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The Effect of Tax Avoidance, Profitability, and Corporate Governance on Firm Value in Consumer Non-Cyclicals Sector Companies Listed on the Indonesia Stock Exchange for the 2021–2025 Period

Gian Giovania[1]✉, Bucek Jalu Prasetyo Arjuna[2], Paulus Kombo Allo Layuk[3]
Universitas Cenderawasih, Jayapura, Indonesia

Abstract
Firm value is an important indicator that reflects investors' confidence in a company's performance, prospects, and sustainability. In an increasingly competitive business environment and amid growing demands for transparency, companies need to pay attention not only to their ability to generate profits but also to their tax policies and the quality of corporate governance. Therefore, research on the factors that influence firm value is important, particularly in the consumer non-cyclicals sector, which plays a strategic role in fulfilling society's basic needs. This study aims to analyze the effect of tax avoidance, profitability, and corporate governance on firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange. This study employs a quantitative approach with a causal associative research design. The population of this study consists of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period. The sampling technique used is purposive sampling, resulting in a sample of 5 companies and 25 observations. The data used are secondary data obtained from companies' financial statements and annual reports. The data analysis techniques include descriptive statistics, classical assumption tests, and multiple linear regression analysis. The results show that tax avoidance has no effect on firm value, while profitability and corporate governance have a positive effect on firm value. Simultaneously, tax avoidance, profitability, and corporate governance affect firm value. The implication of this study indicates that companies need to improve profitability and strengthen corporate governance in order to enhance investor confidence and firm value.

Keywords: *tax avoidance, profitability, corporate governance, firm value, consumer non-cyclicals*

✉ Corresponding author:
Email Address: gian.giovania@feb.uncen.ac.id

INTRODUCTION

Firm value has become an important issue in financial research because it reflects the level of market confidence in a company's prospects, performance, and sustainability. In the context of publicly listed companies, firm value is influenced not only by the company's ability to generate profits but also by managerial strategies in managing tax burdens and the quality of corporate governance. This phenomenon became increasingly relevant during the 2021–2025 period, when companies faced pressure to recover their performance after the pandemic, changes in investor behavior, and stronger demands for transparency in the capital market. Investors no longer assess companies merely based on the amount of profit generated, but also on how such profit is obtained, how companies manage their tax obligations, and the extent to which internal monitoring mechanisms are able to protect shareholders' interests. In financial literature, firm value is viewed as a reflection of financial decisions, operational efficiency, and market perceptions of risk and future prospects (Fama & French, 1998; Jacob & Schütt, 2020). On the other hand, tax avoidance practices may generate two different

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perspectives: they may be viewed as tax efficiency efforts that increase cash flow, but they may also be perceived as a risk signal if carried out aggressively and without transparency (Desai & Dharmapala, 2009; Hossain et al., 2024). Therefore, research on the effect of tax avoidance, profitability, and corporate governance on firm value is important to conduct in order to provide empirical understanding of the factors that determine market valuation of companies amid the dynamics of the modern economy and corporate governance.

The object of this study is consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange. The selection of this sector is based on its characteristics, which differ from other sectors, particularly the consumer cyclicals sector. The consumer non-cyclicals sector, or primary consumer goods sector, consists of products and services that tend to be continuously needed by society, such as food, beverages, household necessities, personal care products, basic-needs retail, and other essential consumer products. Unlike the consumer cyclicals sector, which is more sensitive to economic cycles and purchasing power, the consumer non-cyclicals sector generally has more stable demand because it is related to society's basic needs. The Indonesia Stock Exchange applies the IDX Industrial Classification or IDX-IC to classify companies based on their market exposure to the goods and services produced; within this classification, consumer non-cyclicals is a sector that measures the performance of stocks in the primary consumer goods group. The relatively defensive characteristics of this sector make it interesting to examine because demand stability does not necessarily guarantee high firm value. Differences in firm value within this sector may arise due to variations in profitability, tax policies, and the quality of corporate governance implemented by each company. Therefore, the consumer non-cyclicals sector was selected because it has a strategic position in the economy, is closely related to society's needs, and has business characteristics that differ from other sectors that are more affected by economic fluctuations.

This study uses firm value as the dependent variable, proxied by Price to Book Value (PBV), while the independent variables consist of tax avoidance, profitability, and corporate governance. Tax avoidance in this study is proxied by the Effective Tax Rate (ETR). The use of ETR must be interpreted carefully because a lower ETR may indicate a greater tendency toward tax avoidance, whereas a higher ETR indicates a greater effective tax burden. Tax avoidance may influence firm value because tax-saving strategies can potentially increase after-tax earnings and corporate cash flows; however, at the same time, they may create reputational and compliance risks if perceived negatively by investors (Dyreng et al., 2008; Hanlon & Heitzman, 2010; Balakrishnan et al., 2019). Profitability, proxied by Return on Assets (ROA), reflects a company's ability to generate profits from the assets it owns. The higher the profitability, the stronger the positive signal received by the market regarding the effectiveness of asset management and the company's growth prospects (Novy-Marx, 2013). Meanwhile, corporate governance, proxied by the proportion of independent commissioners, serves as a monitoring mechanism to reduce agency conflicts between management and shareholders. From the perspective of agency theory, the existence of a sound monitoring mechanism can reduce managerial opportunistic behavior and increase investor confidence in the company (Jensen & Meckling, 1976; Brown & Caylor, 2006; Klapper & Love, 2004). Therefore, these three variables are closely related in explaining firm value, as tax avoidance reflects tax efficiency strategies, profitability reflects the company's economic performance, and corporate governance reflects the quality of monitoring and the protection of investors' interests.

The research gap arises because previous studies on the effect of tax avoidance, profitability, and corporate governance on firm value have produced inconsistent findings. Desai and Dharmapala (2009) showed that the effect of tax avoidance on firm value may depend on the quality of corporate governance. Jacob and Schütt (2020) found that uncertainty regarding future tax avoidance may affect market valuation of a company. Hasan et al. (2021)

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showed that the relationship between tax avoidance and firm value may be influenced by a company's organizational capital, while Elamer et al. (2024) found that the relationship between tax avoidance and firm value may also be influenced by sustainability aspects, particularly ESG. In the Indonesian context, Suriawinata and Almurni (2023) examined tax planning, the use of special purpose vehicles, board independence, and firm value. Wahyuda et al. (2025) examined tax planning, tax avoidance, and leverage on firm value in consumer cyclicals and non-cyclicals companies during the 2020–2022 period, while Rahmi et al. (2025) examined tax avoidance on firm value with good corporate governance as a moderating variable in manufacturing companies during the 2019–2023 period. However, research that specifically examines the effect of tax avoidance, profitability, and corporate governance on firm value in the consumer non-cyclicals sector during the 2021–2025 period remains limited. Differences in research objects, research periods, variable proxies, and sector characteristics provide strong reasons to re-examine this topic in order to obtain empirical evidence that is more relevant to the most recent conditions of consumer non-cyclicals companies listed on the Indonesia Stock Exchange.

Based on the discussion above, the novelty of this study lies in the selection of the research object, period, and combination of variables used. This study focuses on consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period, a period that reflects company conditions after the implementation of the IDX-IC classification and the dynamics of post-pandemic economic recovery. In addition, this study combines three important factors, namely tax avoidance proxied by ETR, profitability proxied by ROA, and corporate governance proxied by independent commissioners, to explain firm value proxied by PBV. Theoretically, this study is expected to enrich the literature on agency theory, signaling theory, and corporate taxation studies, particularly in explaining how tax strategies, financial performance, and governance mechanisms influence market perceptions of companies. Practically, this study is useful for investors as a consideration in evaluating companies, for management as input in increasing firm value through profit management, tax compliance, and corporate governance, and for regulators as evaluation material regarding the importance of transparency and supervision in public companies. Thus, the objective of this study is to analyze and obtain empirical evidence regarding the effect of tax avoidance, profitability, and corporate governance, both partially and simultaneously, on firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

LITERATURE REVIEW

Firm Value

Firm value is an important measure because it reflects the level of investor confidence in a company's performance, risk, and sustainability. The higher the firm value, the greater the market's confidence that the company is capable of providing economic benefits to shareholders. In financial studies, firm value is also viewed as the result of financing decisions, investment decisions, operational performance, and information received by the market regarding future cash flow prospects (Fama & French, 1998; La Porta et al., 2002).

In this study, firm value is proxied by Price to Book Value (PBV). PBV describes the comparison between the market price of shares and the book value of the company. A high PBV indicates that the market perceives the company as having better prospects, asset quality, and value-creation ability compared to the accounting value recorded in the financial statements. Conversely, a low PBV may indicate that the market has not yet placed a high valuation on the company's ability to create value. The use of a market-based indicator is relevant because investors assess companies not only based on book value but also on

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expectations regarding earnings, cash flows, and future growth prospects (Fama & French, 1998; Lins, 2003).

In the context of the capital market, firm value is determined not only by the amount of assets or profits owned by the company but also by the quality of information disclosed to investors. Transparent information, strong financial performance, and sound corporate governance can reduce investor uncertainty in assessing a company's prospects. Therefore, companies with high profitability, reasonable tax policies, and effective monitoring mechanisms tend to gain greater market confidence. This is consistent with the view that firm value is closely related to information quality, investor protection, and corporate governance mechanisms that can reduce conflicts of interest between management and shareholders (Jensen & Meckling, 1976; Klapper & Love, 2004; La Porta et al., 2002).

In consumer non-cyclicals sector companies, firm value is an interesting topic to examine because this sector operates in basic consumer goods whose demand is relatively stable. However, stable demand does not always result in high firm value because the market still considers tax efficiency, profitability, and the quality of corporate monitoring. Therefore, firm value in this study is positioned as the dependent variable influenced by tax avoidance, profitability, and corporate governance. These three factors are considered important because they are directly related to financial efficiency, performance signals, and mechanisms for protecting investors' interests (Desai & Dharmapala, 2009; Novy-Marx, 2013; Brown & Caylor, 2006).

Tax Avoidance

Tax avoidance is a corporate strategy to minimize tax burdens by utilizing provisions, loopholes, or tax policy options that remain within the scope of the law. Tax avoidance differs from tax evasion because tax evasion is an illegal act carried out by violating tax regulations, whereas tax avoidance is conducted through tax planning that does not formally violate the law. Nevertheless, tax avoidance remains an important issue because it may raise concerns related to transparency, ethics, tax audit risk, and corporate reputation in the eyes of investors and regulators (Hanlon & Heitzman, 2010; Dyreng et al., 2008).

In this study, tax avoidance is proxied by the Effective Tax Rate (ETR). ETR represents the comparison between tax expense and income before tax. The use of ETR as a proxy for tax avoidance must be interpreted carefully because ETR has an inverse relationship with the level of tax avoidance. The lower the ETR, the greater the indication that a company engages in tax avoidance, because the effective tax burden paid is relatively lower compared to income before tax. Conversely, a higher ETR indicates that the company pays a greater effective tax burden, meaning that the indication of tax avoidance is lower. Dyreng et al. (2008) explain that the effective tax rate is one of the commonly used measures to observe a company's ability to reduce tax payments over the long term.

Tax avoidance may have different effects on firm value. On the one hand, tax avoidance can be viewed as a form of tax efficiency because it can increase after-tax earnings and cash flows available to the company. Tax savings can be used for investment, business expansion, dividend payments, or other activities that may enhance shareholder welfare. From this perspective, tax avoidance can become a valuable strategy for a company if it is carried out reasonably, transparently, and without creating significant legal risk (Desai & Dharmapala, 2009; Hasan et al., 2021).

On the other hand, tax avoidance can also be viewed negatively by investors if it is carried out aggressively and creates uncertainty regarding the quality of financial reporting. Complex tax avoidance practices may reduce corporate transparency because investors may find it more difficult to assess whether the tax strategy truly benefits shareholders or instead creates opportunities for managerial opportunism. Balakrishnan et al. (2019) show that tax aggressiveness may be associated with lower corporate transparency, while Hanlon and

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Heitzman (2010) emphasize that corporate taxation is not only related to tax expense but also to earnings information, business decisions, and market valuation.

The effect of tax avoidance on firm value also strongly depends on the quality of corporate governance. Companies with strong governance tend to be more capable of ensuring that the benefits of tax savings are used in the interests of shareholders. Conversely, in companies with weak governance, tax avoidance may create opportunities for management to conceal information or take actions that are not aligned with investors' interests. Desai and Dharmapala (2009) show that tax avoidance can positively affect firm value, especially in companies with good governance, whereas in companies with weak governance, the benefits of tax avoidance may be unclear to shareholders.

Thus, tax avoidance in this study is viewed as a financial strategy with two sides. Tax avoidance can increase firm value if it is perceived as tax efficiency that benefits shareholders, but it can reduce firm value if it is perceived as an aggressive practice that increases risk and reduces transparency. Therefore, the effect of tax avoidance on firm value needs to be tested empirically, particularly in consumer non-cyclicals sector companies that have relatively stable business characteristics but still face pressure to improve efficiency and market confidence (Jacob & Schütt, 2020; Elamer et al., 2024).

Profitability

Profitability is the company's ability to generate profits from its operational activities and resources. Profitability is one of the main indicators considered by investors because it reflects management effectiveness in managing assets, capital, sales, and operational activities. Companies with high profitability are generally perceived to have better prospects because they are able to generate profits consistently. Conversely, low profitability can reduce investor confidence because it indicates that the company has not optimally created profits from its resources (Fama & French, 1998; Novy-Marx, 2013).

In this study, profitability is proxied by Return on Assets (ROA). ROA is used to measure a company's ability to generate profits from its total assets. The higher the ROA, the more efficient the company is in using its assets to generate profits. ROA is an important indicator because it shows the extent to which company assets are able to generate profits that can increase the company's attractiveness in the eyes of investors. The use of an asset-based profitability indicator is also relevant because investors assess not only the amount of profit but also the effectiveness of the company in managing its economic resources (Novy-Marx, 2013; Pamungkas et al., 2023).

From the perspective of signaling theory, high profitability can serve as a positive signal to the market because it shows that the company is in a healthy financial condition. Profitability information can reduce information asymmetry between management and investors because profit reflects the real outcome of the company's operational activities. When a company is able to generate high profits, investors may perceive that the company has better cash flow prospects in the future. This positive signal can increase investor interest, encourage an increase in share price, and ultimately increase firm value (Spence, 1973; Connelly et al., 2011; Ross, 1977).

Profitability is also closely related to firm value because profit is one of the main bases used by investors to assess business prospects. Companies that are able to maintain a high level of profitability tend to be perceived as having a better ability to face competition, maintain operational sustainability, and provide returns to shareholders. Novy-Marx (2013) shows that more profitable companies tend to receive better market valuation because profitability reflects the company's economic strength. Therefore, profitability is an important factor that can increase firm value through positive financial performance signals.

In the consumer non-cyclicals sector, profitability holds an important position because this sector is related to basic needs whose demand is relatively stable. However, stable

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demand does not always guarantee a high level of profitability. Companies must still be able to control costs, maintain asset efficiency, increase sales, and manage operational strategies in order to generate optimal profits. Therefore, profitability proxied by ROA becomes an important variable in this study because it can show whether consumer non-cyclicals sector companies are able to transform demand stability into financial performance that contributes to increasing firm value (Novy-Marx, 2013; Fama & French, 1998).

Corporate Governance

Corporate governance is a system, structure, and mechanism used to direct, control, and supervise corporate activities so that they are aligned with the interests of shareholders and other stakeholders. Corporate governance is important because, in modern companies, there is a separation between owners and managers. This separation can create agency conflict, namely a difference in interests between management as the agent and shareholders as the principal. Therefore, governance mechanisms are needed to ensure that management decisions remain directed toward creating value for shareholders (Jensen & Meckling, 1976; Shleifer & Vishny, 1997).

Agency theory explains that management has greater access to information than shareholders, which may lead to information asymmetry and opportunistic behavior. Without adequate monitoring mechanisms, management may make decisions that benefit themselves but harm shareholders. Corporate governance functions to reduce such conflicts through monitoring, transparency, accountability, and protection of investors' interests. In this context, good governance can increase market confidence because investors perceive that the company has a control system capable of limiting managerial opportunistic behavior (Jensen & Meckling, 1976; La Porta et al., 2002; Klapper & Love, 2004).

In this study, corporate governance is proxied by independent commissioners. Independent commissioners are part of the corporate monitoring mechanism and are expected to provide objective judgment on management policies. The presence of independent commissioners can strengthen the monitoring function because independent parties are not directly involved in the company's operational activities and are expected to be more capable of supervising management decisions neutrally. The better the supervisory function of the board of commissioners, the smaller the possibility of actions that harm shareholders, thereby increasing investor confidence in the company (Brown & Caylor, 2006; Yermack, 1996).

Corporate governance has a close relationship with firm value because good governance can strengthen transparency, reduce agency conflicts, and improve investor protection. Brown and Caylor (2006) found that corporate governance is related to firm valuation because good governance mechanisms can improve monitoring quality and market confidence. Klapper and Love (2004) also show that corporate governance practices play an important role in improving firm performance and value, especially in developing countries that still face issues related to investor protection and information asymmetry.

In the Indonesian context, corporate governance has become increasingly important because public companies are required to maintain transparency and accountability to investors. Pamungkas et al. (2023) show that corporate governance and financial performance are related to firm value in Indonesian companies. Puspitasari and Febriani (2024) also found that corporate governance can affect firm value in the Indonesian context. Therefore, independent commissioners as a proxy for corporate governance are considered relevant in explaining firm value because their presence can strengthen the monitoring function and increase investor confidence in the company.

Hypothesis Development

The Effect of Tax Avoidance on Firm Value

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Tax avoidance is one of the strategies that companies can use to reduce tax burdens so that after-tax earnings and corporate cash flows can increase. From the perspective of financial efficiency, tax savings can provide economic benefits to companies because funds that would otherwise be used to pay taxes can be redirected to investment, business expansion, dividend payments, or working capital strengthening. Therefore, tax avoidance can be viewed as a strategy that has the potential to increase firm value if it is carried out reasonably, transparently, and in line with shareholders' interests (Desai & Dharmapala, 2009; Dyreng et al., 2008).

However, the effect of tax avoidance on firm value is not always positive. Tax avoidance practices that are too aggressive may create tax audit risk, sanctions, reputational costs, and investor distrust. Investors may perceive companies that are too aggressive in avoiding taxes as having higher compliance risk and transparency risk. Balakrishnan et al. (2019) show that tax aggressiveness can increase information uncertainty because complex tax strategies may reduce corporate transparency. Hanlon and Heitzman (2010) also explain that corporate taxation is related to business decisions, earnings information, and market valuation.

From the perspective of agency theory, tax avoidance can become a problem if the benefits of tax savings are not fully enjoyed by shareholders. Management may use the complexity of tax transactions to conceal information or take actions that are not aligned with investors' interests. Desai and Dharmapala (2009) explain that tax avoidance can increase firm value especially when the company has good governance, because strong governance can ensure that the benefits of tax avoidance are used in the interests of shareholders. Conversely, in companies with weak governance, tax avoidance may create agency risk.

Previous research has also shown inconsistent findings. Rahmi et al. (2025) found that tax avoidance can have a negative effect on firm value in manufacturing companies in Indonesia, while Wahyuda et al. (2025) found that tax avoidance does not have a significant effect on firm value in consumer cyclicals and non-cyclicals companies. These differing findings indicate that the effect of tax avoidance on firm value still needs to be re-examined, particularly with different objects, periods, and sectors. Therefore, this study re-examines the relationship between tax avoidance and firm value in the consumer non-cyclicals sector during the 2021–2025 period.

Based on the explanation above, tax avoidance may affect firm value, either as a form of tax efficiency or as a source of risk perceived by investors. Because this study uses ETR as a proxy for tax avoidance, the relationship must be interpreted carefully. A lower ETR indicates a higher indication of tax avoidance, while a higher ETR indicates a lower indication of tax avoidance. Therefore, the hypothesis proposed is:

H1: Tax avoidance proxied by the Effective Tax Rate affects firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

The Effect of Profitability on Firm Value

Profitability is one of the main factors that influence firm value because it shows the company's ability to generate profits. Companies with high profitability tend to be viewed as more attractive by investors because they are considered to have good operational performance, strong growth prospects, and the ability to provide returns to shareholders. In financial studies, profitability is important information because it reflects the company's ability to create cash flows and maintain business sustainability (Fama & French, 1998; Novy-Marx, 2013).

In this study, profitability is proxied by ROA. A high ROA indicates that the company is able to use its assets efficiently to generate profits. The higher the ROA, the greater the investors' confidence in the company's ability to create profits in the future. Novy-Marx (2013) shows that profitability has strong explanatory power in market valuation because profitable

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companies tend to have better prospects and valuations. Therefore, ROA can serve as an important indicator in explaining firm value.

The relationship between profitability and firm value can also be explained through signaling theory. High profitability gives a positive signal to investors that the company has a healthy financial condition, good operational efficiency, and promising profit prospects. When investors receive such a positive signal, interest in the company's shares may increase, thereby encouraging an increase in share price and firm value. Signaling theory explains that information disclosed by a company can be used by the market to reduce information asymmetry and assess the quality of the company (Spence, 1973; Connelly et al., 2011; Ross, 1977).

In the consumer non-cyclicals sector, profitability plays an important role because this sector operates in basic consumer goods whose demand is relatively stable. However, demand stability does not always guarantee that companies can generate high profits. Companies must still be able to manage costs, assets, sales, and operational strategies in order to obtain optimal profitability. Therefore, the better the company's ability to generate profits from its assets, the greater the opportunity for the company to receive positive valuation from the market (Novy-Marx, 2013; Pamungkas et al., 2023).

Based on the explanation above, profitability is expected to have a positive effect on firm value. The higher the profitability, the better the company's financial performance and the greater the investor confidence in the company's prospects. Therefore, the hypothesis proposed is:

H2: Profitability proxied by Return on Assets has a positive effect on firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

The Effect of Corporate Governance on Firm Value

Corporate governance plays an important role in increasing firm value because it functions as a monitoring mechanism over management actions. In agency theory, the separation between owners and managers can create conflicts of interest. Management, as the party that runs operational activities, has more information than shareholders, which may lead to information asymmetry. Therefore, corporate governance is needed to ensure that the company is managed transparently, accountably, and in accordance with shareholders' interests (Jensen & Meckling, 1976; Shleifer & Vishny, 1997).

Independent commissioners are one of the important mechanisms in corporate governance because they have a relatively objective monitoring function over management policies. The presence of independent commissioners is expected to reduce potential opportunistic behavior, improve monitoring quality, and strengthen investor confidence. The greater the proportion of independent commissioners, the stronger the monitoring mechanism over management, enabling the company to be managed more prudently and responsibly. A good monitoring mechanism can help increase firm value because investors perceive that the company has better protection for shareholders' interests (Brown & Caylor, 2006; Klapper & Love, 2004).

Corporate governance can also affect firm value through increased transparency and the quality of managerial decisions. Companies with good governance tend to have better information disclosure, lower agency risk, and stronger control mechanisms. Brown and Caylor (2006) found that corporate governance is related to firm valuation, while Klapper and Love (2004) show that corporate governance plays an important role in improving firm performance in emerging markets. These findings indicate that good governance can serve as a positive signal for investors in assessing a company.

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Research in Indonesia also shows that corporate governance plays a role in explaining firm value. Pamungkas et al. (2023) found that corporate governance and financial performance affect firm value in Indonesian companies. Puspitasari and Febriani (2024) also found that corporate governance is related to firm value. Therefore, independent commissioners as a proxy for corporate governance in this study are considered relevant because their presence can strengthen the monitoring function and increase investor confidence in the company.

Based on the explanation above, corporate governance is expected to have a positive effect on firm value. The better the corporate governance mechanism, the greater the investor confidence in the quality of corporate management. Therefore, the hypothesis proposed is:
H3: Corporate governance proxied by independent commissioners has a positive effect on firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

The Effect of Tax Avoidance, Profitability, and Corporate Governance on Firm Value

Firm value is the result of various interrelated factors, including tax policy, financial performance, and corporate governance. Tax avoidance can affect firm value through tax burden efficiency and the risks it generates. Profitability can affect firm value through the company's ability to generate profits. Corporate governance can affect firm value through monitoring quality, transparency, and protection of investors' interests. Therefore, these three variables have different but interrelated roles in explaining how the market values a company (Desai & Dharmapala, 2009; Novy-Marx, 2013; Brown & Caylor, 2006).

From the perspective of agency theory, corporate governance is needed to ensure that corporate strategies, including tax policies and earnings management, are not used solely for management's interests. Good governance can reduce conflicts of interest and ensure that corporate financial decisions are directed toward creating value for shareholders. From the perspective of signaling theory, profitability and good governance can serve as positive signals to investors, while tax avoidance can serve as either an efficiency signal or a risk signal depending on the level of transparency and the quality of corporate monitoring (Jensen & Meckling, 1976; Connelly et al., 2011; Jacob & Schütt, 2020).

The three variables in this study are simultaneously expected to explain firm value because investors do not assess a company from only one aspect. Investors may consider the company's ability to generate profits, its strategy in managing tax burdens, and the quality of monitoring it has. The combination of good profitability, reasonable tax policies, and strong corporate governance can increase market confidence in the company. Conversely, low profitability, risky tax practices, and weak governance can reduce investors' perception of firm value (Hanlon & Heitzman, 2010; Balakrishnan et al., 2019; Klapper & Love, 2004).

Based on the explanation above, tax avoidance, profitability, and corporate governance are jointly expected to affect firm value. The combination of these three variables can provide a more comprehensive picture of how companies manage tax obligations, generate profits, and carry out monitoring functions. Therefore, the hypothesis proposed is:
H4: Tax avoidance, profitability, and corporate governance simultaneously affect firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

RESEARCH METHODOLOGY

This study uses a quantitative approach with a causal associative research design. The quantitative approach is used because this study aims to examine relationships among variables through numerical data analyzed statistically. The causal associative design is selected because this study does not merely describe the condition of the variables, but also

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examines the effect of the independent variables, namely tax avoidance, profitability, and corporate governance, on the dependent variable, namely firm value. The quantitative approach is considered appropriate for research using financial statement data because it allows the researcher to measure relationships among variables objectively through a regression model (Creswell & Creswell, 2018; Ghozali, 2021).

This study uses secondary data in the form of simple panel data or pooled data, which combines company data and yearly observation data. The unit of analysis in this study is company-year data or firm-year observations. Therefore, each company included in the sample is observed during the 2021–2025 period. The use of firm-year observations aims to provide a broader picture of changes in research variables over time as well as differences among companies within the same sector (Baltagi, 2021; Wooldridge, 2020).

I. Research Location and Period

The research location is consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX). The IDX is selected as the research location because it is an official institution that provides information on publicly listed companies in Indonesia, including financial statements, annual reports, and market data required in this study. The research data are obtained from the official website of the Indonesia Stock Exchange, the official websites of each company, and other relevant and accountable supporting sources.

The observation period in this study is 2021–2025. This period is selected to describe company conditions after major changes in the post-pandemic business environment, as well as to capture the dynamics of company performance, tax policies, corporate governance, and market value over five years of observation. A five-year period is also considered adequate to observe trends in research variables more stably compared to a one-year observation period.

II. Type and Source of Data

The type of data used in this study is quantitative data. Quantitative data are numerical data that can be measured and analyzed statistically. The quantitative data in this study include the Effective Tax Rate (ETR), Return on Assets (ROA), the proportion of independent commissioners, and Price to Book Value (PBV). All of these data are obtained from annual financial statements, annual reports, and market information published by companies and available through the Indonesia Stock Exchange.

The data source in this study is secondary data. Secondary data are data that are not obtained directly from respondents, but rather from documents or previously available sources. The use of secondary data is appropriate for this study because the variables examined are derived from financial statements and annual reports. The secondary data used include statements of financial position, income statements, notes to the financial statements, annual reports, board of commissioners composition, stock prices, book value per share, and other information needed to calculate each research variable.

III. Research Instrument

The research instrument used in this study is a data documentation sheet. The documentation sheet is used to record, classify, and calculate data obtained from financial statements and annual reports. This instrument contains company identity, observation year, tax expense data, income before tax, net income, total assets, number of independent commissioners, total number of commissioners, market price per share, book value per share, and the calculation results of each variable.

The use of a documentation sheet aims to ensure that the data collection process is carried out systematically and consistently. Each collected item of data is adjusted to the measurement needs of the research variables. Thus, this instrument helps the researcher ensure that the data used are truly relevant to the research objectives and can be processed using statistical analysis techniques.

IV. Population and Research Sample

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The population in this study consists of all consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period. The consumer non-cyclicals sector is selected because it includes companies engaged in primary consumer goods and services, which tend to have relatively more stable demand compared to cyclical sectors. However, stable demand does not always guarantee high firm value, making this sector interesting to study in relation to tax avoidance, profitability, and corporate governance.

The sampling technique used in this study is purposive sampling. Purposive sampling is a sampling technique based on certain criteria established by the researcher in accordance with the research objectives. This technique is used because not all companies in the population have complete data that meet the requirements for measuring the research variables. The use of purposive sampling allows the researcher to select samples that truly meet the research criteria, making the analyzed data more relevant and capable of answering the research problems (Etikan et al., 2016; Campbell et al., 2020).

The sample selection criteria in this study are as follows:

Table 1. Sample Selection Criteria

No.	Sample Criteria
1	Consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.
2	Companies that publish complete annual financial statements and/or annual reports during the 2021–2025 period.
3	Companies that have the data required to calculate ETR, ROA, independent commissioners, and PBV.
4	Companies that have positive income before tax during the observation period so that ETR can be calculated properly.
5	Companies that are not delisted during the research period.

Based on these criteria, 5 companies meet the requirements to be used as the research sample. Since the observation period covers 5 years, namely 2021–2025, the total number of observations in this study is 25 observations. This number is obtained by multiplying 5 companies by 5 years of observation.

Table 2. Research Sample Size

Description	Total
Number of sampled companies	5 companies
Observation period	5 years
Total research observations	25 bservations

Data Collection Technique

The data collection technique used in this study is the documentation method. The documentation method is carried out by collecting, recording, and processing data sourced from annual financial statements, annual reports, and other relevant supporting information. The data collected include financial and corporate governance information used to calculate the variables of tax avoidance, profitability, corporate governance, and firm value.

The data collection process is carried out through several stages. First, the researcher identifies consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange. Second, the researcher selects companies based on purposive sampling criteria. Third, the researcher downloads and reviews the companies' financial statements and annual reports during the 2021–2025 period. Fourth, the researcher records the required data in the documentation sheet. Fifth, the researcher calculates each research variable according to the predetermined operational formulas. After all data are collected, the data are tabulated and processed using statistical software.

Operational Definition of Variables

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The operational definition of variables is used to explain how each variable in the study is measured. This study uses one dependent variable and three independent variables. The dependent variable in this study is firm value, proxied by Price to Book Value (PBV). The independent variables consist of tax avoidance, proxied by the Effective Tax Rate (ETR); profitability, proxied by Return on Assets (ROA); and corporate governance, proxied by the proportion of independent commissioners.

Firm Value

Firm value refers to the market's perception of a company's success in creating value for shareholders. In this study, firm value is proxied by Price to Book Value (PBV). PBV is used because it describes the comparison between the market price of shares and the company's book value. The higher the PBV, the higher the market's assessment of the company's prospects and performance. The use of a market-based measure is relevant because investors assess companies not only from accounting value, but also from future cash flow prospects, profitability, and company risk (Fama & French, 1998; La Porta et al., 2002).

The PBV formula is as follows:

PBV = Market Price per Share / Book Value per Share

Description:

Book Value per Share = Total Equity / Number of Outstanding Shares

Tax Avoidance

Tax avoidance is a company's effort to minimize tax burdens through strategies that remain within the scope of tax regulations. In this study, tax avoidance is proxied by the Effective Tax Rate (ETR). ETR indicates the effective tax burden borne by the company compared to income before tax. The lower the ETR, the higher the indication that the company engages in tax avoidance. Conversely, a higher ETR indicates that the company pays a higher effective tax burden, meaning that the indication of tax avoidance is lower. The effective tax rate is widely used in tax research because it can reflect the company's effective tax burden (Dyreng et al., 2008; Hanlon & Heitzman, 2010).

The ETR formula is as follows:

ETR = Income Tax Expense / Income Before Tax

Profitability

Profitability is the company's ability to generate profit from the resources it owns. In this study, profitability is proxied by Return on Assets (ROA). ROA is used to measure the company's ability to generate net income from total assets. The higher the ROA, the more effective the company is in managing its assets to generate profit. High profitability can provide a positive signal to investors because it indicates that the company has strong financial performance and attractive prospects (Novy-Marx, 2013; Fama & French, 1998).

The ROA formula is as follows:

ROA = Net Income After Tax / Total Assets

Corporate Governance

Corporate governance is a monitoring and control system used to ensure that a company is managed in accordance with the interests of shareholders and other stakeholders. In this study, corporate governance is proxied by the proportion of independent commissioners. Independent commissioners are selected as a proxy because they have a relatively objective monitoring function over management policies. The presence of independent commissioners is expected to reduce agency conflicts, improve transparency, and strengthen investor confidence in the company (Jensen & Meckling, 1976; Brown & Caylor, 2006; Klapper & Love, 2004).

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The formula for independent commissioners is as follows:
KI = Number of Independent Commissioners / Total Number of Commissioners
The following table summarizes the operational definition of variables in this study:

Table 3. Operational Definition of Variables

Variable	Proxy	Operational Definition	Formula	Scale
Firm Value	PBV	Market perception of firm value, reflected in the comparison between market price per share and book value per share.	PBV = Market Price per Share / Book Value per Share	Ratio
Tax Avoidance	ETR	The company's effective tax burden, which indicates tax avoidance. The lower the ETR, the higher the indication of tax avoidance.	ETR = Income Tax Expense / Income Before Tax	Ratio
Profitability	ROA	The company's ability to generate net income from total assets.	ROA = Net Income After Tax / Total Assets	Ratio
Corporate Governance	KI	The proportion of independent commissioners in the board of commissioners structure.	KI = Number of Independent Commissioners / Total Number of Commissioners	Ratio

Data Analysis Technique

The data analysis technique used in this study is statistical analysis with the assistance of statistical software. The analysis is conducted to determine the effect of tax avoidance, profitability, and corporate governance on firm value. The stages of data analysis include descriptive statistics, classical assumption tests, multiple linear regression analysis, t-test, F-test, and coefficient of determination test. These stages are used so that the research results can be presented systematically and scientifically justified (Ghozali, 2021).

Descriptive Statistics

Descriptive statistics are used to provide a general overview of the characteristics of the research data. This analysis presents the minimum value, maximum value, mean, and standard deviation of each research variable. Descriptive statistics are used to determine the distribution of data for ETR, ROA, KI, and PBV. Through descriptive statistics, the researcher can observe data tendencies and the level of variation among companies during the observation period.

Classical Assumption Tests

Classical assumption tests are conducted to ensure that the regression model used meets the basic assumptions of linear regression analysis. These tests are important so that the regression estimation results are unbiased and can be used to draw conclusions. In this study, the classical assumption tests include normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test (Ghozali, 2021; Gujarati & Porter, 2009).

Normality Test

The normality test is used to determine whether the residuals in the regression model are normally distributed. A good regression model has residuals that are normally or approximately normally distributed. In this study, the normality test can be conducted using

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the One-Sample Kolmogorov-Smirnov Test. The decision-making criterion is that if the significance value is greater than 0.05, the residual data are normally distributed. Conversely, if the significance value is less than 0.05, the residual data are not normally distributed.

Multicollinearity Test

The multicollinearity test is used to determine whether there is a high relationship among independent variables in the regression model. A good regression model is one that does not experience multicollinearity. Multicollinearity is tested by examining the tolerance value and Variance Inflation Factor (VIF). If the tolerance value is greater than 0.10 and the VIF value is less than 10, the regression model is considered free from multicollinearity problems.

Heteroscedasticity Test

The heteroscedasticity test is used to determine whether there is inequality in residual variance from one observation to another. A good regression model is one that does not experience heteroscedasticity. The heteroscedasticity test can be conducted using a scatterplot graph between predicted values and residuals. If the points are randomly distributed above and below zero and do not form a specific pattern, the regression model is considered free from heteroscedasticity.

Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between residuals in one period and those in another period. Autocorrelation is generally a concern in data that contain a time element. In this study, the autocorrelation test is conducted using the Durbin-Watson value. A good regression model is one that does not experience autocorrelation. The Durbin-Watson value needs to be interpreted carefully by comparing it with the lower and upper bounds of the Durbin-Watson table.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the effect of more than one independent variable on one dependent variable. In this study, multiple linear regression is used to examine the effect of tax avoidance, profitability, and corporate governance on firm value. The multiple linear regression model in this study is formulated as follows:

$$PBV = \alpha + \beta_1 ETR + \beta_2 ROA + \beta_3 KI + \varepsilon$$

Description:

PBV	: Firm value
α	: Constant
$\beta_1, \beta_2, \beta_3$	: Regression coefficients
ETR	: Tax avoidance
ROA	: Profitability
KI	: Corporate governance
ε	: Error term

This equation is used to determine the direction and magnitude of the effect of each independent variable on firm value. A positive regression coefficient indicates a positive relationship, while a negative regression coefficient indicates an inverse relationship.

t-Test or Partial Test

The t-test is used to determine the effect of each independent variable partially on the dependent variable. In this study, the t-test is used to examine the effect of ETR on PBV, ROA

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on PBV, and KI on PBV. The decision-making criterion is that if the significance value is less than 0.05, the independent variable has a significant effect on the dependent variable. Conversely, if the significance value is greater than 0.05, the independent variable does not have a significant effect on the dependent variable.

F-Test or Simultaneous Test

The F-test is used to determine whether the independent variables jointly affect the dependent variable. In this study, the F-test is used to examine whether tax avoidance, profitability, and corporate governance simultaneously affect firm value. The decision-making criterion is that if the significance value is less than 0.05, the independent variables simultaneously have a significant effect on the dependent variable. Conversely, if the significance value is greater than 0.05, the independent variables do not simultaneously have a significant effect on the dependent variable.

Coefficient of Determination Test

The coefficient of determination test is used to determine the extent to which the independent variables can explain the variation in the dependent variable. The coefficient of determination is indicated by the R Square and Adjusted R Square values. R Square shows the proportion of variation in the dependent variable that can be explained by the independent variables in the research model. Meanwhile, Adjusted R Square is used to assess the explanatory power of the model after adjusting for the number of independent variables and the sample size. The higher the coefficient of determination, the greater the ability of the model to explain variations in firm value.

Hypothesis Testing

Hypothesis testing in this study is conducted based on the results of multiple linear regression analysis. The first hypothesis is tested through the effect of ETR on PBV. The second hypothesis is tested through the effect of ROA on PBV. The third hypothesis is tested through the effect of KI on PBV. Meanwhile, the fourth hypothesis is tested through the simultaneous effect of ETR, ROA, and KI on PBV.

The criteria for hypothesis testing are as follows:

Table 4. Research Hypothesis Testing

Hypothesis	Test	Criteria
H1	Effect of ETR on PBV	Accepted if the significance value is < 0.05
H2	Effect of ROA on PBV	Accepted if the significance value is < 0.05
H3	Effect of KI on PBV	Accepted if the significance value is < 0.05
H4	Simultaneous effect of ETR, ROA, and KI on PBV	Accepted if the significance value of the F-test is < 0.05

RESULTS AND DISCUSSION

Results

Descriptive Statistics

Descriptive statistics are used to provide a general overview of the characteristics of the research data. This analysis includes the minimum value, maximum value, mean, and standard deviation of each research variable. Through descriptive statistics, the researcher can identify data tendencies, levels of variation, and the distribution of values for each variable used in the study.

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The variables analyzed in this study consist of Tax Avoidance proxied by the Effective Tax Rate (ETR), Profitability proxied by Return on Assets (ROA), Corporate Governance proxied by Independent Commissioners (KI), and Firm Value proxied by Price to Book Value (PBV). The research data consist of 25 observations from 5 consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period.

Table 5. Descriptive Statistics Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ETR	25	0.21	0.26	0.2332	0.01435
ROA	25	0.04	0.30	0.1184	0.07392
KI	25	0.40	0.50	0.4600	0.05000
PBV	25	0.56	28.44	7.0932	9.88235
Valid N (listwise)	25				

Source: Processed data, 2026.

Based on Table 5, the number of research data is 25 observations. The ETR variable has a minimum value of 0.21 and a maximum value of 0.26. The mean value of ETR is 0.2332 with a standard deviation of 0.01435. These results indicate that the effective tax rate of the sampled companies is relatively stable because the standard deviation is lower than the mean value. Thus, differences in the effective tax burden among companies in the research sample are not very large.

The ROA variable has a minimum value of 0.04 and a maximum value of 0.30. The mean value of ROA is 0.1184 with a standard deviation of 0.07392. These results indicate that the ability of companies to generate profits from their total assets varies considerably. The higher the ROA value, the better the company's ability to manage its assets to generate profits. Conversely, a low ROA value indicates that the company has not optimally utilized its assets to create profits.

The Independent Commissioners (KI) variable has a minimum value of 0.40 and a maximum value of 0.50. The mean value of KI is 0.4600 with a standard deviation of 0.05000. These results indicate that the proportion of independent commissioners in the sampled companies is relatively stable. The mean value of 0.4600 shows that, in general, the sampled companies have independent commissioners representing approximately 46% of the total board of commissioners. This indicates that the sampled companies have a monitoring mechanism through the presence of independent commissioners.

The PBV variable has a minimum value of 0.56 and a maximum value of 28.44. The mean value of PBV is 7.0932 with a standard deviation of 9.88235. The PBV standard deviation, which is higher than the mean value, indicates that firm value in the research sample has a relatively high level of variation. This reflects differences in market perceptions of each company. Companies with high PBV indicate that the market perceives them as having good prospects, whereas companies with low PBV indicate that the market has not yet assigned a high valuation to their book value.

Classical Assumption Tests

Classical assumption tests are conducted to determine whether the regression model used in this study meets the basic assumptions of linear regression analysis. These tests are important so that the regression results can be used to draw more accurate conclusions. The classical assumption tests in this study include normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Normality Test

The normality test is conducted to determine whether the residual data in the regression model are normally distributed. A good regression model is one that has normally or approximately normally distributed residuals. In this study, the normality test is conducted

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using the One-Sample Kolmogorov-Smirnov Test. The decision-making criterion is that if the significance value is greater than 0.05, the residuals are normally distributed. Conversely, if the significance value is less than 0.05, the residuals are not normally distributed.

Table 6. One-Sample Kolmogorov-Smirnov Normality Test Results

Description	Unstandardized Residual
N	25
Normal Parameters Mean	0.0000000
Normal Parameters Std. Deviation	2.09641282
Most Extreme Differences Absolute	0.207
Most Extreme Differences Positive	0.207
Most Extreme Differences Negative	-0.109
Test Statistic	0.207
Asymp. Sig. (2-tailed)	0.007

Source: Processed data, 2026.

Based on Table 6, the normality test results show an Asymp. Sig. (2-tailed) value of 0.007. This value is lower than 0.05, so it can be concluded that the residuals in the regression model are not normally distributed. Therefore, the normality assumption is not fully met in this research model.

Nevertheless, the research results can still be analyzed by considering the results of the other classical assumption tests and the characteristics of financial data, which often have relatively high variation. The deviation from normality in this study is likely influenced by the high variation in the PBV variable, as shown by the PBV standard deviation being higher than its mean value. Therefore, the regression results in this study should be interpreted carefully, particularly in drawing statistical conclusions.

Multicollinearity Test

The multicollinearity test is conducted to determine whether there is a high relationship among the independent variables in the regression model. A good regression model is one that does not experience multicollinearity. The multicollinearity test is conducted by examining the tolerance value and Variance Inflation Factor (VIF). A regression model is considered free from multicollinearity if the tolerance value is greater than 0.10 and the VIF value is less than 10.

Table 7. Multicollinearity Test Results

Variable	Tolerance	VIF	Description
ETR	0.163	6.152	No multicollinearity
ROA	0.382	2.618	No multicollinearity
KI	0.259	3.861	No multicollinearity

Source: Processed data, 2026.

Based on Table 7, the ETR variable has a tolerance value of 0.163 and a VIF value of 6.152. The ROA variable has a tolerance value of 0.382 and a VIF value of 2.618. Meanwhile, the KI variable has a tolerance value of 0.259 and a VIF value of 3.861. All independent variables have tolerance values greater than 0.10 and VIF values less than 10.

Therefore, it can be concluded that the regression model in this study does not experience multicollinearity problems. This means that there is no excessively high relationship among the independent variables, so ETR, ROA, and KI can be used together in the multiple linear regression model.

Heteroscedasticity Test

The heteroscedasticity test is conducted to determine whether there is inequality in residual variance from one observation to another in the regression model. A good regression model is one that does not experience heteroscedasticity. In this study, heteroscedasticity is tested by examining a scatterplot graph between residuals and predicted values.

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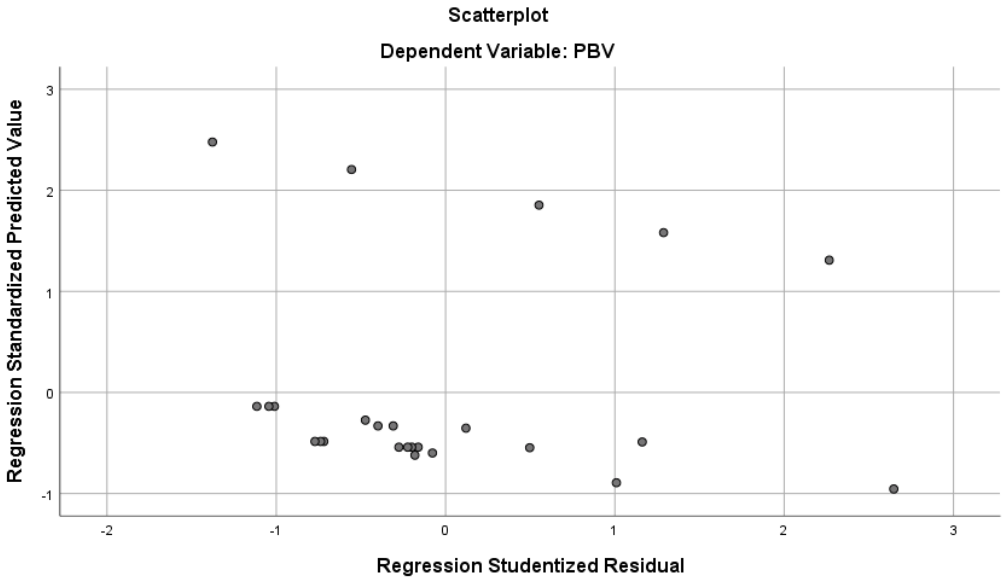

Figure 1. Scatterplot Heteroscedasticity Test Results

Source: Processed data, 2026.

Based on the heteroscedasticity test using the scatterplot graph, the residual points are randomly distributed above and below the value of 0 on the Y-axis. The points do not form a specific pattern, such as a narrowing, widening, wavy, or other regular pattern. This random distribution indicates that the residual variance is relatively constant from one observation to another.

Therefore, it can be concluded that the regression model in this study does not experience heteroscedasticity problems. This means that the regression model is feasible to use because there is no indication of unequal residual variance that may interfere with the regression estimation results.

Autocorrelation Test

The autocorrelation test is conducted to determine whether there is a correlation between residuals from one observation period and another. Autocorrelation is generally a concern in data that contain a time element. A good regression model is one that does not experience autocorrelation, meaning that residuals across periods are not correlated with each other.

Table 8. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.977	0.955	0.949	2.24116	1.124

Source: Processed data, 2026.

Based on Table 8, the Durbin-Watson value is 1.124. This value indicates that the regression model needs to be interpreted carefully in relation to autocorrelation. The ideal Durbin-Watson value is generally close to 2. Since the Durbin-Watson value in this study is 1.124, the autocorrelation test results cannot be directly concluded as free from autocorrelation based solely on its closeness to 2.

Therefore, autocorrelation interpretation should be conducted by comparing the Durbin-Watson value with the lower and upper bound values in the Durbin-Watson table. If the comparison falls within an inconclusive area, the researcher may use an additional test, such as the Run Test, to strengthen the conclusion. Thus, the autocorrelation test results in this study can still be used as initial information, but they need to be interpreted carefully.

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Simple Linear Regression Analysis

Simple linear regression analysis is used to determine the individual relationship between each independent variable and the dependent variable. In this study, simple linear regression is used as a supporting analysis to examine the initial effect of Tax Avoidance (ETR), Profitability (ROA), and Corporate Governance (KI) on Firm Value (PBV) before conducting multiple linear regression analysis.

However, since this study uses more than one independent variable, the main conclusion is based on the results of multiple linear regression and the partial t-test in the multiple regression model. Therefore, simple linear regression in this study functions as an initial overview of the relationships among variables.

The Effect of Tax Avoidance (ETR) on Firm Value (PBV)

Table 9. Simple Linear Regression Results of ETR on PBV

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
Constant	-102.452	24.523		-4.178	0.000		
ETR	469.750	104.967	0.682	4.475	0.000	1.000	1.000

Source: Processed data, 2026.

Based on Table 9, the following simple linear regression equation is obtained:

PBV = -102.452 + 469.750(ETR)

The equation shows that the ETR variable has a positive regression coefficient of 469.750. This means that if ETR increases by one unit, PBV will increase by 469.750 units, assuming that other variables are not included in the model. The significance value of ETR is 0.000, which is lower than 0.05, indicating that in the simple regression model, ETR has a significant effect on PBV.

However, this result needs to be interpreted carefully because ETR is an inverse proxy for tax avoidance. A higher ETR indicates a greater effective tax burden paid by the company, while a lower ETR indicates a higher indication of tax avoidance. In addition, the simple regression results are not the main basis for hypothesis testing because they have not considered the effect of other independent variables, namely ROA and KI.

The Effect of Profitability (ROA) on Firm Value (PBV)

Table 10. Simple Linear Regression Results of ROA on PBV

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
Constant	-8.219	0.981		-8.381	0.000		
ROA	129.326	7.066	0.967	18.304	0.000	1.000	1.000

Source: Processed data, 2026.

Based on Table 10, the following simple linear regression equation is obtained:

PBV = -8.219 + 129.326(ROA)

The equation shows that the ROA variable has a positive regression coefficient of 129.326. This means that if ROA increases by one unit, PBV will increase by 129.326 units. The significance value of ROA is 0.000, which is lower than 0.05, indicating that in the simple regression model, ROA has a positive and significant effect on PBV.

This result shows that profitability is an important factor that can increase firm value. The higher the company's ability to generate profits from its assets, the higher the market valuation of the company.

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The Effect of Corporate Governance (KI) on Firm Value (PBV)

Table 11. Simple Linear Regression Results of KI on PBV

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
Constant	-20.255	18.182		-1.114	0.277		
KI	59.453	39.304	0.301	1.513	0.144	1.000	1.000

Source: Processed data, 2026.

Based on Table 11, the following simple linear regression equation is obtained:

PBV = -20.255 + 59.453(KI)

The equation shows that the KI variable has a positive regression coefficient of 59.453. This means that if the proportion of independent commissioners increases by one unit, PBV will increase by 59.453 units. However, the significance value of KI is 0.144, which is greater than 0.05, indicating that in the simple regression model, KI does not have a significant effect on PBV.

This result indicates that individually, without considering other variables, the proportion of independent commissioners is not strong enough to explain changes in firm value. However, this result still needs to be compared with the multiple linear regression results because the effect of KI may differ after being controlled together with ETR and ROA.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the simultaneous effect of Tax Avoidance (ETR), Profitability (ROA), and Corporate Governance (KI) on Firm Value (PBV). The multiple linear regression model is used because this study has more than one independent variable. The results of multiple linear regression serve as the main basis for hypothesis testing in this study.

Table 12. Multiple Linear Regression Results

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
Constant	-13.036	11.259		-1.158	0.260		
ETR	-55.027	79.060	-0.080	-0.696	0.494	0.163	6.152
ROA	131.572	10.013	0.984	13.140	0.000	0.382	2.618
KI	37.789	17.979	0.191	2.102	0.048	0.259	3.861

Source: Processed data, 2026.

Based on Table 12, the following multiple linear regression equation is obtained:

PBV = -13.036 - 55.027(ETR) + 131.572(ROA) + 37.789(KI)

The regression equation can be explained as follows. The constant value of -13.036 indicates that if the ETR, ROA, and KI variables are assumed to be zero, then PBV would be -13.036. This constant value is mathematical in nature within the regression model and is not always interpreted practically because the financial variables in this study may not realistically have a value of zero.

The ETR coefficient of -55.027 indicates that ETR has a negative relationship with PBV. This means that every one-unit increase in ETR will decrease PBV by 55.027 units, assuming ROA and KI remain constant. However, the significance value of ETR is 0.494, indicating that this effect is not statistically significant.

The ROA coefficient of 131.572 indicates that ROA has a positive relationship with PBV. This means that every one-unit increase in ROA will increase PBV by 131.572 units, assuming ETR and KI remain constant. This result indicates that profitability plays an important role in increasing firm value.

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The KI coefficient of 37.789 indicates that independent commissioners have a positive relationship with PBV. This means that every one-unit increase in the proportion of independent commissioners will increase PBV by 37.789 units, assuming ETR and ROA remain constant. This result indicates that the presence of independent commissioners tends to increase firm value through strengthening the monitoring function.

t-Test or Partial Test

The t-test is used to determine the partial effect of each independent variable on the dependent variable. In this study, the t-test is used to examine the effect of Tax Avoidance (ETR), Profitability (ROA), and Corporate Governance (KI) on Firm Value (PBV). The decision-making criterion is that if the significance value is less than 0.05, the independent variable has a significant effect on the dependent variable. Conversely, if the significance value is greater than 0.05, the independent variable does not have a significant effect on the dependent variable.

Table 13. t-Test Results

Variable	Coefficient B	t Value	Sig.	Description
ETR	-55.027	-0.696	0.494	Not significant
ROA	131.572	13.140	0.000	Significant
KI	37.789	2.102	0.048	Significant

Source: Processed data, 2026.

Based on Table 13, the ETR variable has a coefficient value of -55.027, a t value of -0.696, and a significance value of 0.494. This significance value is greater than 0.05, indicating that ETR does not have a significant effect on PBV. Therefore, tax avoidance proxied by ETR is not proven to affect firm value. This result indicates that the level of effective tax burden has not been able to significantly explain changes in firm value.

The ROA variable has a coefficient value of 131.572, a t value of 13.140, and a significance value of 0.000. This significance value is lower than 0.05, indicating that ROA has a positive and significant effect on PBV. This result shows that the higher the company's profitability, the higher the firm value. High profitability can serve as a positive signal to investors because it reflects the company's ability to generate profits from its assets.

The KI variable has a coefficient value of 37.789, a t value of 2.102, and a significance value of 0.048. This significance value is lower than 0.05, indicating that KI has a positive and significant effect on PBV. This result shows that the presence of independent commissioners can contribute to increasing firm value. Independent commissioners play a role in improving the quality of monitoring, reducing potential conflicts of interest, and strengthening investor confidence in the company.

Therefore, based on the t-test results, it can be concluded that partially, ROA and KI have a positive and significant effect on PBV, while ETR does not have a significant effect on PBV.

F-Test or Simultaneous Test

The F-test is used to determine whether the independent variables jointly affect the dependent variable. In this study, the F-test is used to examine whether Tax Avoidance (ETR), Profitability (ROA), and Corporate Governance (KI) simultaneously affect Firm Value (PBV). The decision-making criterion is that if the significance value is less than 0.05, the independent variables simultaneously have a significant effect on the dependent variable.

Table 14. F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2238.379	3	746.126	148.548	0.000
Residual	105.479	21	5.023		
Total	2343.858	24			

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Source: Processed data, 2026.

Based on Table 14, the calculated F value is 148.548 with a significance value of 0.000. This significance value is lower than 0.05, so it can be concluded that ETR, ROA, and KI simultaneously have a significant effect on PBV. Thus, the regression model used in this study is considered feasible to explain the effect of the independent variables on firm value.

This result indicates that tax avoidance, profitability, and corporate governance jointly play a role in explaining changes in firm value. Although ETR does not have a significant partial effect, the presence of ETR together with ROA and KI still forms a significant simultaneous model. This means that the combination of tax policy, profit-generating ability, and corporate governance mechanisms is related to explaining firm value in consumer non-cyclicals sector companies.

Coefficient of Determination Test

The coefficient of determination test is used to determine the extent to which the independent variables can explain variations in the dependent variable. The coefficient of determination is indicated by R Square and Adjusted R Square. R Square shows the proportion of variation in the dependent variable that can be explained by the independent variables in the research model, while Adjusted R Square is used to assess the model's explanatory ability after adjusting for the number of independent variables and the sample size.

Table 15. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.977	0.955	0.949	2.24116	1.124

Source: Processed data, 2026.

Based on Table 15, the R Square value is 0.955 or 95.5%. This indicates that ETR, ROA, and KI can explain variations in firm value proxied by PBV by 95.5%. Meanwhile, the remaining 4.5% is explained by other variables outside this research model, such as firm size, leverage, dividend policy, capital structure, liquidity, sales growth, business risk, and external market factors.

The Adjusted R Square value of 0.949 indicates that after being adjusted for the number of independent variables and observations, the model's ability to explain variations in PBV remains high, namely 94.9%. This result shows that the regression model has very strong explanatory power in explaining firm value.

However, the very high R Square value needs to be interpreted carefully because the number of observations in this study is relatively limited, namely 25 observations. In addition, the PBV variable has considerable variation, as shown in the descriptive statistics. Therefore, although the model demonstrates very strong explanatory power, the research results should still be analyzed proportionally by considering the characteristics of the data and sample limitations.

Summary of Hypothesis Testing Results

The summary of hypothesis testing results is presented to clarify the decision for each research hypothesis. The decision-making is based on the t-test results for partial effects and the F-test results for simultaneous effects.

Table 16. Summary of Hypothesis Testing Results

Code	Hypothesis	Test Result	Decision
H1	Tax avoidance proxied by ETR affects firm value.	Sig. 0.494 > 0.05	Rejected
H2	Profitability proxied by ROA has a positive effect on firm value.	Sig. 0.000 < 0.05	Accepted

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H3	Corporate governance proxied by KI has a positive effect on firm value.	Sig. 0.048 < 0.05	Accepted
H4	Tax avoidance, profitability, and corporate governance simultaneously affect firm value.	Sig. 0.000 < 0.05	Accepted

Source: Processed data, 2026.

Based on Table 16, it can be concluded that H1 is rejected because ETR does not have a significant effect on PBV. H2 is accepted because ROA has a positive and significant effect on PBV. H3 is accepted because KI has a positive and significant effect on PBV. Meanwhile, H4 is accepted because ETR, ROA, and KI simultaneously have a significant effect on PBV.

Thus, the results of this study indicate that firm value in consumer non-cyclicals sector companies during the 2021–2025 period is more dominantly influenced by profitability and corporate governance than by tax avoidance. Profitability is the strongest factor in explaining firm value, while independent commissioners also play a role in increasing investor confidence through the company's monitoring function.

The Effect of Tax Avoidance on Firm Value

The results of the study show that tax avoidance, proxied by the Effective Tax Rate (ETR), does not have a significant effect on firm value. This finding indicates that the level of ETR has not become a primary factor considered by the market in valuing consumer non-cyclicals sector companies. In other words, corporate tax policy has not been able to exert a strong influence on either increasing or decreasing firm value. This may occur because investors are likely to pay more attention to the company's fundamental performance, such as its ability to generate profits, business growth, and operational stability, rather than its tax management strategy.

This finding needs to be understood by considering the characteristics of ETR as a proxy for tax avoidance. ETR has an inverse relationship with tax avoidance. A lower ETR indicates a higher indication that a company engages in tax avoidance, whereas a higher ETR indicates a lower indication of tax avoidance. In this study, tax avoidance is not proven to have a significant effect on firm value because the differences in effective tax rates among the sampled companies are relatively small. This condition causes variations in tax avoidance to be insufficiently strong to explain differences in firm value within the consumer non-cyclicals sector.

Theoretically, tax avoidance may have two possible effects on firm value. On the one hand, tax avoidance can be viewed as a tax efficiency strategy because companies can reduce tax burdens and increase after-tax profits. These tax savings have the potential to increase corporate cash flows and provide benefits to shareholders. On the other hand, tax avoidance can also be perceived negatively if investors view it as a risky, less transparent practice or one that may create future compliance problems. Therefore, the effect of tax avoidance on firm value is not always direct and may differ depending on corporate governance quality, corporate transparency, sector characteristics, and investor perceptions (Desai & Dharmapala, 2009; Hanlon & Heitzman, 2010).

The results of this study are in line with Desai and Dharmapala (2009), who explain that, on average, the effect of tax avoidance on firm value is not always significant because the benefits of tax avoidance depend heavily on the quality of corporate governance. If investors do not have confidence that the benefits of tax savings will truly be used in the interests of shareholders, tax avoidance does not always increase firm value. This study is also consistent with Wahyuda et al. (2025), who found that tax avoidance does not have a significant effect on firm value in consumer cyclicals and non-cyclicals companies. The similarity of these findings indicates that, in the context of consumer companies, tax strategy is not necessarily a dominant factor in shaping firm value.

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However, the results of this study differ from Rahmi et al. (2025), who found that tax avoidance has a negative effect on firm value in manufacturing companies in Indonesia. This difference may occur because Rahmi et al. (2025) used manufacturing companies as the research object, whereas this study focuses on the consumer non-cyclicals sector. Manufacturing companies generally have more complex cost structures, assets, and operational transactions, making tax avoidance practices more likely to be perceived as a risk by investors. Meanwhile, consumer non-cyclicals companies have relatively stable demand characteristics because they operate in basic needs products, so investors tend to assess earnings performance and business stability more than tax policy.

The results of this study also differ from Elamer et al. (2024), who showed that the relationship between tax avoidance and firm value may be influenced by sustainability factors, particularly environmental, social, and governance (ESG) aspects. This difference may occur because Elamer et al. (2024) included ESG as a factor that can strengthen or weaken the relationship between tax avoidance and firm value. Meanwhile, this study does not use ESG as a moderating variable but only examines the direct effect of ETR on PBV. Thus, the insignificant effect of tax avoidance in this study may be due to the absence of other factors that explain how the market evaluates corporate tax policy.

The difference between this study and previous research lies in the research object, period, and combination of variables used. This study specifically examines consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period. This period reflects company conditions after the post-pandemic economic recovery, in which investor behavior may focus more on earnings stability and the company's ability to survive in changing economic conditions. Therefore, the findings of this study provide an indication that in the consumer non-cyclicals sector, tax avoidance is not a primary factor that directly determines firm value.

Based on the explanation above, it can be concluded that tax avoidance has not become a primary consideration for investors in valuing consumer non-cyclicals sector companies. Investors are likely to emphasize profitability, business prospects, and corporate governance quality more than the company's effective tax rate. Therefore, although tax avoidance can be a tax efficiency strategy, in this study, such a strategy has not been proven to significantly affect firm value.

The Effect of Profitability on Firm Value

The results of the study show that profitability, proxied by Return on Assets (ROA), has a positive effect on firm value. This finding indicates that the higher the company's ability to generate profits from its assets, the higher its firm value. Profitability is one of the important factors considered by investors because earnings reflect the company's success in carrying out operational activities, managing resources, and creating future growth prospects.

High profitability provides a positive signal to the market that the company is capable of generating sustainable profits. From the perspective of signaling theory, profitability information can reduce investor uncertainty in assessing a company's prospects. When a company demonstrates strong profitability, investors tend to perceive it as having lower risk and more attractive prospects. This condition can increase investor interest in the company's shares and ultimately increase firm value (Spence, 1973; Connelly et al., 2011).

In consumer non-cyclicals sector companies, profitability plays a very important role because this sector operates in primary consumer goods whose demand is relatively stable. Demand stability can be an advantage for this sector, but it does not automatically guarantee that all companies can generate high profits. Companies still need to manage assets, production costs, distribution, sales, and operational strategies so that demand stability can be transformed into strong financial performance. Therefore, ROA becomes an important

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indicator because it shows the extent to which a company can optimize its assets to generate profits.

The results of this study are in line with Novy-Marx (2013), who explains that profitability has an important ability to explain market valuation of companies. More profitable companies tend to receive higher appreciation from investors because they are considered to have stronger economic strength and better prospects. The results are also consistent with Fama and French (1998), who show that firm value is related to information about profitability, cash flows, and company prospects. Thus, the higher the profitability, the greater the possibility that the company will receive a positive market valuation.

This finding is also supported by Pamungkas et al. (2023), who found that financial performance affects firm value in Indonesian companies. This indicates that in the Indonesian capital market, investors still pay great attention to the company's ability to generate profits. Profitability is an indicator that is easily understood by investors because it reflects the real results of asset management and corporate operational activities. Therefore, companies with high profitability tend to be perceived as more capable of providing benefits to shareholders.

However, the results of this study may differ from other studies that found profitability does not always affect firm value. These differences may occur due to differences in sector, market conditions, asset structure, firm size, and research period. In certain sectors, firm value is not only determined by earnings but also by other factors such as sales growth, innovation, leverage, business risk, dividend policy, or market sentiment. In addition, in companies with unstable earnings, investors may not immediately respond to profitability as a positive signal because they may consider that such earnings are not necessarily sustainable.

The difference between this study and previous research lies in its object of focus. This study examines the consumer non-cyclicals sector, which has relatively stable demand characteristics. In this sector, profitability is easier to observe as a reflection of the company's success in utilizing demand stability. Unlike sectors that are highly sensitive to economic cycles, consumer non-cyclicals companies have a greater opportunity to maintain sales because their products are related to basic needs. Therefore, when companies in this sector are able to generate high profitability, the market tends to provide a more positive valuation.

Based on the explanation above, it can be concluded that profitability is an important factor in increasing firm value. High profitability indicates that the company is able to manage assets effectively and generate profits that are attractive to investors. In this study, profitability becomes the strongest variable in explaining firm value because investors view the ability to generate profits as a key indicator of corporate success.

The Effect of Corporate Governance on Firm Value

The results of the study show that corporate governance, proxied by independent commissioners, has a positive effect on firm value. This finding indicates that the presence of independent commissioners can contribute to increasing firm value. Independent commissioners play a role in strengthening the monitoring function over management, improving objectivity in decision-making, and reducing potential conflicts of interest between management and shareholders.

Theoretically, the relationship between corporate governance and firm value can be explained through agency theory. In modern companies, there is a separation between owners and managers. This separation can create conflicts of interest because management has greater access to information than shareholders. If not properly monitored, management may make decisions that benefit themselves more than shareholders. Therefore, corporate governance is needed as a monitoring mechanism so that management decisions remain aligned with the company's objective, namely increasing value for shareholders (Jensen & Meckling, 1976; Shleifer & Vishny, 1997).

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Independent commissioners have an important role because their position is expected to be more objective in supervising management policies. The stronger the presence of independent commissioners, the greater the opportunity for the company to carry out effective monitoring. This monitoring function can increase investor confidence because investors perceive the company as having an internal mechanism capable of limiting managerial opportunistic behavior. As investor confidence increases, firm value also has the potential to increase.

The results of this study are in line with Brown and Caylor (2006), who found that corporate governance is related to firm valuation. Good governance can increase firm value because it strengthens market confidence in the quality of monitoring and shareholder protection. This finding is also supported by Klapper and Love (2004), who show that corporate governance plays an important role in improving firm performance and value, especially in emerging markets. In developing country contexts, investor protection and transparency are often major concerns, making corporate governance mechanisms an important factor in building market confidence.

This finding is also consistent with Pamungkas et al. (2023), who found that corporate governance affects firm value in Indonesian companies. This shows that corporate governance has strong relevance in the Indonesian capital market context. Investors do not only evaluate companies based on their ability to generate profits, but also based on the quality of monitoring and corporate accountability. Companies with good monitoring mechanisms tend to be perceived as safer and more capable of protecting shareholders' interests.

However, the results of this study may differ from other studies that found corporate governance does not affect firm value. These differences may occur because the proxy used for corporate governance is not always the same. Some studies use institutional ownership, managerial ownership, audit committee, board size, or governance index. Meanwhile, this study uses the proportion of independent commissioners as the proxy for corporate governance. Differences in proxies may produce different findings because each governance mechanism has different functions and levels of effectiveness.

In addition, differences in findings may also be caused by sector characteristics and research periods. In certain sectors, the presence of independent commissioners may only be viewed as a formal regulatory requirement and may not necessarily affect firm value. However, in the consumer non-cyclicals sector examined in this study, independent commissioners are proven to play an important role. This may occur because companies in the primary needs sector require strong market confidence in terms of transparency, performance stability, and business sustainability. The presence of independent commissioners can help strengthen investors' positive perception of the quality of corporate management.

The difference between this study and previous research also lies in the observation period, namely 2021–2025. This period reflects company conditions after the post-pandemic economic recovery, when investors increasingly paid attention to the quality of risk management, internal monitoring, and business sustainability. Therefore, corporate governance becomes increasingly important because investors need assurance that companies are managed accountably and are capable of facing changes in the business environment.

Based on the explanation above, it can be concluded that corporate governance, proxied by independent commissioners, plays a role in increasing firm value. The better the company's monitoring mechanism, the greater investor confidence in the company. This confidence can ultimately increase firm value, particularly in consumer non-cyclicals sector companies that require stability and a good market reputation.

The Effect of Tax Avoidance, Profitability, and Corporate Governance on Firm Value

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The results of the study show that tax avoidance, profitability, and corporate governance jointly affect firm value. This finding indicates that firm value is not formed by a single factor, but rather by a combination of various aspects, namely tax management strategy, the ability to generate profits, and the quality of corporate governance. These three factors have different roles but complement each other in shaping investors' perceptions of the company.

Tax avoidance reflects how a company manages its tax burden and financial efficiency. Profitability reflects the company's ability to generate profits from the assets it owns. Corporate governance reflects the quality of monitoring and protection of shareholders' interests. When these three aspects are analyzed together, the research model can provide a more complete explanation of firm value. This shows that investors do not evaluate a company from only one perspective, but consider various financial and non-financial information before valuing the company.

From the perspective of agency theory, corporate governance is needed to ensure that corporate strategies, including tax strategies and earnings management, are implemented in the interests of shareholders. Without proper monitoring, tax policies and earnings management can create agency risks. Meanwhile, from the perspective of signaling theory, high profitability and good governance can provide positive signals to the market. Tax avoidance can serve as an efficiency signal if carried out reasonably, but it can also become a risk signal if perceived as too aggressive or not transparent (Jensen & Meckling, 1976; Connelly et al., 2011; Hanlon & Heitzman, 2010).

The results of this study are consistent with Desai and Dharmapala (2009), who explain that the effect of tax avoidance on firm value cannot be separated from the quality of corporate governance. This means that corporate tax policy will be more valuable if the company has a strong monitoring mechanism. This finding is also in line with Brown and Caylor (2006) and Klapper and Love (2004), who show that corporate governance plays an important role in increasing market confidence and firm value. In addition, the results of this study support Novy-Marx (2013), who emphasizes that profitability is important information in market valuation of companies.

The simultaneous finding in this study is also supported by Wahyuda et al. (2025), who examined the effect of tax planning, tax avoidance, and leverage on firm value in consumer cyclicals and non-cyclicals companies. Although there are differences in the independent variables, that study shows that financial factors and tax policies can be used to explain firm value. The difference in this study lies in the addition of corporate governance through independent commissioners and its specific focus on the consumer non-cyclicals sector during the 2021–2025 period. Therefore, this study provides a more specific contribution in examining the relationship among tax, profitability, governance, and firm value in the primary needs sector.

Although tax avoidance does not have a significant partial effect, its presence together with profitability and corporate governance remains important in the research model. This indicates that tax avoidance may not stand alone as a primary factor shaping firm value, but it remains part of the company's overall financial strategy. Investors may evaluate tax avoidance differently depending on earnings performance and the quality of corporate governance. If a company has good profitability and strong governance, reasonable tax policy may be viewed as part of management efficiency. Conversely, if a company has weak governance, tax policy may raise concerns about risk and transparency.

The difference between this study and previous research lies in the sector focus, period, and combination of variables. This study focuses on consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange during the 2021–2025 period, while several previous studies used manufacturing sectors, a combination of consumer cyclicals and non-cyclicals sectors, or research objects outside Indonesia. In addition, this study combines ETR, ROA, and

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independent commissioners as the main variables, thereby providing a more comprehensive picture of how tax aspects, financial performance, and governance jointly explain firm value.

Based on the explanation above, it can be concluded that firm value in the consumer non-cyclicals sector is influenced by a combination of tax strategy, profitability, and corporate governance. However, among the three variables, profitability and corporate governance have more prominent roles in explaining firm value. This indicates that investors pay more attention to the company's ability to generate profits and the quality of corporate monitoring than to the level of tax avoidance alone.

CONCLUSION

Based on the results of the study regarding the effect of tax avoidance, profitability, and corporate governance on firm value in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange, it can be concluded that tax avoidance, proxied by the Effective Tax Rate, has not been able to exert a strong influence on firm value. This finding indicates that the level of a company's effective tax burden has not become a primary factor considered by investors in valuing companies. Investors in the consumer non-cyclicals sector tend to pay more attention to the company's fundamental performance, particularly its ability to generate profits and maintain business sustainability, rather than the tax management policies implemented by the company.

Profitability is proven to be an important factor in increasing firm value. This indicates that a company's ability to generate profits from its assets serves as a positive signal for investors. Companies that are able to manage assets effectively and generate sustainable profits are more likely to gain market confidence. Therefore, profitability becomes one of the main indicators that reflects the quality of company performance and future growth prospects.

Corporate governance, proxied by independent commissioners, is also proven to play a role in increasing firm value. The presence of independent commissioners can strengthen the monitoring function over management, improve objectivity in decision-making, and reduce potential conflicts of interest between management and shareholders. This shows that the market gives positive valuation to companies that have good corporate governance mechanisms, particularly in terms of monitoring and protecting investors' interests.

Overall, this study shows that firm value is not influenced by only one aspect, but is formed by a combination of tax management strategy, the ability to generate profits, and the quality of corporate governance. Although tax avoidance is not a dominant factor individually, it remains part of the company's financial policy that needs to be managed carefully. Meanwhile, profitability and corporate governance are more prominent factors in explaining firm value in the consumer non-cyclicals sector. Thus, the objective of this study has been achieved, namely to identify and analyze the effect of tax avoidance, profitability, and corporate governance on firm value, both partially and jointly.

Theoretically, the results of this study contribute to the development of corporate finance studies, particularly regarding the factors that influence firm value. The finding that profitability plays an important role in increasing firm value strengthens the perspective of signaling theory, which states that information about financial performance can serve as a positive signal for investors in assessing a company's prospects. Good profitability indicates that the company is able to manage its resources effectively, thereby increasing market confidence in the sustainability of the company's business.

The results of this study also provide implications for agency theory. Corporate governance, proxied by independent commissioners, is proven to play a role in increasing firm value. This indicates that monitoring mechanisms within a company are very important in reducing conflicts of interest between management and shareholders. The presence of

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independent commissioners can strengthen control over management policies, so that the company is perceived as more transparent, accountable, and capable of protecting investors' interests.

In the context of tax avoidance, the results of this study provide an understanding that tax avoidance strategies do not always become the main factor influencing firm value. Theoretically, tax avoidance can be viewed as a tax efficiency strategy, but it can also be perceived as a source of risk if it is not managed transparently. Therefore, this study enriches the literature on corporate taxation by showing that the effect of tax avoidance on firm value may depend on company characteristics, industry sector, and investor perceptions of the risks and benefits of corporate tax policies.

Practically, the results of this study provide input for the management of consumer non-cyclicals sector companies to focus more on increasing profitability and strengthening corporate governance. Companies need to manage assets effectively, improve operational efficiency, maintain earnings stability, and strengthen business strategies in order to increase investor confidence. Good profitability not only reflects the success of company operations but also serves as an important basis for the formation of firm value in the capital market.

For company management, the results of this study also show the importance of strengthening the role of independent commissioners. Independent commissioners should not only be positioned as a formal regulatory requirement, but must also carry out monitoring functions actively, objectively, and responsibly. Strong monitoring can improve the quality of management decisions, reduce the risk of irregularities, and strengthen investor confidence in the company.

For investors, the results of this study can serve as a consideration in making investment decisions. Investors should not assess a company only based on stock price or the amount of assets, but should also consider the company's ability to generate profits, the quality of corporate governance, and the tax policies implemented by the company. Companies with good profitability and strong governance tend to have better firm value prospects because they are considered capable of generating profits while maintaining accountability in corporate management.

For regulators, the results of this study imply that strengthening corporate governance in public companies remains important in maintaining capital market confidence. Regulations concerning transparency, the role of independent commissioners, and information disclosure need to be continuously strengthened so that public companies do not only pursue financial performance but also carry out sound and responsible corporate management. In addition, disclosure regarding corporate tax policies is also important so that investors can assess whether the tax strategies implemented by companies remain within reasonable limits and do not create risks to business sustainability.

This study has several limitations that need to be considered. First, this study only focuses on consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange. Therefore, the results of this study may not necessarily be generalized to other sectors with different characteristics, such as energy, finance, property, technology, or consumer cyclicals sectors. Each sector has different asset structures, business risks, market sensitivities, and performance patterns, so the relationships among variables may also produce different findings.

Second, this study only uses several independent variables, namely tax avoidance, profitability, and corporate governance. In fact, firm value can be influenced by many other factors, such as firm size, leverage, liquidity, dividend policy, sales growth, capital structure, business risk, institutional ownership, managerial ownership, audit committee, audit quality, and macroeconomic conditions. Thus, this research model has not covered all factors that may influence firm value.

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Third, the measurement of tax avoidance in this study only uses the Effective Tax Rate. Although ETR is widely used in tax research, this measure has limitations because it only reflects the company's effective tax burden and has not fully captured all forms of tax avoidance strategies. Tax avoidance can be measured using other proxies, such as Cash Effective Tax Rate, Book-Tax Differences, or other tax aggressiveness measures. The use of different proxies may produce different findings.

Fourth, corporate governance in this study is only proxied by independent commissioners. In fact, corporate governance is a broad concept and can be measured through various mechanisms, such as board size, audit committee, institutional ownership, managerial ownership, board meeting frequency, audit quality, and corporate governance index. Therefore, the use of only one proxy does not fully describe the overall quality of corporate governance.

Fifth, this study uses secondary data sourced from companies' financial statements and annual reports. The limitation of secondary data lies in the researcher's dependence on the completeness and disclosure of information presented by the companies. If certain information is not disclosed in detail in company reports, the researcher cannot further explore the reasons behind specific management policies or decisions. Therefore, this study only analyzes publicly available data.

Based on the limitations of this study, future researchers are advised to expand the research object by involving other sectors listed on the Indonesia Stock Exchange. Expanding the research object can provide a more comprehensive picture of the effect of tax avoidance, profitability, and corporate governance on firm value across various industry characteristics. By comparing several sectors, future researchers can determine whether the results of this study apply only to the consumer non-cyclicals sector or also apply to other sectors with different characteristics.

Future researchers are also advised to add other independent variables that may influence firm value. Variables such as firm size, leverage, liquidity, dividend policy, sales growth, capital structure, institutional ownership, managerial ownership, audit committee, audit quality, and business risk can be used to enrich the research model. The addition of these variables can help explain firm value more broadly and provide a deeper understanding of the factors that influence investor perceptions.

In addition, future researchers may use different proxies for tax avoidance so that the research findings become more comprehensive. The use of Cash Effective Tax Rate, Book-Tax Differences, or other tax aggressiveness proxies can help capture tax avoidance practices from different perspectives. Therefore, the research results will not rely solely on ETR but can also describe corporate tax strategies more thoroughly.

For the corporate governance variable, future researchers are advised not to use only independent commissioners as a proxy. Future studies may include audit committee, board size, institutional ownership, managerial ownership, audit quality, or corporate governance index. The use of several governance indicators will provide a more complete picture of the effectiveness of corporate governance in influencing firm value.

Future researchers may also use a longer observation period so that the results become more stable and are able to capture changes in company conditions over time. A longer period can help observe long-term trends, particularly in assessing tax policies, profitability, corporate governance, and firm value. In addition, a larger sample size can increase the strength of the analysis and broaden the generalizability of the research findings.

Another recommendation is to use more diverse analytical methods, such as panel data regression, moderating regression analysis, or structural equation modeling, if the data are sufficient. These methods can help researchers obtain deeper findings, especially when examining the role of moderating or mediating variables. For example, future research may examine whether corporate governance strengthens or weakens the relationship between tax

avoidance and firm value, or whether profitability acts as a mediating variable in the relationship between financial policy and firm value.

Practically, companies are advised to focus more on improving profitability and strengthening corporate governance. Management needs to ensure that company assets are managed efficiently, operational policies are directed toward increasing profits, and monitoring functions are carried out effectively. Companies also need to implement tax policies in a reasonable, transparent, and responsible manner so as not to create negative perceptions among investors or regulators. Thus, companies can increase firm value sustainably through a combination of strong financial performance, tax compliance, and sound corporate governance.

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