

The Role of Managerial Ownership as Moderating the Effect of Profitability, Accounting Prudence, and Tax Planning on Firm Value

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ABSTRACT

Investors' views on the successful performance of a company are reflected in the company's value, which is generally influenced by fluctuations in the market share price. Throughout the current year, the stock prices of companies engaged in the raw material production sector have decreased consistently. The purpose of this study is to analyze the effect of profitability, accounting prudence, and tax planning on firm value and evaluate the role of managerial ownership as a moderating variable in this relationship in raw material producing companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. This study involved a population of 311 companies, with a sample of 81 companies observed for three years, resulting in a total of 243 observation data. The sample selection in this study was carried out using purposive sampling method, while data analysis was carried out by applying multiple linear regression and moderation regression. The findings in this study indicate that profitability, accounting prudence, and tax planning have an influence on firm value. Managerial ownership is proven to moderate the effect of profitability and accounting prudence, but does not moderate the effect of tax planning on firm value. These results imply that future researchers are advised to explore other moderating variables that are more relevant in moderating the effect of tax planning on firm value, considering that managerial ownership does not show a significant moderating role in this effect.

Keywords: Accounting Prudence; Firm Value; Managerial Ownership; Profitability; Tax Planning.

INTRODUCTION

Amid the globalization era which is experiencing swift progress, in the business world is facing increasingly fierce competition. Many companies compete to improve product quality and implement effective strategies to strengthen their position in the market and increase company value in each period (Anggraeni & Mulyani, 2020). Firm value serves as the main indicator in assessing the extent to which the company has achieved its success (Yani & Stiawan, 2022). When a company's value rises, the stock price generally increases, which in turn boosts shareholder welfare and attracts potential investors (Angelisa et al., 2023). Consequently, an increase in company value leads to a higher share price in the market. Conversely, a decline in the company's profit can reduce its value, as lower profits tend to negatively impact investors' perceptions, prompting them to move their investments to other stocks deemed more profitable.

Raw material producing companies are one of the critical elements in supporting company value and global economic growth. This sector includes companies that produce raw materials and natural resources to support the production of goods, services, and basic needs of society. According to the Indonesia Stock Exchange (IDX) classification, companies categorized as raw material providers encompass those in the agriculture and mining sectors. However, in 2021 due to a new classification, the sector was split into three new sectors, namely energy, basic materials, and primary consumer goods (consumer non-cyclical) to more accurately reflect changes in the industrial structure and contribution of each sector. There is a phenomenon that there is a decline in the share price of companies producing raw materials from 2021 to 2023, which is caused by a combination of internal and external factors such as regulatory changes, global economic

uncertainty, and commodity price dynamics. This decline in stock prices has an impact on reduced investor confidence, showing how closely related stock prices and company value are (Junardi et al., 2022).

Tabel 1. Decrease in the Closing Price of Shares in Raw Material Producing Companies for the 2021-2023 Period (Presented in Rupiah Per Share)

	Company Name	Closing Share Price		
		2021	2022	2023
1	Bayan Resources Tbk (BYAN)	Rp 27.000	Rp 21.000	Rp 19.900
2	Harum Energy Tbk (HRUM)	Rp 10.325	Rp 1.620	Rp 1.335
3	Aneka Tambang Tbk (ANTM)	Rp 2.250	Rp 1.985	Rp 1.705
4	Wijaya Karya Beton Tbk (WTON)	Rp 246	Rp 191	Rp 108
5	Avia Avian Tbk (AVIA)	Rp 925	Rp 630	Rp 500
6	Berkah Beton Sadaya Tbk (BEBS)	Rp 5.875	Rp 740	Rp 50
7	Sinergi Inti Plastindo Tbk (ESIP)	Rp 124	Rp 58	Rp 50
8	Ifishdeco Tbk (IFSH)	Rp 2.140	Rp 960	Rp 870
9	Panca Budi Idaman Tbk (PBID)	Rp 1.605	Rp 1.575	Rp 1.325
10	Semen Baturaja Tbk (SMBR)	Rp 620	Rp 386	Rp 278
11	Semen Indonesia (Persero) Tbk (SMGR)	Rp 7.250	Rp 6.575	Rp 6.400
12	Satyamitra Kemas Lestari Tbk (SMKL)	Rp 520	Rp 260	Rp 202
13	Formosa Ingredient Factory Tbk (BOBA)	Rp 230	Rp 184	Rp 169
14	Central Proteina Prima Tbk (CPRO)	Rp 95	Rp 53	Rp 51
15	Era Mandiri Cemerlang Tbk (IKAN)	Rp 95	Rp 59	Rp 50
16	Indo Pureco Pratama Tbk (IPPE)	Rp 188	Rp 125	Rp 50
17	Indo Oil Perkasa Tbk (OILS)	Rp 340	Rp 212	Rp 133
18	Panca Mitra Multiperdana Tbk (PMMP)	Rp 484	Rp 410	Rp 262
19	Palma Serasih Tbk (PSGO)	Rp 216	Rp 146	Rp 133
20	Salim Ivomas Pratama Tbk (SIMP)	Rp 456	Rp 414	Rp 376
21	Sekar Laut Tbk (SKLT)	Rp 2.420	Rp 1.950	Rp 282

Source: IDX website, 2024

In maintaining and maximizing firm value, it is important to manage internal aspects to shape investor views and market confidence. Various elements influence firm value, including profitability, accounting prudence, tax planning, managerial ownership functions as a moderating variable, while firm size operates as a control variable. Profitability shows the ability to optimally utilize assets to generate profits, which has a direct impact on investor interest and an increase in firm value (Astuti & Fitria, 2019). A large level of profitability indicates the company's solid performance and its capacity to create optimal profits, thus becoming a promising potential in the future (Andriansyah & Pelitawati, 2023). Profitability is assessed using the Return on Assets (ROA) metric, a ratio that indicates how effectively a company leverages its assets to produce earnings (Puspita et al., 2023). ROA has the advantage of encouraging management to achieve maximum profit and serves as an instrument to evaluate the level of efficiency in capital utilization in generating profits (Savitri et al., 2021). The results of research Janah and Munandar (2022), Yovani and Saleh (2023), and Andriansyah and Pelitawati (2023) prove that profitability affects firm value. While Savitri et al. (2021), and Koeshardjono et al. (2019) prove different results, namely the level of profitability does not play a role in determining company value. Not limited to that, firm value is also influenced by accounting prudence. The principle of prudence emphasizes prudence in valuation, especially in uncertain situations, to prevent overstatement of assets or income and overestimation of liabilities (Yani & Stiawan, 2022). The principle of accounting prudence is still considered controversial

because of its tendency to recognize losses early and profits later (Fahrída & Priyadi, 2021). Although controversial, the principle of prudence is considered important to prevent manipulation of asset valuation and increase the company's share price (Rosharlianti, 2018). Studies conducted Rizkiadi and Herawaty (2020), and Nofianti et al. (2023) It was concluded that firm value is significantly influenced by the implementation of accounting prudence. On the other hand, the findings of the study conducted by Fahrída and Priyadi (2021), Nadira et al. (2022), and Meilany and Hidayati (2020) show accounting prudence has no effect.

Steps to maintain the sustainability of company value can be implemented through tax planning, which is a legal action in minimizing tax liabilities and maximizing after-tax profits (Hidayat & Pesudo, 2019). Reducing the tax burden will increase company profits because expenses become smaller. The increase in profits has the potential to increase stock prices and attract the attention of investors (Janah & Munandar, 2022). Research results Nadira et al. (2022), Mwaluku (2022), and Meilany and Hidayati (2020) prove tax planning can affect firm value. In contrast to the results of Janah and Munandar (2022), and Anggraeni and Mulyani (2020) that tax planning cannot affect. In the study, it is assumed that there is managerial ownership which acts as a moderating variable. The purpose of managerial ownership is to align the interests of shareholders and managers within the organization, so that managers are encouraged to actively participate in decision making, bear risks, and benefit from the results of these decisions (Andriansyah & Pelitawati, 2023). Managers who own company shares are motivated to work more optimally, efficiently, and thoroughly in making decisions, so that company value increases (Fahrída & Priyadi, 2021). Company size is also used as a control variable, because large-scale companies are generally easier to access internal and external funding; thus, the larger the scale of the company, the higher the investor interest and the tendency to increase the value of the company (Dewantari et al., 2020).

Theoretically, it refers to agency theory and signaling. Agency theory explains the relationship between shareholders and management, with managers authorized by the principal to make strategic decisions in optimizing resources (Anggraeni & Mulyani, 2020). However, management's interest problems with the principal can affect management's determination of firm value. So, managerial ownership plays an important role as a form of effort to coordinate the interests of agents and principals (Fahrída & Priyadi, 2021). On the other hand, signal theory is an approach that aims to convey information accurately to improve the effectiveness of decision making (Janah & Munandar, 2022). Through good financial performance and managerial policies, such as managing profitability, implementing accounting prudence, and optimizing tax planning, companies can show positive signs to the market, ultimately affecting investors' assessment of firm value. Based on this foundation, this study aims to empirically test and analyze the effect of profitability, accounting prudence, and tax planning on firm value, as well as test and analyze the role of managerial ownership as a moderator of profitability, accounting prudence, and tax planning on firm value in raw material producing companies listed on the Indonesia Stock Exchange for the period 2021-2023.

Hypothesis Development

Profitability reflects an entity's ability to generate profits. For investors, it is an important indicator for evaluating performance and predicting future performance of a company. Based on the principles of signaling theory, high profitability can convey positive signals about the possibility of future business development to external parties, thereby reducing information asymmetry (Nurhayati & Kartika, 2020). These signals are generally in the form of accounting information that reflects profitability, where higher

profitability indicates better company prospects and has the potential to increase company value. ROA as a measure of profitability can reflect management efficiency in managing assets to generate profits, which in turn has an impact on increasing company value (Puspita et al., 2023). This is in line with the findings of Andriansyah and Pelitawati (2023) and Puspita et al. (2023) that profitability has an influence on firm value. Based on the explanation, a temporary conjecture is generated, namely:

H1: Profitability affects firm value

The principle of prudence can improve earnings quality by reducing the tendency of companies to report earnings excessively, thereby helping users of financial statements to obtain more reliable information (Sinambela & Almilia, 2018). Financial information that reflects high earnings quality provides a positive sign investors that the principle of prudence is being applied. Based on signal theory, there is a unidirectional relationship between prudence and firm value, the higher the application of the principle of prudence, the higher the firm value. This is in line with research Rizkiadi and Herawaty (2020) and Nofianti et al. (2023) states that accounting prudence affects firm value. Based on the explanation above, it can be assumed:

H2: Accounting prudence affects firm value

As a strategy, tax planning aims to enhance the efficiency of tax cost management in accordance with applicable regulations. In the context of agency theory, the principal and management as agents have a common goal to minimize tax costs and maximize after-tax profits (Nadira et al., 2022). Firm value can increase through good tax planning, because tax savings increase after-tax income, which in turn benefits shareholders (Astuti & Fitria, 2019). Through research Meilany and Hidayati (2020) and Mwaluku (2022) demonstrate that tax planning has an impact on firm value. According to the above, the temporary estimate is:

H3: Tax planning affects firm value

A decision taken by managers in the company is believed to have an influence on managerial ownership decisions, with the main focus on maximizing profits, increasing shareholder welfare, and firm value (Rahayu & Andri, 2010). According to agent theory, managers who own shares will feel the effects and risks of each decision, so they will be more careful in making decisions that affect the company's prosperity (Andriansyah & Pelitawati, 2023). Because managers who also act as principals can benefit more from good profitability, which in turn will have an impact on market prices. These findings are in line with Andriansyah and Pelitawati (2023) and Koeshardjono et al. (2019) implies that managerial ownership plays a role in moderating the effect of profitability on firm value. Based on this description, the initial prediction is:

H4: Managerial ownership moderates the effect of profitability on firm value.

In the face of uncertainty, an entity can apply the principle of prudence to generate consistent profits every year. Accounting prudence is important because company activities are often affected by uncertainty, and this principle encourages managers to choose accounting treatments that benefit the company (Habibah & Aisyah, 2021). Based on agency theory, managerial ownership affects management decisions, including the application of prudence-based accounting policies, so as to improve earnings quality and in turn increase firm value (Ghozali & Chariri, 2007). This statement is in line with the

findings of Purwanti and Riduwan (2014) which indicates that managerial ownership can moderate the effect of accounting prudence. From this submission, a temporary estimate:

H₅: Managerial ownership moderates the effect of accounting prudence on firm value.

The separation of shareholders and company operational managers can trigger problems of agent and owner interests. Managerial ownership is a solution to reduce agency conflicts, because managers who own shares will be more aligned with the interests of the owner. The higher the managerial ownership, the more optimal the management's efforts in improving performance and preparing tax planning that supports the interests of shareholders, resulting in an increase in firm value (Murnitawati, 2018). This statement shows conformity with research Murnitawati (2018) which says managerial ownership plays a role in moderating the effect of tax planning. From this basis, the initial statement is:

H₆: Managerial ownership moderates the effect of tax planning on firm value.

METHOD, DATA, AND ANALYSIS

This study refers to the raw material producing entities in the Energy, Basic Materials, and Consumer Non-Cyclicals sectors listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period as a population. The sample selection was carried out using the purposive sampling method. The provisions in the sample selection:

Raw material producing companies listed on the IDX during the period 2021-2023.

Companies that do not experience losses during the observation period.

Companies that have managerial ownership in the observation period.

Tabel 2. Criteria and Number of Research Samples

No	Description	Sample Quantity
1.	Companies that produce raw materials, especially in the energy, basic materials, and consumer non-cyclicals sectors.	311
2.	Delisted raw material producing companies.	(15)
3.	Companies that have suffered losses.	(42)
4.	Newly 'd raw material producing companies	(48)
5.	Companies that do not have managerial ownership.	(125)
Number of companies that meet the criteria		81
Research Year		3
Number of observations in this study (3 x 81)		243

Source: Processed by the author, 2024

This study employs a quantitative approach, utilizing secondary data obtained from annual and audited financial reports of raw material-producing companies, specifically those in the energy, basic materials, and consumer non-cyclicals sectors, for the 2021-2023 period. Data collection in this study was carried out using literature study techniques (documentary studies), with the main source coming from secondary data. The data was reviewed, categorized, and analyzed, especially the financial statements obtained from the official website www.idx.co.id. In addition, scientific journals were also used as supporting references.

Operational Definition and Measurement of Variables

This study uses dependent variables, independent variables, moderating variables and control variables, which can be seen in the following table:

Tabel 3. Definition and Measurement of Variables

Variables	Operational Definition	Indicator	Scale
Value Company (Y)	Reflects investors' views on the company's performance, which is usually reflected in the value of shares (Yani & Stiawan, 2022).	$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$ (Meilany & Hidayati, 2020)	Ratio
Profitability (X1)	Profitability refers to this ratio provides an overview of the company's efficiency in making profits in a certain period of time (Savitri et al., 2021).	$ROA = \text{Net Income} / \text{Total Asset}$ (Meilany & Hidayati, 2020)	Ratio
Accounting Prudence (X2)	Accounting prudence is a prudent attitude in the presentation of financial statements, by delaying revenue and profit recognition and considering future risks and uncertainties (Nofianti et al., 2023).	$CONACC = \frac{NIO + Dep - CFO \times (-1)}{\text{Total Assets}}$ (Meilany & Hidayati, 2020)	Ratio
Tax Planning (X3)	Tax planning is a strategy designed to manage the company's finances and accounting in order to legally reduce tax liabilities in accordance with applicable tax provisions (Anggraeni & Mulyani, 2020).	$CETR = \frac{\text{Cash Tax Paid } i, t}{\text{Pretax Income } i, t}$ (Nadira et al., 2022)	Ratio
Managerial Ownership (Z)	Managerial ownership is a condition when management also owns company shares, so that it plays a dual role as a manager and shareholder who is directly involved in entity decision making (Andriansyah & Pelitawati, 2023).	$\text{Managerial Ownership} = \frac{\text{Total share owned by management}}{\text{Total Share}}$ (Andriansyah & Pelitawati, 2023)	Ratio
Size Company (K)	It is a scale by showing the size of the business entity, which is usually measured through total assets, stock market value, logarithm of company size, and other relevant indicators (Dewantari et al., 2020).	$\text{Company Size} = \text{Ln (Total Asset)}$ (Savitri et al., 2021)	Nominal

Source: From various research journals, 2024

To support the discussion, analysis, and hypothesis testing process, this research utilizes SPSS version 25 software as a tool in data processing and analysis. The analysis techniques used include descriptive statistical analysis, multiple linear regression analysis, classical assumption test, hypothesis testing, Moderated Regression Analysis (MRA) test, and correlation analysis with control variables.

RESULTS AND DISCUSSION

Results

Descriptive Statistical Test Results

Descriptive analysis includes minimum, maximum, average, and standard deviation values. Of the 243 companies observed (81 companies for 3 years of observation), it is known that the data is not normally distributed so that the outlier selection process and data transformation are carried out. The outlier test results show that there are 7 data with extreme values, the final number of observations becomes 236 companies. The analysis results for each variable are presented as follows.

Tabel 4. Descriptive Statistics Results

Variables	N	Min	Max	Mean	Std. Deviation
PBV	236	0.1779	9.5931	1.971061	1.7124336
ROA	236	-3.2190	58.5200	9.179427	9.5267771
CONACC	236	-0.9441	0.0770	-0.305935	0.2147216
CETR	236	-844.9809	234.2882	-34.904628	88.9772190
KM	236	0.0000	92.0348	17.667859	24.9373002
Size	236	25.1610	32.8599	29.128061	1.7813556

Source: SPSS processed data, 2025

Classical Assumption Test Results

Results: Normality, Multicollinearity, Heteroscedasticity, and Autocorrelation

The results of the various tests performed are summarized in the Table:

Tabel 5. Summary of Classical Assumption Testing

Test	Test Equipment	Results	Criteria (Ghozali, 2018)	Conclusion
Normality	<i>Kolmogorof-Smirnov</i>	Sig value 0.200	Sig > 0,05	Normal
Multicollinearity	VIF and <i>Tolerance</i>	VIF < 10 Tolerance > 0,1	VIF < 10 Tolerance > 0,1	Not happening
Heteroscedasticity	Scatterplot	Randomly scattered points	Randomly scattered points	Not happening
Autocorrelation	Durbin-Watson (DW)	0 < d < dl where 0 < 0,933 < 1,633	DW Test (Durbin Watson) Assessment	Not happening

Source: SPSS processed data, 2025

Because the regression model has met all the classical assumption tests, this model meets the criteria as BLUE (Best Linear Unbiased Estimator).

Hypothesis Testing Results

Multiple Linear Regression Analysis Results

Using multiple linear regression analysis, this study investigates how profitability, accounting prudence, and tax planning influence firm value in raw material-producing companies listed on the IDX during the 2021–2023 period, with firm size included as a control variable. The results of the analysis are detailed as follows:

Tabel 6. Testing Multiple Linear Regression Results

Model		Coefficients ^a		t	Sig.	
		Unstandardized Coefficients				Standardized Coefficients
		B	Std. Error			Beta
1	(Constant)	.922	.359	2.568	.011	
	ROA	.011	.002	4.894	.000	
	CONACC	.318	.101	3.150	.002	
	CETR	.001	.000	2.677	.008	
	Size	-.026	.012	-2.136	.034	

Source: SPSS Processed Data, 2025

Based on the results of multiple linear regression analysis presented in the table, the regression equation is obtained as follows:

$$Y = 0,922 + 0,011X_1 + 0,318X_2 + 0,001X_3 - 0,026K$$

Results of the t-test

To test each hypothesis, a partial test (t-test) is used to determine the significant effect of each independent variable on the dependent variable. Based on SPSS output, the t-count values for profitability, accounting prudence, tax planning, and the control variable company size are 4.894; 3.150; 2.677; and |2.136| respectively. With a sample size of 236 and four independent variables, the degree of freedom (df) is 231, resulting in a t-table value of 1.652 at the 0.05 significance level. The t-test results presented are:

Tabel 7. Testing the Results of the Test

Variables	t	Sig.	Description
Profitability (ROA) (X_1)	4.894	.000	Influential
Accounting prudence (CONACC) (X_2)	3.150	.002	Influential
Tax Planning (CETR) (X_3)	2.677	.008	Influential

Source: SPSS processed data, 2025

Test Results of the Coefficient of Determination (R²)

Using adjusted R² as the main indicator is more accurate than R², which tends to increase as variables are added. Adjusted R² has been adjusted to avoid this bias. The test results are presented in the table below:

Tabel 8. Test Results of the Coefficient of Determination (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.434 ^a	.188	.174	.3259132

Source: SPSS processed data, 2025

Moderated Regression Analysis (MRA) Results

The analysis method used to test the effect of moderator variables without reducing the number of samples. The technique is done by adding interaction variables, which is the result of multiplication between independent variables (profitability, accounting prudence, and tax planning) and moderator variables (managerial ownership). The results of the MRA analysis are presented in the following table:

Tabel 9. MRA Test Results Model I First and Second Equations

		Coefficients ^a				
Model		Unstandardized Coefficients		t	Sig.	Keterangan
		B	Std. Error			
Press 1	(Constant)	-0.009	0.034	-0.251	0.802	
	ROA	0.013	0.002	5.820	0.000	
	KM	0.002	0.001	2.570	0.011	Significant
Press 2	(Constant)	0.022	0.036	0.599	0.550	
	ROA	0.010	0.003	4.090	0.000	
	KM	0.000192	0.001	.155	0.877	
	ROA*Z	0.000206	0.000	2.310	0.022	Significant

Sumber: Data olahan SPSS, 2025

From the results of the regression test shown in the table above, the regression equation is derived as follows:

$$\text{Equation 1} = Y = -0,009 + 0,013X_1 + 0,002Z$$

$$\text{Equation 2} = Y = 0,022 + 0,010X_1 + 0,000192Z + 0,000206X_1*Z$$

Based on these results, it is concluded that managerial ownership acts as a quasi moderator variable. This can be seen from its ability to act as an independent variable in the first equation, and successfully moderate the effect of profitability on firm value (second equation). These results indicate that hypothesis H4 is accepted, which means that managerial ownership moderates the effect of profitability on firm value.

Tabel 10. MRA Test Results Model 2 First and Second Equations

Model		Coefficients ^a				Keterangan
		Unstandardized Coefficients		t	Sig.	
		B	Std. Error			
Press 1	(Constant)	0.217	0.044	4.909	0.000	
	CONACC	0.312	0.107	2.921	0.004	
	KM	0.002	0.001	1.945	0.053	Not Significant
Press 2	(Constant)	0.157	0.047	3.305	0.001	
	CONACC	0.121	0.122	0.994	0.321	
	KM	0.006	0.002	3.686	0.000	
	CONACC*Z	0.015	0.005	3.110	0.002	Significant

Source: SPSS processed data, 2025

Based on the regression test results in the table above, the regression equation is obtained as follows:

$$\text{Equation 1} = Y = 0,217 + 0,312X_2 + 0,002Z$$

$$\text{Equation 2} = Y = 0,157 + 0,121X_2 + 0,006Z + 0,015X_2*Z$$

These findings suggest that managerial ownership functions as a pure moderating variable, as it does not exhibit a direct influence as an independent variable in the initial model, yet it successfully moderates the relationship between accounting prudence and firm value in the subsequent model. This supports the acceptance of hypothesis H5, confirming that managerial ownership moderates the impact of accounting prudence on firm value.

Tabel 11. MRA Test Results Model 3 First and Second Equations

Model		Coefficients ^a				Keterangan
		Unstandardized Coefficients		t	Sig.	
		B	Std. Error			
Press 1	(Constant)	.148	.029	5.053	0.000	
	CETR	.001	.000	3.400	0.001	
	KM	.002	.001	2.218	0.027	Significant
Press 2	(Constant)	.156	.030	5.262	0.000	
	CETR	.001	.000	3.710	0.000	
	KM	.001	.001	1.151	0.251	
	CETR*Z	-2.198E-5	.000	-1.507	0.133	Not Significant

Source: SPSS processed data, 2025

Based on the regression test results in the table above, the regression equation is obtained as follows:

$$\text{Equation 1} = Y = 0,148 + 0,001X_3 + 0,002Z$$

$$\text{Equation 2} = Y = 0,156 + 0,001X_3 + 0,001Z - 0,00002198X_3*Z$$

Based on the results, managerial ownership acts as a moderating predictor variable, which has a direct effect as an independent variable in the first equation, but does not succeed in moderating the effect of tax planning on firm value in the second equation. This result means that hypothesis H6 is rejected, which means that managerial owner ship is unable to moderate the effect of tax planning on firm value.

Correlation Analysis Results of Control Variables

The control variable correlation analysis is conducted to test the effect of company size as a control variable on the relationship between the independent variables (profitability, accounting prudence, and tax planning) and the dependent variable, namely firm value. The test results are presented in the following table:

Tabel 12. Summary of Partial Analysis Results with Company Size Control Variables

Control Variables		Correlations				
		PBV	ROA	CONACC	CETR	
-none ^a	PBV	Correlation	1.000	0.229	0.170	0.222
		Significance (2-tailed)	.	0.000	0.009	0.001
Size	PBV	Correlation	1.000	0.231	0.180	0.221
		Significance (2-tailed)	.	0.000	0.006	0.001

Source: SPSS processed data, 2025

DISCUSSION

The Effect of Profitability on Company Value

The initial hypothesis states that profitability has an influence on firm value. In other words, an increase in a company's profitability tends to be followed by an increase in its firm value, and vice versa. Return on Assets (ROA) is used as an indicator to measure profitability, reflecting the company's efficiency in managing its assets during operational activities. A high ROA indicates the company's strong ability to generate profits, thereby enhancing its attractiveness to investors (Rizkiadi & Herawaty, 2020). According to the Signaling Theory, high profitability serves as a positive signal to the market regarding the company's business prospects and financial stability. This signal strengthens investor confidence, which subsequently leads to an increase in demand for the company's shares (Nurhayati & Kartika, 2020). The rise in demand drives up share prices, which reflects a higher firm value. In this context, profitability not only represents internal financial performance but also influences market perception and investment decisions.

These results are consistent with the findings of Andriansyah and Pelitawati (2023), Puspita et al. (2023), and Janah and Munandar (2022) profitability affects firm value. Contrary to the results of Savitri et al. (2021) and Koeshardjono et al. (2019) which concludes that profitability has no effect on firm value.

The Effect of Accounting Prudence on Firm Value

Verification of the second hypothesis indicates that accounting prudence has an influence on firm value, which means that the higher the level of prudence in financial reporting, the greater the firm value. The application of the prudential principle presents a more accurate and precise financial reporting by avoiding recording excessive profits, thus reflecting the actual financial condition (Rizkiadi & Herawaty, 2020). This reliable financial information helps investors assess company performance objectively, reduces the risk of decision-making errors, and ultimately enhances investor confidence and firm value. These findings are consistent with the concept outlined in Signaling Theory, which posits that the application of prudence sends a positive signal about a company's financial governance and risk management. Investor confidence in the company's credibility and stability increases investment interest, drives higher demand for shares, and positively impacts firm value in the market. Therefore, a high degree of prudence in financial reporting not only reflects the quality of the reporting itself but also strengthens investor trust and supports the sustainable growth of firm value.

This research is in line with the findings of Nofianti et al. (2023), and Rizkiadi and Herawaty (2020) which states that accounting prudence firm value. However, these results contradict the research of Fahrida and Priyadi (2021), Nadira et al. (2022), and Meilany and Hidayati (2020) found accounting prudence has no effect.

The Effect of Tax Planning on Firm Value

The findings of the third hypothesis indicate that tax planning strategies have a significant impact on firm value. The more optimally tax planning is implemented, the more efficient the company becomes in managing its tax obligations. Tax planning is a managerial strategy aimed at legally and efficiently optimizing a company's tax liabilities. Through proper tax planning, companies can minimize their tax burden without violating regulations, thereby increasing net income after tax. Higher post-tax profits reflect healthier financial performance and enhance the company's capacity to finance operational and investment activities. According to Agency Theory, management as the agent and shareholders as the principal share a common interest in maximizing firm value, one of which can be achieved through tax efficiency (Nadira et al., 2022). Tax savings allow the company to retain more cash, strengthen its financial position, and create added value for shareholders. This condition serves as a positive signal to investors, encouraging increased demand for the company's shares and leading to a rise in market value. Therefore, effective tax planning functions not only as a tool for fiscal efficiency but also as a strategic instrument to enhance competitiveness and support the sustainable growth of firm value.

In line with the findings of Meilany and Hidayati (2020), Mwaluku (2022), and Puspita et al. (2023) which says tax planning affects firm value. However, these findings contradict the research of Janah and Munandar (2022) and Anggraeni and Mulyani (2020) which concluded that tax planning has no effect on firm value.

Managerial Ownership Moderates the Effect of Profitability on Value

The fourth hypothesis suggests that managerial ownership moderates the effect of profitability on firm value. This means that the higher the proportion of managerial ownership, the stronger the relationship between profitability and firm value, thus increasing firm value. Managers, acting as owners, have a greater incentive to make decisions oriented toward maximizing profits, increasing shareholder

welfare, and optimizing firm value (Rahayu & Andri, 2010). To increase profitability, managerial share ownership is necessary, which can encourage decision-making that is more oriented toward increasing firm value. In line with agency theory, managerial ownership reduces conflicts of interest between management and shareholders, as managers are more motivated to act in the overall best interests of the company. Direct involvement in ownership encourages management to focus on profit growth and increasing firm value (Andriansyah & Pelitawati, 2023).

Managerial ownership encourages more efficient and strategic corporate management. When profitability increases, managers who own shares in the company tend to make more cautious and long-term decisions because they directly experience the effects of implemented policies. This method fosters investor confidence and accelerates share price appreciation, thus positively impacting company value. Furthermore, significant managerial ownership creates incentives to maintain business sustainability and ensure long-term profitability stability. The results of this study are in line with the findings of Andriansyah and Pelitawati (2023) and Koeshardjono et al. (2019) states that managerial ownership strengthens the effect of profitability on firm value. However, the results of the study contradict the findings of Fahrida and Priyadi (2021) which shows managerial ownership has a role in weakening this influence.

Managerial Ownership Moderates the Effect of Accounting Prudence on Value

The fifth hypothesis suggests that managerial ownership can moderate the impact of accounting prudence on firm value. A rise in managerial ownership typically enhances the implementation of prudential principles in accounting practices, which, in turn, has a positive effect on firm value. The application of the principle of prudence aims to reduce uncertainty and prevent manipulation of financial statements that can harm the company. By applying this principle appropriately, companies can record more stable profits from period to period, which in turn increases firm value (Sinambela & Almilialia, 2018).

Accounting prudence plays a crucial role in business decision making, especially in the face of uncertainty. This principle encourages management to determine appropriate accounting policies in accordance with the company's situation and focus on business continuity (Habibah & Aisyah, 2021). In the context of agency theory, share ownership by managers reduces conflicts of interest with shareholders, because managers who own shares tend to make decisions that support common interests. Proper application of prudence reduces the potential for earnings manipulation and increases the credibility of financial statements, thus strengthening investor confidence and stabilizing the company's stock market (Ghozali & Chariri, 2007). This statement indicates that an entity with a large level of managerial ownership is more effective in applying the principle of prudence, ensuring the quality of stable and accurate financial reports that make investors trust ultimately leads to an increase in firm value. This finding is in accordance with the results of Purwanti and Riduwan (2014) which shows that managerial ownership can moderate the effect of accounting prudence on firm value. However, this finding contradicts the research of Fahrida and Priyadi (2021) which states that managerial ownership cannot moderate the effect of accounting prudence on firm value.

Managerial Ownership Moderates the Effect of Tax Planning on Value

In the sixth hypothesis, the results of managerial ownership cannot moderate the effect of tax planning on firm value, which means that managers tend to focus on optimizing company profits, not

on tax planning. This is not in line with agency theory. Several factors may explain this finding. First, tax planning is generally managed by the finance or accounting department, so the role of top management in this process is limited. Second, the complexity of tax rules and dynamic fiscal policies make companies more dependent on tax professionals than policies based on share ownership by managers. In addition, investors pay more attention to compliance and transparency in tax reporting than managerial shareholding. If tax planning is done in a way that is not transparent or leads to aggressive practices, this can actually reduce the value of the company because it reduces investor confidence in the financial statements and stability of the company.

This study concludes that companies should focus on tax compliance, financial statement transparency, and efficient capital structure management to increase firm value. Therefore, managerial ownership is not proven to moderate the effect of tax planning on firm value, which indicates that tax planning operates independently, without being influenced by managerial ownership in determining firm value. In accordance with the findings of Hendra and Erinosa (2020) which reveal that managerial ownership is unable to moderate the effect of tax planning on firm value. Meanwhile, the results of this study differ from the findings of Murnitawati (2018) which found that managerial ownership can actually moderate this influence.

CONCLUSIONS AND SUGGESTIONS

As for the results of the analysis, this study concludes that profitability, accounting prudence, and tax planning affect firm value. In addition, managerial ownership is proven to strengthen or weaken (moderate) the effect of profitability and accounting prudence on firm value, but does not have a moderating role in the effect of tax planning on firm value. This study has several limitations, including the removal of extreme data through outlier identification, which may reduce data variability and eliminate potentially important information, thereby limiting the generalizability of the findings. Additionally, the Adjusted R² value of 0.174 indicates that the variables used in this study only explain 17.4% of the variation in firm value, suggesting that other influencing factors remain unexplored and warrant further investigation in future research.

It is important for future researchers to consider to add relevant independent and moderating variables to examine the effect of tax planning on firm value in more depth, expand the industrial sector, and extend the observation period so that the research findings become more representative. For companies, it is important to pay attention to other variables such as capital structure, Good Corporate Governance, and the level of transparency of financial statements as strategic efforts in increasing firm value. Meanwhile, for investors, important to conduct an in-depth analysis of financial statements, financial ratios, and market dynamics, especially in the energy, basic materials, and consumer non-cyclicals sectors that are prone to external fluctuations, in order to identify companies that display performance stability and strong long-term growth potential.

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