ISSN: 2338-8412 e-ISSN : 2716-4411

Ekombis Review – Jurnal Ilmiah Ekonomi dan Bisnis
Available online at : https://jurnal.unived.ac.id/index.php/er/index
DOI: https://doi.org/10.37676/ekombis.v14i2

The Influence Of Financial Performance And Tax Avoidance On Company Value (An Empirical Study Of Food And Beverage Companies Listed On The Indonesia Stock Exchange For The Period 2020-2024)

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How to Cite :
Setiawan, H., Junaidi, A., Ranidiah, F. (2026). The Influence Of Financial Performance And Tax Avoidance On Company Value (An Empirical Study Of Food And Beverage Companies Listed On The Indonesia Stock Exchange For The Period 2020-2024). EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis, 14(2). DOI: https://doi.org/10.37676/ekombis.v14i2

ARTICLE HISTORY
Received [24 August 2025]
Revised [14 April 2026]
Accepted [24 April 2026]

KEYWORDS
Return on Assets (ROA), Debt-to-Equity Ratio (DER), Effective Tax Rate (ETR) and Enterprise Value.

ABSTRACT

This study aims to determine whether return on assets (ROA), debt to equity ratio (DER), and tax avoidance (ETR) influence company value. The research was conducted on food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. This study employed purposive sampling and statistical analysis, including classical assumption tests, using IBM SPSS Statistics version 22. The sample consisted of 21 food and beverage companies listed on the IDX. Thus, the total number of companies was 21 multiplied by 5 years, resulting in 105 observations. The results of this study indicate that: Financial performance proxied by return on assets (ROA) influences company value with a sig value of 0.000. Financial performance proxied by debt to equity ratio (DER) influences company value with a sig value of 0.000. Tax avoidance (ETR) does not affect company value with a significance level of 0.566. Return on assets (ROA), debt-to-equity ratio (DER), and tax avoidance (ETR) simultaneously affect company value with a significance level of 0.00<0.05. Additionally, the adjusted R-squared value is 55.9%.

INTRODUCTION

Financial performance is always a consideration in making economic decisions because investors or stakeholders tend to pay more attention to companies with high profits (Oktaviyah, 2024). Company value, typically measured by stock price or price-to-book value ratio (PBV), reflects the effectiveness of a company's financial strategies, serves as a basis for evaluating its prospects, and supports access to external financing at lower costs (Brigham & Houston, 2013).

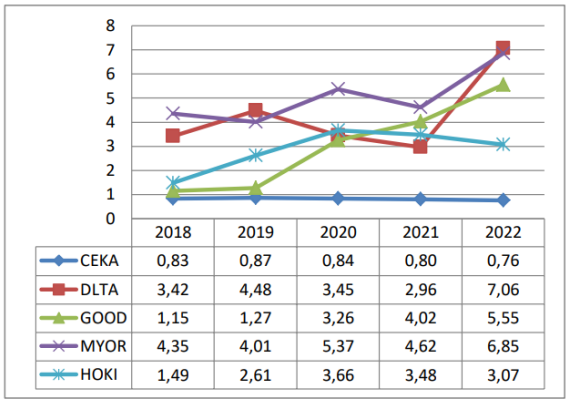
In this case, the food and beverage sector listed on the Indonesia Stock Exchange (IDX) showed fluctuating company values during the study period, with some issuers experiencing a

decline in PBV while others saw an increase in PBV a phenomenon that warrants further analysis. Tax avoidance is one factor that can significantly affect a company's value.

Tax avoidance is a legal strategy where someone exploits loopholes in regulations to reduce their tax burden. Although legal, such tax avoidance strategies can reduce government revenue, create economic inequality, and increase reputational risks and legal sanctions, thereby impacting company value (Herman et al., 2023; Mahaetri & Muliati, 2020). From an agency theory perspective, tax avoidance also reveals an agency conflict between managers (agents) and owners (principals): for short-term gains, management may be motivated to engage in tax avoidance strategies, thereby harming the interests of shareholders and the public.

In addition to tax avoidance, financial performance indicators such as Return on Assets (ROA) and Debt to Equity Ratio (DER) are often associated with tax avoidance behavior and firm value. ROA reflects a company's effectiveness in generating profits from its assets; studies have shown diverse relationships between ROA and tax avoidance, both negative (Mayndarto, 2022) and positive (Leonardo et al., 2024; Niandari & Novelia, 2022). DER, as a leverage indicator, is also considered to influence tax strategies because interest costs on debt can encourage the use of tax minimization strategies (Tamba & Hutagalung, 2024). However, empirical results on the relationship between DER–ETR or DER–firm value remain inconclusive (Ainniyya et al., 2021; Niandari & Novelia, 2022; Sholihah & Rahmiati, 2024).

Figure 1. Average PBV Value of Food and Beverage Companies in 2018-2022



	2018	2019	2020	2021	2022
CEKA	0,83	0,87	0,84	0,80	0,76
DLTA	3,42	4,48	3,45	2,96	7,06
GOOD	1,15	1,27	3,26	4,02	5,55
MYOR	4,35	4,01	5,37	4,62	6,85
HOKI	1,49	2,61	3,66	3,48	3,07

Previous literature in similar sectors and variables shows conflicting results: some studies identify ROA, DER, and tax avoidance as positively influencing firm value (Lekok, 2023; Nugraha & Setiawan, 2019), while other studies report different or insignificant results for specific variable combinations (Anggraini & Yudiantoro, 2023; Aulia & Mahpudin, 2020; Ulfa & Asyik, 2018). These differing results illustrate the existence of a relevant research gap, particularly for food and beverage companies listed on the Indonesia Stock Exchange (BEI) during a relatively recent period, and necessitate further empirical studies to elucidate the relationship between financial performance, tax avoidance, and firm value.

Previous studies have shown that investment policies, resource allocation, and tax avoidance affect RMU (Return on Assets) and the debt to equity ratio, which focuses on corporate taxes. Based on this, this analysis examines the effects of tax avoidance (tax avoidance documents) on domestic and foreign investors investing in RMU and relying on financial institutions. The institutions are based on the value of organizations in the Lampung sector affected by the dynamics of resource allocation and debt equity that rely on the tax system, at least from 2021 to 2024. By addressing this issue, it is hoped that financial institutions in the department can assist companies in avoiding taxes, as evidenced by stabilizing equity values and contributing to institutional leasing. The required institutions can stabilize companies, promote more efficient taxation within the sector, and facilitate companies and investors, thereby significantly contributing to companies and the system in the Lampung sector.

Concurrently, an analysis of the impact of ROA (Return on Assets), DER (Debt-to-Equity Ratio), and taxes (payable) will be conducted, both in principle and in terms of tax minimization, measured by relative tax efficiency. The establishment of systematic contracts will have a dominant beneficial effect. However, the simultaneous or sequential flow from DER to BM (board members) impacts evaluations within the company sector regarding equity performance and receivables. Based on the findings of this study, there are four issues discussed in this study, derived from the findings.

LITERATURE REVIEW

Agency Theory

This study utilizes Agency Theory, as explained by Indra Bastian (2006, p. 213), as one of the important foundations in accounting research; this theory explains the agency relationship between owners (principals) and managers (agents) that is prone to conflicts of interest due to information asymmetry and therefore requires a monitoring system to align managers' actions with the objectives of the owners. Relevant conflicts include management vs. company, company vs. government (including efforts to reduce tax obligations as examined in the context of tax avoidance by (Christella & Santo, 2024), and company vs. creditors.

Financial Performance

Financial performance reflects a company's achievements over a specific period and is a manifestation of managerial efforts in organizing assets and resources to achieve organizational objectives; this definition emphasizes compliance with financial implementation and Accounting Standards (SAK/GAAP) as stated by Fahmi in Lumantow & Karuntu (2022) and Tyas (2020), and includes other operational factors, such as marketing, fund raising/distribution, technology, and human resources (Bastian, 2016). Performance measurement is generally assessed using financial ratios comparative indices of financial statement components, which provide an overview of an entity's financial condition and health (W. Van Horne, 1997).

Return on Assets (ROA)

Return on Assets (ROA) is one of the profitability indicators because it shows a company's ability to generate profits from its assets, and a higher ROA indicates effective asset utilization (J. V. C. Horne & John, 1997; Kasmir, 2009, p. 127)(Kasmir, 2009:127; Horne & Wachowicz, 1997). In the context of tax avoidance, ROA can provide companies with greater financial flexibility and incentives to implement optimized tax plans on profits (Mayndarto, 2022).

The Debt to Equity Ratio (DER)

The Debt to Equity Ratio (DER) measures the proportion of debt to equity and indicates a company's reliance on borrowed funds; a higher ratio indicates greater financial risk and may encourage the use of debt interest as a tax shield, thereby influencing tax strategy (Kasmir, 2009, p. 157; Sholihah & Rahmiati, 2024).

The Effective Tax Rate (ETR)

The Effective Tax Rate (ETR), which is the ratio of tax expenses to pre-tax profit, provides insight into the level of tax obligations a company must comply with. In this context, a lower ETR may indicate a more efficient tax structure or potential tax avoidance strategies (Leonardo et al., 2024; Rajab et al., 2022; Sari & Nugraha, 2020; Stickney & Weil, 2010). Finally, firm value reflects the market's assessment of equity and debt, which in turn is influenced by management performance in resource management and impacts investor perceptions (E. Brigham & Houston, 2011; Permana & Rahyuda, 2018).

Company Values

One commonly used indicator of value is the Price to Book Value (PBV), which is the ratio of the market price of a company's shares to its book value. Here, a higher PBV ratio indicates greater expected profits and value creation compared to the capital invested (E. F. Brigham & Houston, 2018).

METHODS

This study examines companies in the food and beverage industry listed on the Indonesia Stock Exchange (IDX) with an observation period of 2020–2024, where primary data for the research was obtained from the IDX website (www.idx.co.id). This period was determined in an effort to limit the study to its objectives and ensure data uniformity across entities for the given period. The chosen method is quantitative, as it emphasizes objectivity, neutrality, and the ability to replicate results obtained through standard procedures and emphasizes the measurement of empirical numerical data and its processing with statistical tools to test objectively formulated hypotheses (Pardede, 2009)

The research population is defined as all companies registered in the food and beverage sector, while the sample is a subset of the population selected to represent the characteristics of the population based on the specified sampling technique (Sugiyono, 2017). To determine the sample, the researcher established the following eligibility criteria: (1) food and beverage companies during the 2020–2024 period; (2) published annual reports and complete financial statements for the period and presented in local currency; (3) did not incur losses during the 2020–2024 period; and (4) provided complete observation years for all years for all research variables. These criteria were established to enhance the reliability of the collected data and the ability to generalize the findings to the intended population (Sugiyono, 2017).

Information and data collection were conducted through literature review, theoretical review, articles, books, and journals for relevant materials, as well as documentation, which included the collection and processing of annual financial reports of companies in the food and beverage sector listed on the stock exchange during the study period (Sugiyono, 2017). This secondary data is then processed for quantitative analysis purposes. For the analysis, the researcher applied panel data regression analysis, which combines variation across entities and time. The data was processed using Microsoft Excel and statistical software for social sciences (SPSS) for statistical calculation precision and the simple implementation of the required tests.

Imam Ghozali (2013) highlights that data quality in the analysis stage is measured using descriptive statistics alongside a series of classical assumption tests before conducting multiple regression analysis. Descriptive statistics serve to summarize research variables (mean, standard deviation, maximum/minimum values, and summation) to facilitate interpretation. Some of the classical assumption tests conducted are: (1) residual normality is tested using the One Sample Kolmogorov-Smirnov test in SPSS with the decision rule that Asymp. Sig. (2-tailed) > 0.05 indicates a normal distribution; (2) multicollinearity is tested for inter-correlation among independent variables using tolerance and Variance Inflation Factor (VIF), where tolerance > 0.1 and VIF < 10 indicate no multicollinearity issues; (3) autocorrelation is tested to identify residual correlation over time using the Durbin-Watson test according to Ghozali's guidelines; and (4) heteroscedasticity testing, which in this study can be performed using the Glejser test (regressing absolute residuals against the independent variables), where a correlation coefficient > 0.05 indicates no heteroscedasticity, as stated by Imam Ghozali (2013).

Each aspect of the evaluation in the model is applied to test the hypothesis: explaining the variation of the dependent variable with the independent variables through the coefficient of determination (R^2), testing the overall goodness of fit with the model (F-test) to examine the predictive value of the regression model against the dependent variable under the significance criterion $\alpha = 0.05$ (the model is considered significant if the prob value is < 0.05) and the partial

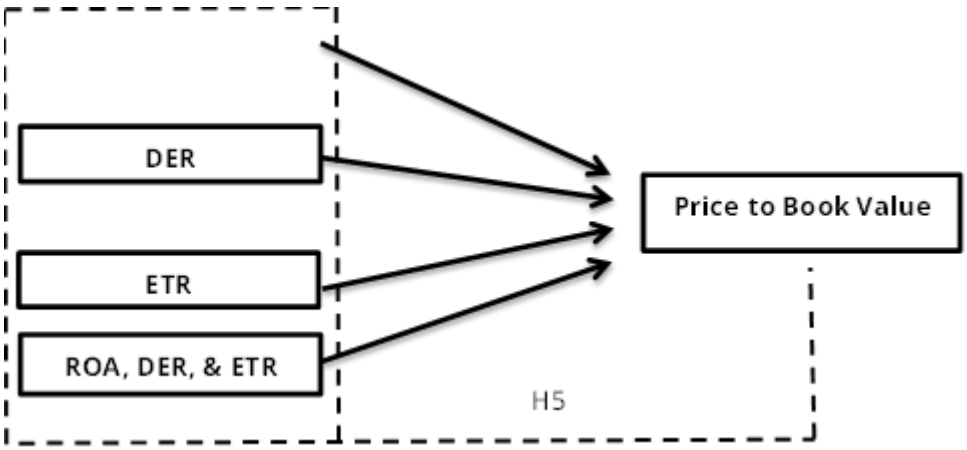
impact of each independent variable through the t-test (Ghozali, 2013). Operationally, the model takes the form of multiple linear regression as follows:

$$Y = a + b1X1 + b2X2 + b3X3 + \varepsilon$$

Y is the company value, X1 is Return On Assets (ROA), X2 is Debt to Equity Ratio (DER), X_3 is Effective Tax Rate (ETR), a is a constant, b is a regression coefficient, and ε is an error term. Each coefficient will be tested separately using a t-test, while the combined contribution of the variables will be assessed using an F-test and measuring R^2 to ensure the adequacy of the model in explaining company value in accordance with the research objectives.

Conceptual Framework

Figure 1 Conceptual Framework



The Effect of Return on Assets (ROA) on Company Value

ROA measures a company's efficiency in utilizing assets to generate profits, expressed as a percentage. A high ROA indicates efficient performance and the potential to increase company value, thereby attracting investors. Research by Febricia & Lekok (2023), Noval et al. (2021), Ulfa & Asyik (2018), and Cahya & Julians (2018) shows that ROA has a significant positive effect on company value. Sudjiman & Lorina (2022) confirm that increased revenue raises dividends and shareholder welfare, so that high profitability will be followed by high company value. These findings are supported by Tio & Prima (2022) and Ristiani & Sudarsi (2022).
H_1: ROA affects company value.

The Effect of Debt to Equity Ratio (DER) on Company Value

DER is used to assess the ratio of liabilities to capital. A high DER can attract investors because it is considered to indicate low risk, and research by Febriana et al. (2016) and Sari & Priyadi (2016) proves that capital structure has a significant positive effect on company value. An increase in DER can raise company value as long as it does not exceed the optimal point, which can lower WACC and increase stock prices. However, Tio & Prima (2022) and Siahaan & Herijawati (2023) found that high DER also poses a significant risk to companies, affecting company value.
H_2: Debt to Equity Ratio (DER) affects Company Value

The Effect of Tax Avoidance (ETR) on Company Value

According to Anggoro & Septiani (2015), companies avoid taxes to reduce their tax burden, which can increase company value. Kurniawan & Syafruddin (2017) found that tax avoidance has

a positive effect on company value through improved governance. This practice is legal and can improve shareholder welfare through wealth transfer (Juliartha & Setiawan, 2019). Research by Dewi & Dewi (2017), Wanami & Merkusiwati (2019), and Hanlon & Slemrod (2009) also supports that tax avoidance has a positive effect on company value.
H3: Tax Avoidance (ETR) affects Firm Value (PBV)

The simultaneous effect of Return On Assets (ROA), Debt to Equity Ratio (DER) and Tax Avoidance (ETR) on Company Value.

ROA affects corporate taxes because an increase in income increases taxes, and a decrease in income decreases them. Companies strive to increase revenue for operations, which is often funded through debt. DER affects taxes through debt repayment obligations that can provide tax avoidance. Research by Ismiani Aulia (2019) and Kurniasari & Listiawati (2019) shows that ROA and DER simultaneously have a significant effect on tax avoidance. DER also serves as an indicator of funding sources; a high DER value can reduce company value due to high debt burdens (Pasaribu & Tobing, 2017) and is often avoided by investors (Nursalim et al., 2021). Sondakh et al. (2019) state that ROA and DER simultaneously influence company value; high ROA sends a positive signal, attracts investors, increases stock prices, and enhances company value (Hidayat & Triyonowati, 2020; Rumengan et al., 2020).
H_4: Return on Assets (ROA), Debt to Equity Ratio (DER), and Tax Avoidance (ETR) simultaneously influence Company Value.

RESULTS

Testing classical assumptions

Classical assumption testing was conducted to ensure that the research data was free from violations of basic regression assumptions. Four tests were conducted, including normality, autocorrelation, multicollinearity, and heteroscedasticity tests. Before testing, the sample size was 105 observations. Initial results indicated issues with autocorrelation and heteroskedasticity, prompting the removal of outliers, resulting in 99 observations.

The normality test using the Kolmogorov-Smirnov method (Ghozali, 2016) showed that both before and after outlier removal, the Asymp. Sig. value was < 0.05 (0.000 and 0.008), which means that the residuals were not normally distributed. However, according to the Central Limit Theorem (Gujarati, 2009), normality can be ignored because the sample size is large (n > 30).

An autocorrelation test was conducted using the Durbin-Watson method (Ghozali, 2013). The initial results showed a DW value of 0.827 (outside the range of du < DW < 4–du), indicating autocorrelation. After removing outliers, the DW value increased to 2.155 and fell within the acceptable range, indicating that the model is free of autocorrelation.

The multicollinearity test using Tolerance and Variance Inflation Factor (VIF) values showed that all independent variables (ROA, DER, ETR) had Tolerance values > 0.1 and VIF < 10, indicating no multicollinearity.

The heteroscedasticity test using the Glejser method showed that all variables had significance values > 0.05 (ROA = 0.100; DER = 0.127; ETR = 0.521), indicating that the model is free of heteroscedasticity.

After removing outliers, the regression model of this study was found to meet all classical assumptions, except for normality, which can be ignored based on the CLT.

Multiple linear regression analysis was used to test the simultaneous influence of return on assets (X1), debt to equity ratio (X2), and effective tax rate (X3) on firm value (Y) using SPSS software. The regression equation obtained is:

$$\textit{Model: } Y = \alpha + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$
$$= -0.382 + 23.177 + 0.994 + 1.372 + e$$

The constant value of -0.382 indicates that if all independent variables are zero, the company's value will decrease by 0.382. The ROA coefficient of 23.177 indicates that for every 1-unit increase in ROA, with all other variables held constant, the company's value will increase by 23.177. The DER coefficient of 0.994 means that a 1-unit increase in DER will increase the company's value by 0.994. The ETR coefficient of 1.372 indicates that every 1-unit increase in ETR will increase the company's value by 1.372. All coefficients have positive signs, indicating a positive relationship between each independent variable and the company's value.

Hypothesis Testing

The F-test is used to determine whether the model used in the regression is appropriate (fit). The decision in this test is based on the significance value of the p-value > 0.05, which means that the regression model is not appropriate for use (the hypothesis is rejected). If the p-value is < 0.05, then the regression model is suitable for use (the hypothesis is accepted) (Ghozali, 2013). The results of the F-test can be seen in Table 1 as follows:

Table 1. Result of the F-Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.377	3	42.459	42.396	.000[b]
	Residual	95.141	95	1.001		
	Total	222.519	98			

Source: Secondary data, processed in 2025

Based on Table 1, the F-test results show that the F_{count} value in the ANOVA table is 42.396 with a significance value less than 5% probability, which is 0.000. Thus, it can be concluded that the regression model in this study is fit and has a simultaneous or joint effect from all independent variables, namely *return on assets, debt to equity ratio*, and *effective tax rate* on company value.

The coefficient of determination (R^2) is used to measure how well the model can explain the variation in the dependent variable (Ghozali, 2013). The coefficient of determination ranges from zero to one. If R^2 has a small value, it means that the independent variables have limited ability to explain the variation in the dependent variable. If the R^2 value is close to one, it means that the independent variables provide almost all the information needed to predict the variation of the dependent variable (Ghozali, 2013). The results of the coefficient of determination (R^2) test can be seen in Table 2. as follows:

Table 2. Results of the Coefficient of Determination Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.757[a]	.572	.559	1.00074	2.155

Source: Secondary data, processed in 2025

Based on the data above, the multiple determination analysis shows that the percentage of influence of the independent variables on the dependent variable is indicated by the Adjusted R Square value of 0.559, so the multiple determination coefficient is 0.559 x 100% = 55.9%. This means that the fluctuations in the dependent variable, namely company value, are influenced by the independent variables, namely return on assets, debt to equity ratio, and effective tax rate, by 55.9%. The remaining 44.1% is influenced by other variables not examined in this study.

The t-test essentially shows how much influence one independent variable individually has in explaining the dependent variable (Ghozali, 2013). In the t-test, the calculated t-value is compared with the table t-value. If the calculated t-value is greater than the table t-value or the probability is less than the significance level (Sig <0.05), then the independent variable has an effect on the dependent variable. The results of the partial test (t-test) can be seen in Table 3. as follows:

Table 3. Partial Test Results (t-test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.382	.233		-1.637	.105
	X1	23.177	2.171	.753	10.675	.000
	X2	.994	.196	.376	5.068	.000
	X3	1.372	2.386	.043	.575	.566

Source: Secondary data, processed in 2025

The first hypothesis in this study is that return on assets affects company value. A t-test was used in all regression models to test the hypotheses in this study. The test was conducted using a significance level of 5%.

Based on Table 3, the results of the first hypothesis testing show that the regression coefficient of return on assets is 23.177, the t-value is 10.675, and the significance value is 0.000 (significance level < 0.05). Furthermore, return on assets affects company value, as indicated by a significance of 0.000, which is less than 0.05. Therefore, it can be concluded that hypothesis 1 in this study is accepted.

The Second Hypothesis In This Study Is That Debt To Equity Ratio Affects Company Value

The t-test was used in all regression models to test the hypotheses in this study. The test was conducted using a 5% significance level. Based on Table 3, the results of the second hypothesis test show that the regression coefficient of the debt to equity ratio is 0.994, with a t-value of 5.068 and a significance value of 0.000 (significance level < 0.05). Furthermore, the debt to equity ratio affects company value, as indicated by a significance of 0.000, which is less than 0.05. Therefore, it can be concluded that hypothesis 2 in this study is accepted. The third hypothesis in this study is that the effective tax rate does not affect company value. The t-test was used in all regression models to test the hypotheses in this study. The testing was conducted using a 5% significance level. Based on Table 3, the results of the third hypothesis testing show that the regression coefficient of the effective tax rate is 1.372, the t-value is 0.575, and the significance value is 0.566 (significance level < 0.05).

Furthermore, the effective tax rate has an effect on company value, as indicated by a significance level of 0.566, which is greater than 0.05. Therefore, it can be concluded that hypothesis 3 in this study is rejected.

DISCUSSION

Return On Assets (ROA) Has A Significant Effect On Company Value

The analysis results indicate that Return on Assets (ROA) has a significant effect on company value in the food and beverage sector for the period 2020–2024 (significance value = 0.000 < 0.05). ROA, calculated as the ratio of net profit to total assets, serves as an indicator of asset utilization efficiency in generating profit. The higher the ROA, the more efficient the use of

assets and the better the performance signals received by investors. As a reflection of management performance, ROA plays a role in shaping investors' perceptions of a company's prospects and can drive increases in stock prices and company value. According to Sofiani (2022), an increase in ROA indicates successful financial management that supports the objective of maximizing shareholder welfare. Within the agency theory framework, ROA also functions as a managerial performance control tool that helps align the interests of agents and principals when managers increase ROA, investor confidence increases and sends positive signals to the market. These findings are consistent with previous research (Lekok, 2023; Ulfa & Asyik, 2018).

The Debt to Equity Ratio (DER) has a significant effect on company value

The analysis results indicate that the Debt to Equity Ratio (DER) has a significant effect on company value in the food and beverage sector for the period 2020–2024 (significance value = 0.000 < 0.05). DER measures the extent to which a company's debt is supported by its own equity, reflecting financial risk and capital management efficiency. An optimal DER value can enhance company value through leverage benefits, such as tax savings from interest expenses, while an excessively high DER increases financial risk. According to Putri (2020) and Imanah (2021), proper management of the debt-to-equity ratio can maximize company value, attract investor interest, and drive stock price increases. From an agency theory perspective, debt can serve as a disciplinary mechanism for management, although excessive proportions may trigger conflicts of interest and reduce company value. This finding is consistent with the research by Jesisca (2023).

Effective Tax Rate (ETR) Does Not Significantly Affect Company Value

The analysis results indicate that Effective Tax Rate (ETR) does not significantly affect company value in the food and beverage sector for the period 2020–2024 (significance value = 0.566 > 0.05). ETR, which is often used as a proxy for tax avoidance, is not a primary indicator for investors in assessing company performance or prospects because it is influenced by other factors such as accounting policies and tax incentives.

According to Syafitri (2019), the amount of tax paid by a company generally does not influence investor decisions, so tax avoidance practices do not directly impact investment interest. From an agency theory perspective, tax avoidance can be carried out by managers for personal gain, which reduces transparency and increases risk, and thus is not reflected in an increase in company value. This finding is consistent with Irma Suryani's (2025) research, which states that ETR does not affect company value.

The analysis results indicate that Return on Assets (ROA), Debt to Equity Ratio (DER), and Effective Tax Rate (ETR) simultaneously have a significant impact on company value in the food and beverage sector during the 2020–2024 period (significance value = 0.000 < 0.05). ROA reflects management efficiency in managing assets to generate profits, thereby reducing agency conflicts by demonstrating alignment of interests between managers and shareholders. DER serves as an indicator of capital structure and an external discipline mechanism through interest payment obligations, encouraging managers to manage funds more efficiently. Meanwhile, ETR, which represents tax avoidance practices, can create new agency conflicts if done aggressively for the personal interests of managers, which risks damaging the company's reputation and sustainability.

Based on agency theory, these three indicators influence firm value through control and incentive mechanisms between agents and principals. These findings are consistent with the research of (Anggraini & Yudiantoro, 2023) and Kevin Rizky Dwiputra (2022).

CONCLUSION

Based on testing using a multiple linear regression model on panel data of food and beverage companies for the period 2020–2024 (after meeting the classical assumption test requirements), the following conclusions can be drawn. First, Return on Assets (ROA) partially has a positive effect on firm value; this confirms that operational performance, as reflected in the ability to generate profits on assets, enhances investors' perceptions of the firm's prospects and drives an increase in valuation. Second, the Debt to Equity Ratio (DER) partially influences firm value, indicating that financing structure and leverage levels signal risks and benefits (including tax effects on interest) that can affect market evaluations of firm value. Third, the Effective Tax Rate (ETR) does not show a significant effect on firm value in this sample, indicating that ETR as calculated in this study may not be a key indicator used by investors to assess firm value prospects or that variations in ETR are influenced by accounting technicalities, tax incentives, or fiscal policies that are not directly linked to market perceptions during the study period. Suggestions for further research:

1) Expand the sample across sectors and include loss-making companies to reduce bias and improve generalizability.
2) Use alternative proxies for tax avoidance (e.g., BTD, cash ETR) and conduct robustness tests.
3) Address endogeneity using causal methods (IV, GMM, or 2SLS) and add important controls (size, ownership, cash flow).

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