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THE INFLUENCE OF INSTITUTIONAL OWNERSHIP, EXECUTIVE CHARACTERISTICS, AND FIXED ASSET INTENSITY ON TAX AVOIDANCE

Cindy Alvionita Alamsyah[1]; Anggun Putri Romadhina [2]

cindyalvionita442@gmail.com, Universitas Pamulang

Abstract
This study aims to analyze the effect of Institutional Ownership, executive characteristics, and fixed asset intensity on tax avoidance in companies listed in the LQ-45 index on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. and then the data used are secondary data obtained from audited financial statements and annual reports. The sample was selected using a purposive sampling technique based on specific criteria relevant to the research objectives. As a result, 9 companies met the criteria over five consecutive years, yielding 45 total observations. Data analysis was conducted using panel data regression with a common effect model, supported by EViews version 13 software. The results show that simultaneously, Institutional Ownership, and executive characteristics, and fixed asset intensity significantly affect tax avoidance. Partially, Institutional Ownership and executive characteristics have a significant impact on corporate tax avoidance, while fixed asset intensity does not show a significant effect. These is findings suggest that institutional ownership and executive leadership play important roles in shaping tax management strategies. In contrast, the proportion of fixed assets held by a company may not directly influence tax avoidance behavior. This study is expected to provide both theoretical and practical contributions for policymakers, tax authorities, corporate management, investors, academics, and future researchers. A better understanding of the factors influencing tax avoidance particularly in large companies listed in the LQ-45 index can support improved tax compliance, stronger governance, and more effective regulatory oversight in Indonesia's capital market.
Keywords: Institutional Ownership, Executive Characteristics, Fixed Asset Intensity, Tax Avoidance.

INTRODUCTION

Indonesia is a country whose funding sources come from tax and non-tax revenues. However, the largest funding source for the country still comes from taxes. The country's revenue in Indonesia, which is significant in the implementation of development, comes from various sectors. Through taxes, the government can finance various Development programs, such as infrastructure, education, health, and other sectors that are oriented towards the welfare of the community. Tax is a mandatory contribution to the state owed by individuals or entities that is coercive based on the law, without receiving direct compensation, and used for state needs for the greatest prosperity of the people (www.pajak.go.id). Because tax is the largest source of revenue, the growth rate of the country heavily depends on tax revenue. Taxpayer compliance is one of the determining factors in the amount of tax revenue received by the state. On the other hand, taxes are often seen as a burden for taxpayers, especially for companies, as they reduce the profits earned. This encourages companies to look for ways to minimize the tax burden they have to pay (Aprilia et al., 2020).

Olivia & Dwimulyani (2019) Taxes for companies are considered a burden, but from the tax authorities' perspective, taxes are a significant source of revenue for the survival of the nation and the state. This condition leads to a difference in interests between the tax authorities and companies. Companies, as agents, want to pay the minimum tax possible, while the tax authorities, as principals, want to maximize tax revenue from taxpayers. Due to the fact that corporate taxpayers have different tax obligations, this can lead these corporate taxpayers to choose to engage in tax avoidance to reduce the amount of tax obligations they must pay to the state. Taxes are seen as a burden and reduce the company's profits, so many companies and other business entities ultimately decide to opt for tax avoidance. Tax avoidance is a company's effort to engage in tax planning to achieve efficiency in the company's taxation so that the taxes

paid become more efficient without violating applicable laws by exploiting loopholes in the existing tax regulations, while tax evasion is a company's effort to reduce the amount of tax paid to the state treasury in violation of applicable laws. Due to the fact that corporate taxpayers have different tax obligations, this can lead these corporate taxpayers to choose to engage in tax avoidance to reduce the amount of tax obligations they must pay to the state. Taxes are seen as a burden and reduce the company's profits, so many companies and other business entities ultimately decide to opt for tax avoidance. Tax avoidance is a company's effort to engage in tax planning to achieve efficiency in the company's taxation so that the taxes paid become more efficient without violating applicable laws by exploiting loopholes in the existing tax regulations, while tax evasion is a company's effort to reduce the amount of tax paid to the state treasury in violation of applicable laws (Tarmizi & Perkasa, 2022).

There is a case related to tax avoidance that is used as a phenomenon in this research that occurred at PT Japfa Comfeed Indonesia Tbk. Japfa Comfeed is an agri-food company that was established and operating since January 1971. Its business fields include animal feed, chicken farming, poultry processing and fish farming, and cattle farming. The products produced include food and beverages with the trademark "SO GOOD". This company is suspected of utilizing the treaty shopping scheme, namely using tax agreements with other countries to obtain lower tax rates through its affiliate Comfeed Trading BV in the Netherlands, PT Japfa Comfeed Tbk managed to reduce its tax burden in Indonesia. The tax court ruled that PT Japfa Comfeed Tbk's arrears were worth zero, but this was not approved by the Director General of Taxes so that it filed a Judicial Review of the court decision dated July 30, 2019. As a result, the Supreme Court granted the Judicial Review through decision Number 2666 / B / Pjk / 2020 so that PT Japfa Comfeed Tbk must still pay the tax shortfall of IDR 23.9 billion (Sindonews.com).

The case of PT Japfa Comfeed Indonesia Tbk provides a concrete illustration of tax avoidance efforts through treaty shopping strategies. Treaty shopping is the practice of companies exploiting international tax agreements between countries to gain undue tax advantages. In this context, PT Japfa Comfeed Indonesia Tbk allegedly used an affiliated company in the Netherlands, Comfeed Trading BV, to reduce its tax obligations in Indonesia. Such practices are often linked to institutional ownership structures. Institutional ownership also plays a role in overseeing corporate strategy because it refers to ownership by institutions, corporations, or other entities with significant interests in investments, including stocks. Typically, institutions such as securities firms, insurance companies, banks, investment firms, and pension funds delegate investment management responsibilities to specific divisions to ensure optimal investment returns (Cahyono, 2022). The existence of institutional ownership can encourage increased supervision of management performance because shares owned by institutions represent a source of power that can be used to support or criticize the existence and decisions of management (Putri & Putra, 2017).

Corporate policy is heavily influenced by the leadership's role in decision-making, including tax avoidance strategies. Each leader has a distinct personality when determining the direction of corporate policy, which can impact the extent of the risks faced. These leadership characteristics can be categorized as risk-takers and risk-averse (Meilia & Adnan, 2017). Risk-taking leaders tend to be more willing to take risks, including utilizing aggressive tax strategies to minimize tax liabilities. Conversely, risk-averse leaders prefer safe strategies, avoid policies that could pose legal or reputational risks, and are more conservative in managing company assets. Therefore, the character of company executives plays a significant role in determining the extent to which a company engages in tax avoidance practices.

Fixed asset intensity, which describes the extent of a company's investment in fixed assets. The choice of fixed asset investments in taxation is influenced by depreciation.

Ownership of fixed assets can impact a company's tax liability due to the inherent depreciation expense. Depreciation is a method of allocating fixed asset costs to systematically reduce their value over their useful life. This is because depreciation expense acts as a tax deduction. A company's decreasing taxable profit will reduce its tax liability (Noviyani & Muid, 2019).

Previous research has shown mixed results regarding factors influencing tax avoidance, including ownership, executive characteristics, and asset structure. For example, research Maulina & Mu'arif (2024) states that institutional ownership has an effect on tax avoidance, while Prasetyo & Pramuka (2018) found the opposite. A similar thing was also seen in the executive characteristics variable; the study Ananda & Wahyuni (2024) showed a positive influence, but Sabita & Mildawaty (2018) stated that there was no significant influence. Likewise with the intensity of fixed assets, which in the study Aprillia et al. (2020) no effect, but different from Prihanita & Amini (2022) which found a positive influence on tax avoidance. This inconsistency indicates that there is no firm conclusion regarding the primary determinants of tax avoidance. Although numerous variables have been examined, systematic studies that simultaneously integrate structural factors (such as fixed assets), ownership (institutional), and managerial behavior (executive characteristics) are still very limited. Yet, these three variables represent important dimensions in corporate financial decision-making: external control, internal preferences, and resource structure.

Therefore, this study contributes by filling this gap by simultaneously analyzing the influence of institutional ownership, executive characteristics, and fixed asset intensity on tax avoidance, particularly in LQ-45 companies with large scale and high governance complexity. Furthermore, the observation period, which covers the pre-, during, and post-pandemic periods, provides a richer economic context for examining the consistency of tax avoidance behavior acros various external conditions.

LITERATURE REVIEW

Agency Theory

Agency theory posits a contractual relationship between the principal (owner or shareholder) and the agent (manager) responsible for managing the company. According to Jensen and Meckling (1976), an imbalance of interests between the two can potentially lead to agency conflicts. Agents possess more information and can act in their own interests, including making tax avoidance decisions that do not always align with the interests of the company's owners. In this context, tax avoidance can be used by managers as a means to increase short-term company profits, but can increase legal and reputational risks, which can negatively impact the owners in the long term.

This conflict of interest is at the heart of tax avoidance, as managers may choose aggressive strategies to reduce their tax burdens in order to achieve performance targets or personal incentives. When monitoring mechanisms are ineffective, this practice is difficult for principals to detect. Therefore, the existence of institutional ownership, executive characteristics, and asset structure are important factors influencing a company's tendency to engage in tax avoidance, as assumed in this research hypothesis. Agency theory explains what happens when superiors delegate their power to subordinates to carry out tasks or authority (Anthony & Govindarajan, 2020). In this case, the phenomenon of corporate tax avoidance is certainly also implemented by guidelines established by the company's managers themselves, as these corporate decisions and guidelines are taken over by the company's managers. In general, business leaders have two personalities: risk-averse and risk-averse.

Signal Theory

Signaling theory, first introduced by Spence (1973), explains how parties with more information (managers) send signals to external parties (investors or the government) through

strategic actions or decisions. In the context of tax avoidance, management's decision to avoid taxes can be a negative signal to investors because it indicates potential legal risks or poor governance practices. Conversely, carefully controlled tax avoidance can also be interpreted as a signal of managerial efficiency in managing the company's fiscal burden. Signaling theory is one theory that explains the importance of measuring company performance for users of financial statements (Sari & Indrawan, 2022). The information owner as the sending party provides a signal or hint in the form of information regarding the company's prospects which shows that the company can be useful or even profitable for investors as the receiving party.

The information conveyed is an effort to reduce the information asymmetry between the two parties introduced by (Akerlof, 1970) Therefore, information provided by the company and received by investors can be observed and analyzed first to distinguish between good and bad. This is intended to influence investors' assessment of the company, with the hope of generating a positive response. If the information provided receives a positive response from investors, it indicates that the promoted company has good financial performance. These two theories are integrated to support the research hypothesis. Agency Theory provides a basis for the potential conflict of interest that drives managers to engage in tax avoidance, while Signaling Theory helps explain how these decisions are perceived by external parties and their impact on company value. Thus, managerial decisions regarding tax avoidance are influenced not only by internal company relationships (agency) but also by how those decisions are interpreted by the market and external stakeholders (signal).

Tax Avoidance

According to Prof. Dr. Mardiasmo, (2003), tax avoidance is an action taken by taxpayers to legally reduce their tax burden by exploiting legal loopholes or weaknesses in tax provisions. However, tax avoidance activities can cause losses for companies such as sanctions imposed by the tax office in the form of fines, can cause a decline in share prices, and for the government, with tax avoidance, income obtained from taxes will be reduced, which can cause losses for the company and it can be said that state revenues also decrease (Hermi & Petrawati, 2023).

In general, tax avoidance is carried out through several strategies, including delaying revenue recognition, exploiting differences in applicable tax rates, and shifting the tax burden to parties subject to lower rates. This practice often exploits loopholes in legally valid tax regulations, but in essence aims to reduce the tax burden a company must pay. Therefore, tax avoidance is often not directly illegal, but it can obscure ethical tax compliance. When a company succeeds in reducing the amount of tax it pays, the potential for legal risks, reputational risks, and future uncertainty can increase. This reflects the fact that tax avoidance is a managerial strategy that has implications for corporate governance and financial decision-making (Alam & Fidiana, 2019).

Institutional Ownership

According to Chasbiandani et al. (2019) institutional ownership is the ownership of shares by parties outside the company owned by institutions such as the government, banks, investment companies, and foreign investors. This can help the principal control the behavior of agents within the company, thereby reducing tax avoidance. Institutional ownership is an institution with a significant interest in investments made, including stock investments. The institution will assign responsibility to a specific division to be able to manage the company's investments. The existence of this institution will monitor investment developments, resulting in increased control over management actions, thus influencing management in making decisions to engage in tax avoidance practices.

According to Sutrisno & Riduwan (2022) Institutional ownership is the capital owned by a company purchased by institutions such as insurance companies, investment companies, and others. Intensive monitoring efforts will be carried out if there are organizational actions at

a higher level to limit opportunistic management behavior and if management reports profits to maximize their personal gain. It can be concluded that institutional ownership is share ownership by external institutions or agencies such as banks, insurance companies, investment companies, and foreign investors. Its main function is to assist major shareholders (principals) in monitoring the performance of the company's management (agents), which ultimately can help reduce tax avoidance practices. This ownership includes capital owned by parties outside the company, excluding subsidiaries and institutions with special relationships.

Rahmawati & Wahyudi (2021) Institutional ownership allows external shareholders to exert greater control over managerial behavior. Agency problems between managers and capital owners can be minimized through institutional ownership. Institutional capital owners should participate in corporate decision-making to avoid easily believing false information about profit manipulation (Jensen & Meckling, 1976).

Executive Characteristics

According to Aisyah & Setiyawati (2019), Executive characteristics are the traits or characteristics possessed by company leaders, reflecting their mindset and decision-making style in managing risk and establishing corporate strategy. One important aspect of these characteristics is risk-taking behavior, which is the extent to which executives are willing to make risky decisions, including tax avoidance policies.

Executives with a risk-taking personality tend to be more aggressive in tax management and seek loopholes to reduce their tax burden through legal but high-risk strategies. Conversely, risk-averse executives are more cautious and avoid policies that could lead to legal or reputational consequences. In this context, managerial characteristics significantly influence a company's propensity to engage in tax avoidance.

Operationally, this study measures executive characteristics based on the tenure of a manager or president director. Long tenure is assumed to correlate with experience and leadership stability, which can influence the boldness of strategic decisions. Long-serving executives tend to have a better understanding of company dynamics and greater confidence in establishing policies, including those related to tax avoidance. (Maulina & Mu'arif, 2024).

Fixed Asset Intensity

PSAK No. 16 of 2015 concerning fixed assets, which has been approved by the Financial Accounting Standards Board, defines fixed assets as follows: fixed assets are tangible assets owned for use in the production or provision of goods or services for rent to other parties, or for administrative purposes and used for more than one year or one period. Meanwhile, according to (Pertiwi & Purwasih, 2023) "Fixed Assets are assets owned by companies that have a useful life of more than one year in the normal activity cycle" (fixed assets are assets owned by a company that have a useful life of more than one year in a normal activity cycle). According to Waluyo (2020) Fixed assets are part of the balance sheet that management presents annually or periodically in financial reports. Fixed assets are classified into two categories: tangible fixed assets and intangible fixed assets.

Fixed assets typically receive tax relief, except for land, which is subject to depreciation. All fixed assets experience depreciation, and depreciation expense can reduce the amount of tax a company pays. The term depreciation has been defined for accounting purposes as the decrease in the value of a fixed asset due to wear and tear over time. Fixed asset intensity describes the extent of a company's investment in fixed assets. The choice of investment in fixed assets for tax purposes is related to depreciation. Ownership of fixed assets can affect a company's tax liability due to the inherent depreciation expense. Depreciation is a method of allocating fixed asset costs to systematically reduce their value over their useful life. This is because depreciation expense acts as a tax deduction. A company's decreasing taxable profit will reduce the company's tax liability.

METHODS

This research is quantitative and utilizes secondary data. It uses annual reports that can be downloaded directly from the Indonesia Stock Exchange website. https://www.idx.co.id/id. This research was conducted online by downloading the annual financial report data of LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023. According to Sugiyono, (2023) Population is defined as a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. Companies listed on the Indonesia Stock Exchange in the mining industry are the subjects of this research. According to Sugiyono, (2023) Samples are part of the number and characteristics possessed by the population. For this reason, samples taken from the population must be truly representative. The sampling method in this study is using purposive sampling. According to Sugiyono (2023), purposive sampling is a technique for sampling data sources with certain considerations. Based on the sample selection criteria for panel data research, namely cross-time series data for the 2019–2023 period, the purposive sampling technique used in this study established the following criteria: (1) companies consistently listed in the LQ-45 index during the 2019–2023 period; (2) companies that regularly published annual financial reports during that period; (3) companies that did not experience losses during 2019–2023; (4) companies that explicitly presented operating profit components in their financial reports; and (5) companies that included depreciation values consecutively for five years. Based on the application of these five criteria, nine companies met all requirements. This number was selected to maintain data quality and ensure the completeness of the information needed to measure all research variables. Therefore, the total data used in this study was 45 observations, representing the results of nine companies over a five-year period.

This study employed quantitative analysis in the form of hypothesis testing with statistical tests. The data analysis technique used was inferential statistics regarding hypothesis testing. The type of inferential statistics used is parametric inferential statistics. This research uses statistics to test population parameters or to test population size using sample data to analyze ratio data. Data analysis in this study was assisted by the EViews program.

RESULTS AND DISCUSSION

Chow Test

Table 1. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.854776	(8,33)	0.1017
Cross-section Chi-square	16.709268	8	0.0333

Source: Data processed by researchers using E-views 13.2024.

The Chow test results obtained a cross-section probability (P-value) of 0.1017 > 0.05. Therefore, hypothesis H1 is rejected and H0 is accepted, indicating that the Common Effect Model is more appropriate.

Hausman Test

Table 2. Hausman Test

Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		1.602421	3	0.6588

Source: Data processed by researchers using E-views 13.2024.

In the Hausman test results, the Chi-Square probability value obtained was 0.6588 > 0.05, so the H1 hypothesis was rejected, H0 was accepted, which means that the Random Fixed Model (REM) is a more appropriate model to use.

Lagrange Multiplier Test

Table 3. Lagrange Multiplier Test

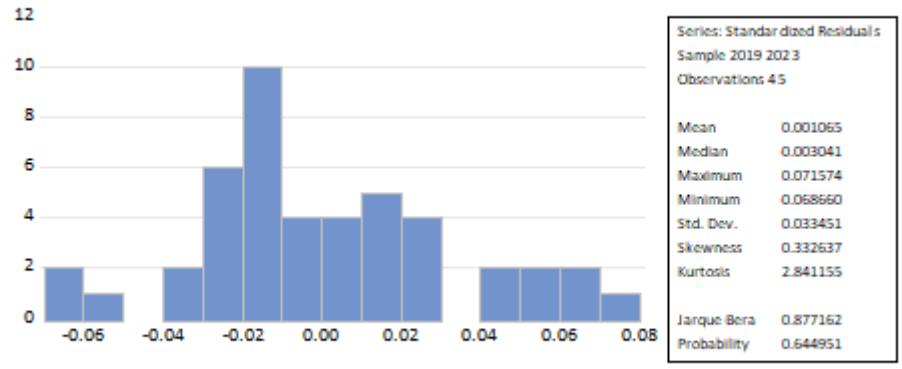
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.808096	10.23394	11.04204
	(0.3687)	(0.0014)	(0.0009)
Honda	0.898941	3.199054	2.897720
	(0.1843)	(0.0007)	(0.0019)
King-Wu	0.898941	3.199054	3.131020
	(0.1843)	(0.0007)	(0.0009)
Standardized Honda	2.043539	3.620829	0.920776
	(0.0205)	(0.0001)	(0.1786)
Standardized King-Wu	2.043539	3.620829	1.218641
	(0.0205)	(0.0001)	(0.1115)
Gourieroux, et al.	--	--	11.04204
			(0.0014)

Source: Data processed by researchers using E-views 13.2024.

From the Lagrange multiplier test, the Breusch-Pagan cross-section was obtained > 0.05, namely 0.3687 > 0.05, so the hypothesis H0 was accepted and H1 was rejected, which means the Common Effect Model is more appropriate.

Normality Test

Picture 1. Normality Test Results



Source: Data processed by researchers using E-views 13.2024.

Based on the results of the histogram curve image and the Jarque-Bera statistical test, it can be seen that the normality test has a probability value of 0.644951 where the probability value is greater than 0.05, namely 0.644951 > 0.05, so it can be said that the data is normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test Result

	IO	EC	FAI
IO	1.000000	-0.096931	0.194117
EC	-0.096931	1.000000	-0.456753
FAI	0.194117	-0.456753	1.000000

Source: Data processed by researchers using E-views 13.

Based on the multicollinearity test table above, it can be seen that none of the independent variables show a high correlation value above 0.90. Therefore, it can be concluded that the model does not exhibit multicollinearity symptoms and can proceed to the next test.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Result

F-statistic	0.596737	Prob. F (3,41)	0.6208
Obs*R-squared	1.882663	Prob. Chi-Square(3)	0.5971
Scaled explained SS	2.269429	Prob. Chi-Square(3)	0.5184

Source: Data processed by researchers using E-views 13.

Based on the table above, the Chi-square probability value is greater than 0.05, namely 0.5971, so it can be concluded that there is no heteroscedasticity.

Autocorrelation Test

Table 6. Autocorrelation Test Result

R-squared	0.230888	Mean dependent var	0.291524
Adjusted R-squared	0.174612	S.D. dependent var	0.148863
S.E. of regression	0.034671	Sum squared resid	0.049285
F-statistic	4.102746	Durbin-Watson stat	1.973602
Prob(F-statistic)	0.012334		
R-squared	0.230888		
Adjusted R-squared	0.174612		

Source: Data processed by researchers using E-views 13.

The results of the autocorrelation test with Durbin-Watson gave a D-W result of 1.973602 which was between -2 and +2, so it can be concluded that there was no autocorrelation.

Multiple Linear Regression

Table 7. Multiple Linear Regression Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.133460	0.030658	4.353185	0.0001
IO	0.095915	0.035784	2.680401	0.0105
EC	0.000156	6.02E-05	2.597957	0.0130
FAI	0.045787	0.036113	1.267894	0.2120

Source: Data processed by researchers using E-views 13.

Based on the table above, the multiple regression equation model is as follows:

$$\boldsymbol{Y = 0.133460 + 0.095915(X1) + 0.000156(X2) + 0.045787(X3)}$$

The constant value is 0.133460, meaning that if the variables Institutional Ownership, Executive Characteristics, and Asset Intensity remain at 0 (zero), then the tax avoidance value is 0.133460.

The regression coefficient for the Institutional Ownership variable is 0.095915, meaning that if the Institutional Ownership variable increases by one unit, the tax avoidance variable

will increase by 0.095915. A positive coefficient indicates a positive relationship between Institutional Ownership and tax avoidance. The higher the Institutional Ownership, the higher the tax avoidance, and vice versa.

The regression coefficient for the Executive Characteristics variable is 0.000156, meaning that if the Executive Characteristics variable increases by one unit, the tax avoidance variable will increase by 0.000156. A positive coefficient indicates a positive relationship between executive characteristics and tax avoidance.

The Regression coefficient for the Fixed Asset Intensity variable is 0.045787, indicating that if the Fixed Asset Intensity variable increases by one unit, the tax avoidance variable will increase by 0.045787. A positive coefficient indicates a positive relationship between fixed asset intensity and tax avoidance.

F-Statistic Test

Table 8. F-Statistic Test

R-squared	0.230888	Mean dependent var	0.291524
Adjusted R-squared	0.174612	S.D. dependent var	0.148863
S.E. of regression	0.034671	Sum squared resid	0.049285
F-statistic	4.102746	Durbin-Watson stat	1.973602
Prob(F-statistic)	0.012334		
R-squared	0.230888		
Adjusted R-squared	0.174612		

Source: Data processed by researchers using E-views 13.

Based on the F-statistic output results shown in the table above, it is obtained at 4.102746 with a significant value of 0.012334. Prob. (F-statistic) is 0.012334, because the results of the F-statistic test (simultaneous test) are <0.05 so that variables X1, X2, and X3 have an effect on Y simultaneously. This shows that Institutional Ownership, Executive Characteristics, and Asset Intensity still have a simultaneous effect on Tax Avoidance.

Statistical Test t-Statistic (Partial)

Table 9. Statistical Test t-Statistic (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.133460	0.030658	4.353185	0.0001
IO	0.095915	0.035784	2.680401	0.0105
EC	0.000156	6.02E-05	2.597957	0.0130
FAI	0.045787	0.036113	1.267894	0.2120

Source: Data processed by researchers using E-views 13.

Based on the results of the hypothesis test in the table above, it shows that:

Institutional Ownership (X1) has a probability value of 0.0105, with a significance value of <0.05 (0.0105 <0.05). Therefore, H2 is accepted and H0 is rejected. This means that institutional ownership has a positive effect on tax avoidance. This result indicates that although institutions have the capacity to monitor management, in practice, institutional ownership does not always suppress aggressive actions such as tax avoidance and may even support it for the sake of profit efficiency.

Executive Characteristics (X2) has a probability value of 0.0130, with a significance value of <0.05 (0.0130 <0.05). Therefore, H3 is accepted and H0 is rejected. This means that executive characteristics influence tax avoidance. These results indicate that managers' backgrounds and personal tendencies can influence corporate decisions, including developing aggressive tax strategies.

Fixed Asset Intensity (X3) has a probability value of 0.2120 where the significance value is <0.05, namely 0.2120 > 0.05 so that H4 is rejected and H0 is accepted, which means that Fixed Asset Intensity has no effect on tax avoidance. This indicates that the size of fixed

assets owned is not enough to influence management's room for maneuver in determining tax policy.

Coefficient of Determination

Table 10. Coefficient of Determination Result

R-squared	0.230888	Mean dependent var	0.291524
Adjusted R-squared	0.174612	S.D. dependent var	0.148863
S.E. of regression	0.034671	Sum squared resid	0.049285
F-statistic	4.102746	Durbin-Watson stat	1.973602
Prob(F-statistic)	0.012334		
R-squared	0.230888		

Source: Data processed by researchers using E-views 13.

The results of the determination coefficient test above obtained an Adjusted R-Square value of 0.174612 or equivalent to 17.4%, so it can be interpreted that the independent variables, namely institutional ownership, executive characteristics, and fixed asset intensity, are able to explain the influence on the dependent variable, namely tax avoidance, by 17.4%, and the remaining 82.6% is explained by other variables that are not included in this research model.

This relatively low Adjusted R^2 value indicates that the model's ability to explain variations in tax avoidance is still very limited. This indicates that other factors influence tax avoidance but are not included in this model. Some potential variables that may contribute but were not included in this study include financial distress. (Ananda & Wahyuni, 2024), leverage, company size, operational complexity, and macroeconomic variables.

These limitations indicate that the model is not yet fully optimal in explaining the phenomenon of tax avoidance. Therefore, it is recommended that future research expand the scope of independent variables or use more complex modeling approaches such as dynamic panel data, as well as consider broader contextual and sectoral factors to increase the explanatory power of the regression model.

CONCLUSION

The results of the F-statistic test (F-Test) indicate that institutional ownership, executive characteristics, and fixed asset intensity simultaneously influence tax avoidance because all three influence a company's strategic decisions. Institutional ownership drives efficiency, executives determine attitudes toward tax risk, and fixed assets provide technical opportunities to legally reduce tax burdens.

The results of the t-statistic test indicate that institutional ownership partially influences tax avoidance. This is because institutional owners encourage profit efficiency, including through tax savings within legal limits.

The results of the t-statistic test indicate that executive characteristics partially influence tax avoidance. This is because their attitudes, experience, and leadership style determine the extent to which a company is willing to take risks in its tax strategy.

The results of the t-statistic test indicate that fixed asset intensity partially does not influence tax avoidance. This is because although fixed assets can provide depreciation opportunities, not all companies utilize them aggressively for tax avoidance purposes.

Suggestion

For future researchers, it is recommended to expand the research population to other sectors, such as non-cyclical consumer companies, food and beverage companies, and others. It is hoped that future researchers can also add other variables that influence tax avoidance practices. Furthermore, future researchers can also extend the research period to ensure data is up-to-date.

For the companies studied, the researcher recommends avoiding tax avoidance practices. By engaging in tax avoidance, companies do not present accurate data, which will impact investors' perspectives, as they may feel disadvantaged. Tax avoidance can also lead to greater tax risks in the future, such as tax penalties and fines.

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