Jurnal EMT KITA
Indonesian Journal for the Economics, Management and Technology
Print ISSN: 2579-7972; Online ISSN: 2549-6204

Volume 10 (3) July 2026, 1810-1820
Available *online* at
http://journal.lembagakita.org/index.php/emt

Article History: Received: 15 January 2026, Revision: 20 March 2026, Accepted: 5 May 2026, Available *Online*: 1 July 2026.

DOI: https://doi.org/10.35870/emt.v10i3.7021

The Influence of Tax Planning and Corporate Governance on Firm Value (Empirical Study on Consumer Goods Sector Companies Listed on Indonesia Stock Exchange in the period 2017 - 2020)

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Abstrak. *Penelitian ini bertujuan untuk menyelidiki pengaruh perencanaan pajak, kepemilikan saham institusional, kepemilikan saham manajerial, independensi dewan direksi, dan kualitas jaminan audit terhadap valuasi perusahaan. Valuasi perusahaan dianggap sebagai indikator fundamental kinerja perusahaan, karena mencerminkan persepsi investor dan kondisi keuangan perusahaan secara keseluruhan. Analisis dilakukan pada sampel 27 perusahaan barang konsumsi yang terdaftar di Bursa Efek Indonesia (IDX) selama periode 2017–2020. Pendekatan kuantitatif dengan desain penelitian asosiatif digunakan, memanfaatkan teknik regresi data panel yang dilakukan menggunakan EViews 9.0. Temuan empiris menunjukkan bahwa kepemilikan saham institusional, independensi dewan direksi, dan kualitas jaminan audit memiliki pengaruh positif dan signifikan secara statistik terhadap valuasi perusahaan. Sebaliknya, perencanaan pajak dan kepemilikan saham manajerial ditemukan tidak memiliki pengaruh signifikan terhadap valuasi perusahaan dalam sektor yang diamati. Selain itu, hasil uji signifikansi simultan (uji F) menunjukkan bahwa semua variabel independen secara bersama-sama memengaruhi valuasi perusahaan, yang mencakup sekitar 83,78% dari total variasinya. Secara keseluruhan, temuan ini menekankan bahwa struktur tata kelola perusahaan yang efektif dan praktik audit yang kredibel memainkan peran penting dalam memperkuat valuasi perusahaan, khususnya di industri barang konsumsi.*

Kata kunci: *Penilaian Perusahaan; Perencanaan Pajak; Kepemilikan Saham Institusional; Kepemilikan Saham Manajerial; Independensi Dewan Direksi; Kualitas Jaminan Audit.*

Abstract. *This study seeks to investigate the effects of tax planning, institutional shareholding, managerial shareholding, board independence, and audit assurance quality on firm valuation. Firm valuation is regarded as a fundamental indicator of corporate performance, as it reflects investors' perceptions and the overall financial condition of the firm. The analysis is conducted on a sample of 27 consumer goods companies listed on the Indonesia Stock Exchange (IDX) over the 2017–2020 period. A quantitative approach with an associative research design is employed, utilizing panel data regression techniques carried out using EViews 9.0. The empirical findings indicate that institutional shareholding, board independence, and audit assurance quality have a positive and statistically significant impact on firm valuation. In contrast, tax planning and managerial shareholding are found to have no significant effect on firm valuation within the observed sector. Moreover, the results of the simultaneous significance test (F-test) demonstrate that all independent variables jointly influence firm valuation, accounting for approximately 83.78% of its total variation. Overall, the findings emphasize that effective corporate governance structures and credible audit practices play a critical role in strengthening firm valuation, particularly in the consumer goods industry.*

Keywords: *Firm Valuation; Tax Planning; Institutional Shareholding; Managerial Shareholding; Board Independence; Audit Assurance Quality.*

Introduction

The fundamental purpose of establishing a company is to enhance firm value, a metric inherently reflected in its market share price and the positive perception of shareholders (Tjandrakirana, 2019). High stock prices serve as a testament to the company's worth, often evaluated by investors through indicators such as Earnings Per Share (EPS), which reflects the amount stakeholders are willing to pay for reported earnings and acts as a signal for growth prospects and risk levels (Rhyne & Brigham, 1979). Beyond mere valuation, firm value describes the overall condition and prolonged activity of an entity since its inception (Hermuningsih, 2012). To achieve this, management often employs strategic decisions such as tax planning, which involves organizing business affairs to exploit legal loopholes and minimize tax liabilities (Pohan, 2016), a practice that directly impacts the company's market standing (Herawati & Ekawati, 2016).

Furthermore, The implementation of Good Corporate Governance (GCG) is inherently associated with firm value, as it functions as a control system designed to generate additional value for all stakeholders through transparency and accurate information disclosure (Kristanti, 2016; Emylia Yuniarti & Mukhtaruddin, 2017). By monitoring management performance, GCG prevents financial fraud (Herawaty, 2008) and provides a framework for the relationship between various corporate internal parties (Wulanda & Aziza, 2019). Key components of this governance structure include managerial ownership, which facilitates the alignment of managerial and shareholder interests to mitigate manipulation (Purwaningtyas & Pangestuti, 2011; Fransisca, 2013), and institutional ownership, where large-scale investors utilize their superior information access to monitor agents effectively (Manafi *et al*., 2015; Ellili, 2011; Navissi & Naiker, 2006). Additionally, The board of commissioners, particularly independent commissioners, functions as a central governance mechanism of governance by providing objective supervision and mitigating moral hazard (Purwaningtyas & Pangestuti, 2011). Despite the theoretical benefits of these mechanisms, previous empirical studies have yielded inconsistent results regarding their actual impact on corporate value. For instance, while some research suggests tax planning negatively affects value due to opportunistic management behavior (Wahab & Holland, 2012; Yuliem, 2018), others argue it has a positive effect by increasing net profits (Herawati & Ekawati, 2016; Lestari, 2014; Yuono & Widyawati, 2016). Similar contradictions exist regarding the influence of managerial ownership (Siallagan & Machfoedz, 2006; Yusmaniarti *et al*., 2020), institutional ownership (Purwanti, 2016; Alfinur, 2016), independent commissioners (Perdana, 2020; Suardikha & Muryati, 2014), and audit quality (Andriati, 2013; Suryanto & Refianto, 2019). Consequently, this study aims to re-examine these variables within the consumer goods industry from 2017 to 2020, a sector that experienced rapid growth during the COVID-19 pandemic, to provide clarity for both academic discourse and corporate decision-making.

Research Methodology

Building upon the framework established by Dewanata (2017), this research re-examines the nexus between tax strategy and corporate worth, with a specific focus on the moderating role of governance mechanisms. By employing an associative-quantitative framework, this study seeks to elucidate how tax-related strategies and governance attributes collectively shape corporate valuation. Using Tobin's Q as the primary metric for firm value, the research rigorously tests the influence exerted by a specific set of independent predictors including tax planning, audit quality, and various ownership and oversight structures. Drawing from audited financial statements of IDX-listed consumer goods enterprises, this research covers the period from 2017 to 2020. The final analytical sample consists of 27 companies, selected through a purposive sampling methodology to ensure data relevance and consistency. To ensure informative and reliable results, this study utilizes panel data regression techniques. The data undergo rigorous preliminary screenings via classical assumption testing to address potential issues of

heteroscedasticity, autocorrelation, and multicollinearity. In pursuit of the most robust estimation method, the study utilizes a series of diagnostic tests including Chow, Hausman, and Lagrange Multiplier. The resulting model is then subjected to hypothesis testing using F and t-statistics, alongside the coefficient of determination to quantify the proportion of variance explained by the predictors. (R^2) to evaluate the extent to which independent variables explain variations in corporate value. The interrelationships among these variables are depicted in the study's conceptual framework presented below.

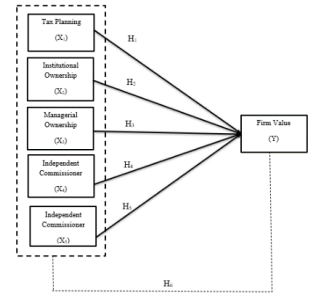

Figure 1. Theoretical Framework

Result and Discussion

Results

Description of Study Object

This research focuses on consumer goods firms registered on the Indonesia Stock Exchange (IDX) from 2017 to 2020 as its population. The sampling process employed purposive sampling, guided by specific criteria established to meet the study's objectives.

Table1. List of Listed Consumer Goods Companies Sample

No	Code	Company's Name
1	ADES	Akasha Wira International Tbk.
2	BUDI	Budi Starch & Sweetener Tbk.
3	CEKA	Wilmar Cahaya Indonesia Tbk.
4	DLTA	Delta Djakarta Tbk
5	ICBP	Indofood CBP Sukses Makmur Tbk
6	INDF	Indofood Sukses Makmur Tbk
7	MLBI	Multi Bintang Indonesia Tbk.
8	MYOR	Mayora Indah Tbk
9	ROTI	Nippon Indosari Corpindo Tbk.
10	SKBM	Sekar Bumi Tbk
11	SKLT	Sekar Laut Tbk.
12	STTP	Siantar Top Tbk.
13	TBLA	Tunas Baru Lampung Tbk.
14	ULTJ	Ultrajaya Milk Industry & Trading Co. Tbk.
15	GGRM	Gudang Garam Tbk.
16	HMSP	HM Sampoerna Tbk.
17	WIIM	Wismilak Inti Makmur Tbk
18	DVLA	Darya-Varia Laboratoria Tbk.
19	KAEF	Kimia Farma Tbk
20	KLBF	Kalbe Farma Tbk.
21	MERK	Merck Tbk
22	PYFA	Pyridam Farma Tbk
23	SCPI	Merck Sharp Dohme Pharma Tbk.
24	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.
25	TSPC	Tempo Scan Pacific Tbk.
26	KINO	Kino Indonesia Tbk
27	UNVR	Unilever Indonesia Tbk.

Table 2. Result of Descriptive Statistics

	Firm Value	Tax Expense	Institutional Ownership	Managerial Ownership r	Independent Commissioner y	Audit Quality
Mean	2.670093	25.6787	72.7341	6.1495	0.4270	0.5370
Median	1.82	25.145	81.46	0	0.83	1
Maximum	14.41	98.79	-	61.9054	1	1
Minimum	0.44	3.2	-	0	0	0
Std. Deviation	2.711069	9.6970	21.3702	14.6530	0.1092	0.5009
Observations	108	108	108	108	108	108

Descriptive statistical analysis of the consumer goods sector for the 2017–2020 period indicates that tax planning, institutional shareholding, board independence, and audit quality are relatively well distributed, as evidenced by standard deviations lower than their respective mean values. All sampled firms complied with the Indonesia Stock Exchange (IDX) requirement of a minimum 30% proportion of independent commissioners, and more than half engaged Big Four audit firms. In contrast, firm value and managerial ownership demonstrate low consistency, with standard deviations exceeding their mean values, reflecting substantial variability and pronounced differences among the observed firms.

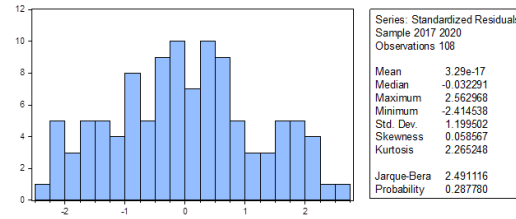

Figure 2. Result of Normality Test Jarque-Bera

As illustrated by the histogram and the Jarque–Bera (JB) test in Figure 2, the normality test yields a probability value of 0.287780. Given that this value is greater than the 0.05 significance threshold, the data can be regarded as normally distributed.

Table 3. Result of Multicollinearity Test

	Tax Planning	Institutional Ownership	Managerial Ownership	Independent Commissioner	Audit Quality
Tax Planning	1	0.108372	-0.037572	-0.094004	-0.039392
Institutional Ownership	0.108372	1	-0.778212	0.153238	0.397776
Managerial Ownership	-0.037572	-0.778212	1	-0.103289	-0.448674
Independent Commissioner	-0.094004	0.153238	-0.103289	1	0.302743
Audit Quality	-0.039392	0.397776	-0.448674	0.302743	1

Residing well below the established 0.80 threshold are the correlation coefficients for tax planning and the various governance indicators, including institutional and managerial ownership, independent commissioners, and audit quality. Inherent in these findings is the absence of multicollinearity, which safeguards the regression model from the risks of inflated standard errors and unreliable coefficient estimations. While the highest correlation was observed between institutional and managerial ownership at -0.778212, the remaining variables showed significantly weaker relationships, ranging from -0.037572 to 0.397776. The orthogonality of the variables confirms that the model meets the criteria for non-multicollinearity, thereby safeguarding the validity of the statistical inferences drawn from the regression.

Table 4. Result of Durbin Watson Test

Variabel	Nilai
R-squared	0.322993
Adjusted R-squared	0.275602
S.E. of regression	2.082705
Sum squared resid	433.7660
Log-likelihood	-228.3256
F-statistic	6.815559
Prob(F-statistic)	0.000001
Mean dependent var	-2.14E-16
S.D. dependent var	2.447030
Akaike info criterion	4.376399
Schwarz criterion	4.575076
Hannan-Quinn criter.	4.456955
Durbin-Watson stat	1.830101

Durbin–Watson test results indicate that a DW statistic within the interval $dU<DW<4-dU$ suggests no autocorrelation. At the 5% significance level, and specifically for a model incorporating 108 observations with five predictors, stand the Durbin-Watson lower and upper bounds. Identified as dL and dU (1.837666) are these vital markers, which delineate the zone of independence for the error terms. Within the successfully established range of $d_U < DW < 4 - dU$ must the result reside to confirm that no autocorrelation issues undermine the regression estimates. The calculated DW value of 1.830101 falls within the range $-0.184745<1.830101<1.837666$, indicating the absence of autocorrelation. Paramount to the integrity of the regression estimates is the non-existence of autocorrelation, a condition satisfied when the DW value falls between dU and 4 - dU. Corresponding to the study's parameters, namely a sample size of 108 and five independent variables are the lower and upper bounds, with d_U reaching 1.837666. By adhering to this statistical benchmark, the study confirms that the variance in firm value is not biased by temporal dependencies in the error structure. The calculated DW value of 1.830101 falls within the range $-0.184745<1.830101<1.837666$, indicating the absence of autocorrelation.

Table 5. Result of Heteroscedasticity Test

Uji	Nilai
F-statistic	0.964290
Obs*R-squared	18.61076
Prob. F(19,88)	0.5093
Prob. Chi-Square(19)	0.4820
Scaled explained SS	60.10265
Prob. Chi-Square(19)	0.0000

Exceeding the critical 0.05 benchmark is the observed Chi-square p-value of 0.4820, which mandates the acceptance of the null hypothesis regarding homoscedasticity. Consequently, the model exhibits no signs of variance inequality, ensuring that the resulting t-statistics and standard errors remain reliable for empirical inference.

Table 6. Result of Lagrange Multiplier Test

Uji	Nilai	Probabilitas
Breusch-Pagan (Cross-section)	84.91697	0.0000
Breusch-Pagan (Time)	0.842957	0.3586
Breusch-Pagan (Both)	85.75993	0.0000

The outcomes of the LM test (Table 6) yield a significant probability value ($p < 0.05$), providing a clear mandate to favor the alternative hypothesis (H1). This statistical shift suggests that the REM possesses a more refined goodness-of-fit compared to the CEM. By adopting REM, the analysis ensures a more precise estimation of the determinants by accounting for the random components within the error structure.

Table 7. Result of Chow Test

Uji	Statistik	d.f.	Prob.
Cross-section F	16.554384	(26,76)	0.0000
Cross-section Chi-square	204.835081	28	0.0000

Evidence from the Chow test reveals a highly significant probability value ($p = 0.0000$). Consequently, the rejection of H0 in favor of H1 necessitates the adoption of the FEM to better capture the cross-sectional characteristics of the data.

Table 8. Result of Hausman Test

Uji	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.694003	5	0.0392

Following the execution of the Hausman test, a p-value of 0.0432 was observed, validating the rejection of the null hypothesis at a 95% confidence interval. This result establishes the superiority of the FEM over its random-effect counterpart for this specific dataset. Consequently, the adoption of FEM becomes an empirical necessity to capture the inherent heterogeneities within the consumer goods sector accurately.

Table 9. The Results of Common Effect Model Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TAX PLANNING	0.156993	0.190133	0.825699	0.4109
INSTITUTIONAL OWNERSHIP	0.171581	0.113041	1.517861	0.1321
MANAGERIAL OWNERSHIP	0.002948	0.026437	0.111517	0.9114
INDEPENDENT COMMISSIONER	1.161046	0.323836	3.585289	0.0005
AUDIT QUALITY	0.111536	0.064788	1.721546	0.0882
C	**0.573369**	0.355287	1.613819	**0.1097**
R-squared	0.232176	Mean dependent var		0.282828
Adjusted R-squared	**0.194538**	S.D. dependent var		0.334488
S.E. of regression	0.300194	Akaike info criterion		0.485180
Sum squared resid	9.191904	Schwarz criterion		0.634187
Log-likelihood	20.19972	Hannan-Quinn criter.		0.545597
F-statistic	6.168593	Durbin-Watson stat		0.312422
Prob(F-statistic)	0.000049			

Under the pooled ordinary least squares (CEM) specification, the model yields a constant of 0.573369 with a probability of 0.1097. While this provides a preliminary snapshot of the data, the non-significance of the intercept underscores the necessity of further diagnostic testing to account for potential unobserved heterogeneity among the listed companies. Under the CEM framework, the regression results yield an intercept of 0.573369 ($p = 0.1097$). The Adjusted R^2 value indicates that the independent variables account for approximately 19.45% of the fluctuations, suggesting that a substantial portion of the valuation dynamics is influenced by industry-specific drivers or macroeconomic variables not integrated into this model.

Table 10. The Results of Fixed Effect Model Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Pr
TAX PLANNING	0.058536	0.107504	0.544503	0.5
INSTITUTIONAL OWNERSHIP	0.243232	0.204045	4.192050	0.0
MANAGERIAL OWNERSHIP	0.062447	0.040971	1.524168	0.1
INDEPENDENT COMMISSIONER	0.654978	0.391000	3.675135	0.0
AUDIT QUALITY	0.095256	0.134761	2.706854	0.0
C	**0.604557**	0.409764	1.475379	**0.1**
R-squared	0.884769	Mean dependent var		0.282
Adjusted R-squared	**0.837767**	S.D. dependent var		0.334
S.E. of regression	0.134726	Akaike info criterion		0.925
Sum squared resid	1.379474	Schwarz criterion		0.135
Log-likelihood	82.21782	Hannan-Quinn criter.		0.607
F-statistic	18.82401	Durbin-Watson stat		1.736
Prob(F-statistic)	0.000000			

Statistical diagnostics under the FEM reveal a non-significant constant of 0.604557 (p = 0.1442), indicating that the model's intercept is not a primary driver of the observed outcomes. Nevertheless, the framework demonstrates superior goodness-of-fit with an Adjusted R^2 of 0.837767. This high level of explanatory power implies that approximately 83.78% of the variance in corporate value is successfully internalized by the model, while the remaining 16.22% resides within the error term as a result of unobserved exogenous influences.

Table 11. The Results of Random Effect Model Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TAX PLANNING	0.082416	0.104636	0.787646	0.432
INSTITUTIONAL OWNERSHIP	0.001353	0.149534	0.009047	0.992
MANAGERIAL OWNERSHIP	0.055501	0.031865	1.741723	0.084
INDEPENDENT COMMISSIONER	0.069692	0.333506	0.208967	0.834
AUDIT QUALITY	0.061084	0.090569	0.674439	0.501
C	**0.338108**	0.326728	1.034830	**0.303**
Weighted Statistics				
R-squared	0.346609	Mean dependent var		0.06501
Adjusted R-squared	**0.330125**	S.D. dependent var		0.13906
S.E. of regression	0.139076	Sum squared resid		1.97290
F-statistic	0.997318	Durbin-Watson stat		1.20426
Prob(F-statistic)	0.423316			

The empirical output for the REM specification reveals an intercept of 0.338108 (p = 0.3032), reflecting a baseline valuation that lacks statistical significance. From a goodness-of-fit perspective, the Adjusted R^2 demonstrates that the specified independent variables collectively account for 33.01% of the observed fluctuations. Consequently, the remaining 66.99% of the variance is attributed to exogenous determinants, underscoring the inherent complexity and multi-faceted nature of enterprise valuation in the consumer goods sector.

Table 12. The Conclusion

No.	Metode	Pengujian	Hasil
1	Lagrange Multiplier Test	REM vs CEM	Random Effect Model
2	Chow Test	CEM vs FEM	Fixed Effect Model
3	Hausman Test	REM vs FEM	Fixed Effect Model

To safeguard the integrity of the regression estimates against potential biases, the research implemented a comprehensive model selection protocol. The outcomes derived from the diagnostic evaluations, notably the Chow and Hausman tests, consistently substantiate that the Fixed Effect Model (FEM) provides the most robust and efficient framework for deciphering the longitudinal dynamics within this dataset.

Table 13. Result of Panel Data Regression Analysis and t-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TAX PLANNING	0.058536	0.107504	0.544503	0.5877
INSTITUTIONAL OWNERSHIP	0.243232	0.204045	4.192050	0.0370
MANAGERIAL OWNERSHIP	0.062447	0.040971	1.524168	0.1316
INDEPENDENT COMMISSIONER	0.654978	0.391000	3.675135	0.0380
AUDIT QUALITY	0.095256	0.134761	2.706854	0.0418
C	0.604557	0.409764	1.475379	0.1442

The causal interplay between the independent variables and corporate valuation is operationalized through the following panel data regression model:

$$\text{Tobin's Q} = 0.604557 + 0.058536TP + 0.243232IO + 0.062447MO + 0.654978IC + 0.095256AQ.$$

The results indicate that all included variables positively contribute to firm value. The constant term signifies the baseline level of Tobin's Q, under the ceteris paribus assumption, every regression coefficient captures the marginal change in the dependent variable associated with a one-unit increase in that specific predictor, providing a clear measure of each variable's unique contribution, holding all other covariates fixed. Among the predictors, independent commissioners (IC) have the greatest impact, as indicated by the highest coefficient value. Applying a 0.05 significance level and 102 degrees of freedom, this study employs a critical t-statistic of

1.983495 to evaluate the strength and upon evaluating the individual significance of each independent variable, it is evident that institutional ownership, independent commissioners, and audit quality demonstrate statistically significant positive relationships with corporate value, suggesting that strong oversight is highly valued by the market, thereby supporting H_2, H_4, and H_5. In contrast, the findings fail to provide statistical evidence for the impact of tax planning and managerial equity, leading to the dismissal of H1 and H3. This implies that corporate worth is primarily driven by audit quality and oversight structures rather than individual tax maneuvers or managerial holdings.

Table 14. The results of F-test

R-squared	0.884769	Mean dependent var	0.282828
Adjusted R-squared	**0.837767**	S.D. dependent var	0.334488
S.E. of regression	0.134726	Akaike info criterion	0.929960
Sum squared resid	1.379474	Schwarz criterion	0.135254
Log-likelihood	82.21782	Hannan-Quinn criter.	0.607735
F-statistic	**18.82401**	Durbin-Watson stat	1.736417
Prob(F-statistic)	**0.000000**		

The overarching validity of the empirical framework is confirmed by the F-test results, which indicate that the regression model is a reliable fit for the data, as the calculated F-value of 18.824 exceeds the critical threshold of 2.303 by a substantial margin. Consequently, the combined influence of tax strategy and various oversight mechanisms within the context of the Indonesian consumer staples industry, the data demonstrate a statistically significant impact on enterprise value, establishing them as essential determinants for the sector. Notably, a significant portion of the variance in firm value (83.78%) is elucidated by the predictors, underscores the substantial role of governance and tax planning in driving corporate worth by tax planning, audit excellence, and board characteristics, according to the Adjusted coefficient of determination. The remaining 16.22% is attributable to variables beyond the scope of this study. This result reflects the model's substantial predictive strength (Ghozali, 2016).

Discussion

This investigation analyzes longitudinal data from 2017 to 2020 to assess the Interplay Between Governance Mechanisms, Tax Planning, and Corporate Valuation, empirical evidence from the Indonesian Consumer Goods Sector. The sample includes 27 firms (108 observations) selected through purposive sampling. The results demonstrate that tax planning does not significantly affect corporate value, in line with previous findings (Wahab & Holland, 2012; Yuliem, 2018; Aditama & Purwaningsih, 2014; Perdana, 2020). This suggests that tax planning practices do not inherently contribute to corporate value enhancement. A likely explanation is that managers may engage in opportunistic behavior, using tax strategies for private benefit, such imbalances in information diminish the efficacy of tax strategies as a driver for increasing enterprise worth. Consistent with prior studies, managerial shareholder does not exhibit a significant relationship with corporate value (Adnantara, 2013; Robin, 2016; Yuono & Widyawati, 2016; Fransisca W., 2013).

This finding can be attributed to the minimal level of share ownership by managers, such conditions undermine their motivation to prioritize the maximization of shareholder wealth. As a result, managerial decisions may be driven more by personal considerations, limiting the contribution of managerial ownership to corporate value. Rigorous oversight by institutional investors fosters greater managerial accountability, a factor that is shown to have a significant positive relationship with corporate value (Andriati, 2013; Fransisca, 2013; Hidayat & Yuliah, 2018; Suardikha & Muryati, 2014; Manafi *et al.*, 2015). This suggests that institutional investors act as effective monitors, encouraging enhanced managerial efficiency and greater disclosure transparency, ultimately leading to increased corporate value. Correspondingly, higher levels of board independence are conducive to a significant increase in the company's valuation (Robin, 2016; Abbasi *et al.*, 2012; Siallagan & Machfoedz, 2006; Alfinur, 2016; Suardikha & Muryati, 2014). Their supervisory role ensures adherence to governance standards, thereby reinforcing oversight and contributing to better financial reporting and decision-making quality.
Audit quality demonstrates a significant positive effect on corporate value (Herawaty, 2008; Andriati, 2013; Manek, 2017; Yusmaniarti *et al.*, 2020).

Rigorous audits, particularly those performed by Big Four firms, significantly enhance the credibility and integrity of financial disclosures. This heightened credibility fosters greater stakeholder confidence and encourages investment, these robust oversight practices serve to mitigate agency conflicts, thereby contributing to higher corporate value. A closer look at the empirical evidence indicates that the combined presence of tax strategy, audit excellence, and corporate governance mechanisms significantly determines the market value of the firm (Yuono & Widyawati, 2016; Alfinur, 2016; Wulanda & Aziza, 2019; Suardikha & Muryati, 2014). This highlights the critical role that internal and external oversight mechanisms play in determining overall enterprise value.

Conclusion

Utilizing panel data regression, this research examines how tax planning, audit quality, and various governance mechanisms, including institutional, managerial, and independent board oversight, influence firm valuation. Although tax planning and managerial ownership demonstrate positive directional trends, their impact on corporate valuation does not reach statistical significance. The results reveal that institutional ownership, independent commissioners, and the caliber of auditing have a favorable and significant impact on firm value, providing empirical support for their role in enhancing market confidence. Furthermore, the simultaneous test confirms that all variables jointly exert a significant influence, suggesting that both governance mechanisms and financial factors collectively determine firm value. Although this research advances the current understanding of the subject, its scope remains subject to several restrictive factors that warrant cautious interpretation, particularly the limited sample size of 27 companies and the relatively short observation period of four years, thereby constraining the generalization of the results. Therefore, future research is recommended to use a longer and more recent observation period, include additional variables such as foreign ownership, dividend policy, or asset management, and expand the scope of research by comparing companies across different countries, particularly in Southeast Asia.

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