, institutional ownership, and managerial ownership do not individually exert a statistically significant effect on firm value among consumer non-cyclicals companies listed on the IDX during 2021–2024. Yet the five variables jointly explain roughly 92% of the variation in firm value and are collectively significant, indicating that while no single mechanism acts as a strong standalone driver, the overall governance and tax profile of a firm still carries meaningful explanatory power for its market valuation. This pattern points to the importance of considering these mechanisms holistically, and of pairing structural governance indicators with measures of their actual operational effectiveness in future research.

CONCLUSION

Taken together, the fixed-effect panel regression estimated on 51 consumer non-cyclicals firms listed on the Indonesia Stock Exchange over 2021–2024 shows a consistent pattern across all five predictors examined: none of them, on their own, exerts a statistically significant effect on firm value. Tax planning, proxied by the Effective Tax Rate, does not significantly influence firm value over the period, and the same holds for each of the four good corporate governance mechanisms considered the proportion of independent commissioners, the size of the audit committee, the level of institutional ownership, and the level of managerial ownership none of which shows a significant partial relationship with firm value among the sampled consumer non-cyclicals firms. At the same time, the joint test tells a different story: considered together, tax planning and the four good corporate governance variables do exert a significant combined effect on firm value. In other words, while no single mechanism functions as a decisive, standalone driver of valuation, the overall configuration of a firm's tax management and governance structure still carries real explanatory weight for how the market values consumer non-cyclicals companies. A distinction that is important for both the interpretation of these



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results and for the practical design of future good corporate governance and tax-planning research in this sector.



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