

THE EFFECT OF ORGANIZATIONAL CAPITAL AND FIRM VALUE ON TAX AVOIDANCE

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Abstrak

Tujuan utama penelitian ini adalah untuk menganalisis pengaruh modal organisasi (organizational capital) dan nilai perusahaan (firm value) terhadap praktik penghindaran pajak (tax avoidance) pada perusahaan sektor industri makanan dan minuman yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019 hingga 2020. Sampel penelitian terdiri dari 80 perusahaan yang dipilih menggunakan teknik purposive sampling berdasarkan kriteria tertentu yang ditetapkan oleh peneliti agar data yang digunakan relevan dengan fokus penelitian. Pendekatan penelitian yang digunakan adalah metode kuantitatif, dengan teknik analisis regresi linier berganda yang diolah menggunakan perangkat lunak SPSS versi 25. Hasil analisis menunjukkan bahwa variabel modal organisasi tidak memiliki pengaruh yang signifikan terhadap tingkat penghindaran pajak. Sebaliknya, nilai perusahaan terbukti memiliki pengaruh negatif yang signifikan terhadap GETR, yang mengindikasikan bahwa penurunan nilai perusahaan berkorelasi dengan meningkatnya tingkat penghindaran pajak, sehingga strategi pengurangan beban pajak cenderung lebih banyak dilakukan oleh perusahaan dengan nilai pasar yang lebih rendah.

Kata Kunci: Organizational capital, tax avoidance, firm value

Abstract

The main objective of this study is to analyze the influence of organizational capital and firm value on tax avoidance practices in food and beverage industry companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2020. The research sample consisted of 80 companies selected using purposive sampling techniques based on certain criteria set by the researcher so that the data used was relevant to the research focus. The research approach used was a quantitative method, with multiple linear regression analysis techniques processed using SPSS version 25 software. The results of the analysis showed that the organizational capital variable did not have a significant influence on the level of tax avoidance. On the contrary, firm value was shown to have a significant negative influence on GETR, which indicates that the decrease in firm value is correlated with the increasing level of tax avoidance, so that tax burden reduction strategies tend to be carried out more by companies with lower market values.

Keywords : Organizational capital, tax avoidance, firm value

A. INTRODUCTION

Taxes are used as the primary source of state revenue to finance infrastructure, education, health, and other public services. For the government to maximize public welfare, tax collection must be efficient. Taxes serve as the primary source of funding for national development in Indonesia (Najicha, 2022).

Tax avoidance practices, legal methods used by companies to reduce their tax liabilities, are a persistent concern in the tax sector. While these practices are not directly illegal, they can negatively impact state revenue. According to data from the Directorate General of Taxes, Indonesia's tax revenue has fluctuated significantly over the past five years. It rose to IDR 0.3138 trillion in 2019, decreased to IDR 0.1955 trillion in 2020, and then rose again to IDR 0.1927 trillion in 2021. However, in 2022, revenues fell again to only IDR 0.0889 trillion in 2023. This fluctuation indicates that tax avoidance approaches by taxpayers persist and are heavily influenced by tax regulations and economic conditions. (DJP, 2024).

The case of PT Indofood Sukses Makmur Tbk also demonstrates the phenomenon of tax avoidance; the company's Cash Effective Tax Rate (CETR) was only 9% in the first quarter of 2021, far below the normal Corporate Income Tax rate of 22% stipulated by Law Number 2 of 2020. In addition, PT Indofood is involved in a long-term tax dispute due to alleged transfer pricing practices when converting its instant noodle division to its subsidiary, which indicates aggressive tax planning. (Mahkamah Agung (MA) Nomor 2356 B/PK/PJK/2021 Tentang Putusan MA Kasus Penghindaran Pajak, 2021).

Organizational capital is a representation of a company's internal systems, culture, and processes, which support efficient tax management. Companies with organizational capital higher are more capable of creating careful and legitimate tax planning strategies. (Hasan et al., 2021). Conversely, firm value also influences the intensity of tax exemption practices; high-value firms tend to maintain reputation and compliance, while low-value firms are more aggressive in tax efficiency. Therefore, firm value can either increase or decrease the influence of an organization's capital on tax exemptions. (Rossa & Husadha, 2023).

The study focuses on how these two independent variables can influence a company's strategy or actions in managing its tax obligations. The food and beverage sector was selected based on its industry characteristics, which include relatively stable growth rates, consistent market demand, and significant contributions to the national economy.

THEORETICAL STUDY AND HYPOTHESIS DEVELOPMENT

Agency Theory

Managers responsible for operational decisions often adopt self-serving strategies, such as tax avoidance, even though this may be contrary to the objectives of the company's owners. Information asymmetry and weak oversight can encourage managers to use organizational capital to devise aggressive tax strategies. (Hasan et al., 2021). However, firm value can limit such actions because companies with high values are usually monitored more closely by investors and the public (Rossa & Husadha, 2023).

Tax Avoidance

Companies legally avoid taxes by exploiting regulatory loopholes, such as tax incentives or permitted exemptions. Hasan et al., (2021) stated that because they have strong internal systems and processes, companies with high organizational capital tend to be more organized in developing tax strategies. Meanwhile, according to Hartono et al., (2025), firm value influences the level of caution a company takes in tax avoidance, where companies with high values tend to avoid aggressive strategies to maintain their reputation in the eyes of the public and investors..

Organizational Capital

Organizational capital is an intangible asset encompassing a company's systems, structures, culture, and internal processes that support operational efficiency and strategic decision-making. In the context of tax avoidance, organizational capital plays a crucial role because companies with a strong internal structure are better able to systematically and legally develop tax planning strategies. (Hasan et al.,2021). This finding is reinforced by Rossa & Husadha, (2023) which states that organizational capital enables companies to exploit loopholes in tax law by strengthening effective internal management and coordination systems, allowing them to lower their tax burden

without violating applicable regulations. In other words, organizational capital is a strategic component of effective and planned tax avoidance practices.

H1 : *Organizational capital has a significant effect on tax avoidance*

Firm Value

The market assesses a company's performance and long-term prospects based on its value. Companies with high values tend to be valued because of their reputation and public scrutiny. According to Putri & Nurdin, (2023), At the same time, this study shows that firm value has a significant impact on tax avoidance, although it does not show a significant impact at a smaller level. The results suggest that high firm value can encourage management to implement more tax-efficiency strategies. However, other factors can influence this impact. Firms with significant value in well-known industries can increase efficiency and enhance their reputation. Therefore, it is important to explain various tax avoidance techniques in well-known industries.

H2 : *Firm value has a significant effect on tax avoidance*

B. METHOD

Secondary data collected from the annual reports of companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2024 period were used in this study. A quantitative method was employed. A purposive sampling technique was employed; the researcher established standards to ensure that the data met the research objectives. A series of classical assumption tests were used to examine the data prior to multiple linear regression analysis. These included tests for normality, heteroscedasticity, multicollinearity, and autocorrelation. This step was carried out to ensure that the regression model used met the necessary statistical requirements. This was done to ensure that the resulting estimation results could be interpreted validly and reliably. The main focus of the analysis was how organizational capital and firm value impacted the level of tax avoidance in the companies included in the study sample.

Table 2.1 sampling criteria

No	Kriteria	2019	2020	2021	2022	2023	2024
1	Presenting financial statements during the 2019-2024 period	56	62	75	82	81	78
2	Financial statements presented in US dollars during the 2019-2024 period	(3)	(4)	(4)	(4)	(4)	(3)
	Total	53	58	71	78	77	75
	Total number of companies in 2019-2024	412					

Source: data processed 2024

Operational Definition of Variables

To investigate the formation indicators, operationally defined variables were used. The following table shows an operational summary of the research variables:

Table 2.2 Operational variables and variable measurements

Variabel	Indicator	Skala
<i>Organizational Capital (X1)</i>	$OC = \frac{SG\&A}{Total\ Assets}$	Ratio
<i>Firm Value (X2)</i>	$PBV = \frac{Price\ per\ share}{Book\ value\ per\ share}$	Ratio
<i>Tax Avoidance (Y)</i>	$GETR = \frac{total\ tax\ burden}{Profit\ before\ tax}$	Ratio

C. RESULTS AND DISCUSSION

Classical Assumption Test

Descriptive test

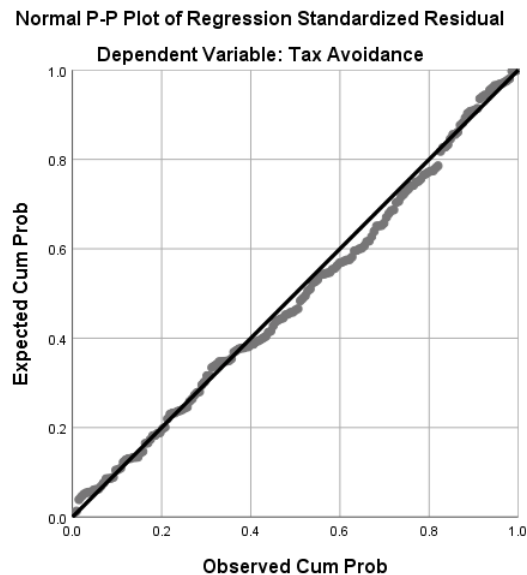
Table 3.1 descriptive test results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Organizational Capital	181	-0.0300	0.3300	0.108729	0.0757337
Firm Value	181	0.0600	1.2900	0.448950	0.2570117
Tax Avoidance	181	-0.0500	0.2400	0.080055	0.0610236
Valid N (listwise)	181				

Source: results of processing using SPSS version 25

Descriptive statistics show that Organizational Capital has a minimum value of -0.0300 , a maximum of 0.3300 , a mean of 0.1087 , and a standard deviation of 0.0757 . Firm Value has a minimum value of 0.0600 , a maximum of 1.2900 , a mean of 0.4899 , and a standard deviation of 0.2570 . Meanwhile, Tax Avoidance has a minimum value of -0.0500 , a maximum of 0.2400 , a mean of 0.0801 , and a standard deviation of 0.0610 .

Normality Test



Source: results of processing using SPSS version 25

Figure 3.1 Normality Test Results (Normal P-P Plot)

The normalized residual data points are distributed relatively consistently around the diagonal line and follow the direction of the line. This distribution pattern indicates that the residual distribution approaches a normal distribution..

Multicollinearity Test

Table 3.2 Multicollinearity Test Results

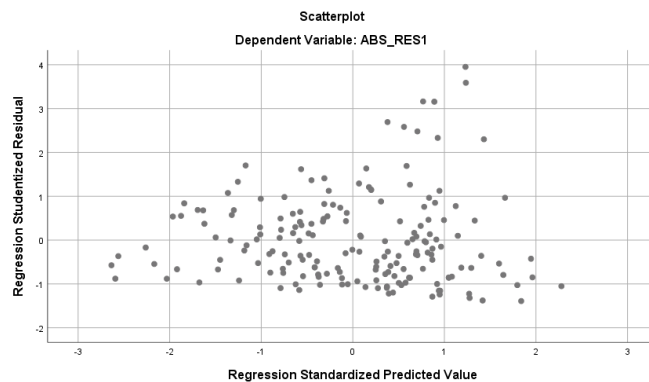
Model	Collinearity Statistics		Kesimpulan
	Tolerance	VIF	
1 (Constant)			
Organizational Capital (X1)	1.000	1.000	There is no multicollinearity
Firm Value (X2)	1.000	1.000	There is no multicollinearity

Source: results of processing using SPSS version 25

All independent variables in the regression model have Variance Inflation Factor (VIF) values less than 10 and tolerance values greater than 0.10, according to the multicollinearity test

results, which are common criteria for multicollinearity testing. These results indicate that there is no significant correlation between the independent variables in the model.

Heteroscedasticity Test



Source: results of processing using SPSS version 25

Figure 3.2 results of heteroscedasticity test (ABS)

The results of this study indicate that there is no heteroscedasticity problem; the points on the scatterplot are randomly distributed above and below the number 0, not following a particular pattern, as shown in Figure 3.2

Autocorrelation Test

Table 3.3 Autocorrelation test results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,415 ^a	0,173	0,163	0,04946	2.042
a. Predictors: (Constant), LAG_X2, LAG_X1					
b. Dependent Variable: LAG_Y					
b. Dependent Variable: LAG_Y					

Source: results of processing using SPSS version 25

In this study, the number of samples (n) used was 181, with the number of independent variables (k) as many as 2. The calculation results of the Durbin–Watson (DW) test showed a value of 2.042. The upper bound (DU) value was 1.7791, and the 4–DU value was 2.2209. The DW

value did not experience autocorrelation problems, either positive or negative, in the regression model, according to the autocorrelation testing criteria.

Multiple Linear Analysis

Table 3.4 Results of multiple linear analysis tests

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.111	0.011		10.364	0.000
	Organizational capital	0.043	0.057	0.053	0.757	0.450
	Firm value	-0.078	0.017	-0.330	-4.676	0.000
a. Dependent Variabel : Tax Avoidance						

Source: results of processing using SPSS version 25

The organizational capital variable, or organizational value, has a regression coefficient (β) of 0.043 with a significance value of $p = 0.450$, while the firm value variable has a regression coefficient (β) of -0.078 with a significance value of $p = 0.000$. The results show that organizational capital does not have a statistically significant effect on tax avoidance, only firm value, because the p value is far below the limit of $\alpha = 0.05$.

Test F

Table 3.5 Result Test F

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.075	2	0.038	11.234	.000 ^b
	Residual	0.595	178	0.003		
	Total	0.670	180			
a. Dependent Variable: Tax Avoidance						
b. Predictors: (Constant), Firm value, organizational capital						

Source: results of processing using SPSS version 25

The results of the simultaneous test (F test) show a calculated F value of 11.234, indicating that the organizational capital (organization) and firm value (firm) variables have a significant influence on tax avoidance. This test indicates that the regression model used in this study meets the eligibility requirements for predicting the dependent variable.

Test T

Table 3.6 Result Test T

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	0.111	0.011		10.364	0.000
	Organizational capital	0.043	0.057	0.053	0.757	0.450
	Firm value	-0.078	0.017	-0.330	-4.676	0.000
a. Dependent Variabel : Tax Avoidance						

Sumber Source: results of processing using SPSS version 25

a) The influence of organizational capital on tax avoidance

According to the partial test results (t-test), the organizational capital variable has a regression coefficient of 0.016 and a significance value of 0.450. The effect of organizational capital on GETR is not statistically significant, because the significance value is far above the limit of $\alpha = 0.05$. A positive regression coefficient indicates a unidirectional relationship between organizational capital and GETR; in other words, the GETR value increases with the amount or level of organizational capital. The level of tax avoidance actually decreases, according to this increase in GETR.

According to this theory, management that controls a company's resources, including intellectual capital, which is part of the organization's capital, can use internal knowledge assets, systems, and processes most effectively to maximize both the owners' and their own

interests. One example is leveraging the company's advantages for aggressive tax planning to increase after-tax profits.

b) *The influence of firm value on tax avoidance*

The regression test results show that the firm value variable has a statistically significant effect on the GETR variable, with a regression coefficient of -0.078 and a significance value of 0.000 ($p < 0.05$). The significance value is far below the error tolerance limit of $\alpha = 0.05$, indicating that the effect of firm value on the GETR variable is significant. According to the negative regression coefficient, there is an inverse relationship between firm value and GETR. This means that the level of tax avoidance (tax avoidance) tends to increase as firm value decreases.

Results Jensen & Meckling, (1976), in the relationship between management (agent) and company owners (principals). Within this framework, management is required to increase net profit after tax to maximize owner profits. To reduce the tax burden, especially for high-value businesses, aggressive tax planning is a strategy that can be used.

Adjusted R Square Test

Table 3.7 Adjusted R Square Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.335 ^a	0.112	0.102	0.0578244
a. Predictors: (Constant), Firm Value, Organizational Capital				

Source: results of processing using SPSS version 25

The regression results show that the Adjusted R Square determination coefficient is 0.102, meaning that organizational capital and firm value together explain 10.2% of the variation in Tax Avoidance, while 89.8% is influenced by other factors outside this study.

D. CONCLUSIONS

These findings suggest that a company's internal potential, such as systems, procedures, and organizational culture, has not been optimally utilized in tax efficiency efforts. Conversely, firm value has been shown to significantly influence tax avoidance. High firm value encourages management to engage in more aggressive tax planning to maximize after-tax profits, while striving to meet the interests of owners. Together, these two variables can partially explain the variation in tax avoidance behavior, although there are still factors within the research scope that may influence it. This lies in the scope of the variables and the observation period. Therefore, future studies are recommended to include moderating or mediating variables and expand the industrial sectors for analysis.

E. SUGGESTION

Food and beverage companies are advised to optimize organizational capital, such as information systems, human resource competencies, and internal procedures, in their tax management strategies. To remain compliant with laws and business ethics, high-value companies must consider reputational and oversight risks when engaging in tax avoidance. Further research could consider moderating variables such as corporate governance or leverage, and expand the sectors and observation period.

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