The Influence of Tax Aggressiveness as an Intervening Variable on the Relationship between Managerial Ownership and Firm Value

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Abstract: ***Managers are motivated to behave aggressively in tax planning, to optimize the profit. Nevertheless, too aggressive tax planning can also result in inefficiency. The study aims to show empirical evidence of the effect of managerial ownership on firm value, using tax aggressiveness as an intervening variable on manufacturing companies listed on the Indonesia Stock Exchange during 2012-2014. The samples were taken using purposive sampling method, resulting 63 firm-years observations. Furthermore, the hypotheses are tested using panel data analysis, and Sobel test to examine the influence of intervening variable. The hypotheses testing conveys the result that managerial ownership has a significant positive effect on firm value. Managerial ownership has no significant impact on tax aggressiveness. Tax aggressiveness has a significant negative effect on firm value. The tax aggressiveness has no intervening effect on the positive relationship between managerial ownership and firm value. The results of this study imply that management may apply tax management wisely since tax aggressiveness proved to have a negative effect on the firm value. For shareholders, this information is useful in management control behavior planning, utilizing management ownership and tax avoidance behavior control.***

Index Terms**:** ***Tax Aggressiveness, Managerial Ownership, Firm Value.***

I. INTRODUCTION

The widespread of enterprise ownership to many parties requires the owner (principal) to appoint managers (agent) to manage the company. These managers are expected to control the business as best as possible to increase the value of the company, so that the welfare of shareholders will increase. Rising prices of shares of outstanding companies is one of the firm value's increase indicator [1]. The shareholder will obtain capital gains from the increase in stock price to improve its welfare. However, delegating the company to managers often creates agency problems between managers and owners [2]. Agency problem itself can be reduced if the company implements managerial ownership in the company [3].

According to Sulistiono [3], managers who also own the firm's shares will seek to balance their interests with the interests of the company, so that managerial ownership is seen as the right way to anticipate the agency problem. However, according to the study, there are few evidences of managerial ownership application in Indonesian manufacturing companies. The average share ownership by managers is only 3.85 percent. Therefore, further research is needed to prove that managerial ownership will have a good influence on firm value, with less agency problem.

The relationship of managerial ownership as corporate organs to corporate value can occur through decisions taken by managers. One of the decisions produced by managers as a series of internal mechanisms is tax savings through aggressive action in corporate taxation. This aggressive tax action can employs both legal and illegal decision, as long as the corporate tax burden becomes lower than it should be [4]. According to Ridha and Martani [4], this activity can be utilized by managers to get incentives for low tax expense payments. However, if the manager also acts as a shareholder, it is assumed that the manager will reconsider his decision in applying the tax aggressiveness, because this activity contains risks in it, i.e. fines and tax dispute charges in court if later the tax authorities find tax fraudulent. As the managers and also shareholders, they do not want the company to bear financial difficulties and bankruptcy in the future. This idea is supported by Hanlon & Slemrod [5] and Wahab & Holland [6], that managers tend to behave opportunistically in the conduct of tax aggressiveness, thereby decreasing the value of the firm, as a result of the lower benefits compared to high risk to be detected by the tax authority.

This study will look at the effect of managerial ownership, as a tool to minimize agency problems, to long-term corporate value. This research will also fill the gap of previous research on managerial ownership and corporate value by examining the effect of the tax aggressiveness decisions made by firms as the intervening variables on relationships between managerial ownership and firm value. Tax aggressiveness is interested to be investigated, since Indonesian government set 2015 as the year to coach the taxpayers' compliance, and 2016 as the year of tax law enforcement. From 2016 onwards, the Indonesian government will be stricter in supervising the taxpayer, so the future of aggressive tax activity will be riskier. In the companies with managerial ownership, it is assumed that they tend to undertake non-aggressive taxation, since tax aggressiveness can decrease firm value. In this study, managerial ownership will be measured using the percentage of share ownership by managers as in Kamardin [7] and Sulistiono [3]. The Effective Tax Rate (ETR) is used to measure the tax aggressiveness, as used in Dyreng, Hanlon, Maydew [5].

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While the firm value, is measured using Tobin's Q ratio as used in Darmadi [8], Shintawati [9] and Prasiwi [10]. The population studied are all manufacturing companies listed on the Indonesia Stock Exchange during 2012 until 2014. Manufacturing companies have various industry sub-sectors that are considered to represent various company's characteristics.

Based on the above background, then the questions of this research is as follows:

1. Does managerial ownership have a positive effect on corporate value?
2. Does managerial ownership negatively affect tax aggressiveness?
3. Does tax aggressiveness negatively affect corporate value?
4. Is there an intervening effect of tax aggressiveness on managerial ownership relationships and firm value?

Benefits to be achieved by this research are: managers can evaluate whether the tax aggressiveness can reduce or increase the value of the company, so it can be the basis for tax planning decision; the shareholder can be informed about the effect of managerial ownership on firm value, along with tax aggressiveness factor that can influence; the government may obtain consideration of whether or not to make policy related to the rule of ownership of shares by managers, because managerial ownership can suppress the tax aggressiveness of the company.

II. LITERATURE REVIEW

A. Agency Theory

Ownership of companies listed on the Indonesia Stock Exchange spread in millions of shares, owned by many parties, both individuals and corporations. It would be difficult if all the owners had to manage the business directly. Therefore, these shareholders will hand over the manager according to an agreement. But sometimes there is a difference of interests between the owner and the manager so that the agency problems appear (Jensen & Meckling [2]; Crutchley & Hansen [11]).

The task of managers, in general, is managing the business to increase the prosperity of shareholders, one of them seen from the increase of firm value. But sometimes, maximizing corporate value is not the primary focus of managers, but instead, they are only pursuing personal incentives for their performance. Under this condition, shareholders need to anticipate this comflict of interest, and managerial ownership can be recognized as a solution [3].

Managerial ownership is the percentage of shares owned by managers or directors of a company [7]. Sulistiono [3] finds that managerial ownership can minimize agency problems caused by different interests between shareholders and managers. The smaller agency problem, will encourage managers to make right decisions according to shareholder expectations, which will increase the value of the company for the long term. One of the decisions that allegedly can increase the value of the company is related to tax aggressiveness.

Tax aggressiveness is one of the activities aimed for reducing the tax burden through legal or illegal actions [12]. Managers will, as far as possible, minimize the tax burden to obtain incentives for low tax payments, where the money for tax payments will be transferred into the shareholders' welfare. However, this aggressive tax action contains risks in it, i.e. fines and tax dispute charges in court if tax fraudulent found. The shareholders certainly do not want their business to be in a condition that is at risk of causing trouble in the future.

B. Firm Value

Managers will try to manage the company with the aim of generating high profits, to increase shareholder wealth. They expect to get an incentive for high profits earned, such as annual bonuses. On the other hand, this high profit will attract investors to buy shares, so the stock market price of the company will increase. The owner of the company (shareholder) will tend to maximize the value of the stock and force the manager to act according to their interests through the supervision made [13].

Various concepts can explain the value of the company such as nominal value, market value, intrinsic value, book value and liquidation value. When viewed from the increase in shareholder prosperity through an increase in stock prices, then the concept that is suitable to be used is the market value. The market value is considered as the appropriate one, because the market value is the value that would be paid by the prospective buyer, i.e., the investor through the purchase of shares of the company. Market value is a market perception derived from investors on the condition of the company that can be a measure of corporate value. Increased corporate value as reflected in the increase in stock prices, will further affirm that managers have worked by the interests of shareholders.

C. Managerial Ownership And Firm Value

Some researches have proven the relationship of ownership to firm value (Mishra & Kapil [14]; Li, Wen & Haman [15]). Managerial ownership is the percentage of shares owned by managers or directors of a company [7]. Managers who also own shares of the company will align their interests with their interests as shareholders, while managers in firms without managerial ownership tend to prioritize personal interests.

The manager who acts as a shareholder will try to increase the value of the company, because the increased value of the company will increase the prosperity of him/herself as an individual shareholder, which is indicated by increasing stock market prices [16]. Decisions generated by managers who doubles as a shareholder tend not to be arbitrary, because managers also consider increasing the value of the company. This increase in value will be aligned with the increase in its wealth as a shareholder, through capital gains income.

Previous research by Kamardin [7] proved this with the finding that firm value with managerial ownership tends to be better than the average firm value without managerial ownership. Prior research by Sofyaningsih & Hardiningsih [16] and Alabdullah [17] also resulted in the conclusion that managerial ownership positively affects firm value and performance. Berezinets, Ilina, & Cherkasskaya [18] also relate the ownership characteristics toward firm value. Therefore, hypothesis can be developed as follows:

H1: Managerial ownership in the firm has a positive effect on firm value.

D. Managerial Ownership and Tax Aggressiveness

Manager's effort to increase the company's profit is to minimize the expense, include being aggressive in taxation to reduce the tax burden.

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According to Frank, Lynch, & Lego [18], tax aggressiveness is an action that aims to reduce the tax burden through tax avoidance or tax evasion. According to Ridha and Martani [4], aggressive taxes can take any action as long as the corporate tax burden becomes lower than it should be.

Managerial ownership shows that managers play a double role as a manager who also acts as a shareholder. Managers will minimize the tax burden as much as possible to pursue incentives for high profits, one of which comes from low tax burden payments. However, if the manager also acts as a shareholder, it is alleged that the manager will consider his decision in applying aggressiveness of the tax, because tax aggressiveness has risks in it, i. e. fines and tax dispute charges in court if later any fraud found by the tax authorities. As a manager and shareholder, he/she does not want the company to have financial difficulties and bankruptcy. Gaaya, Lakhal & Lakhal [19] try to relate the ownership characteristics with the corporate tax avoidance. On this basis it can be developed the following hypothesis:

H2: Managerial ownership in the firm negatively affects tax aggressiveness.

E. Managerial Ownership And Tax Aggressiveness

Tax aggressiveness that aims to maximize corporate profits will undoubtedly have an impact on the value of the company. The lower the tax burden, the more will increase the profit, which can increase the firm value in the investors' sight, but with the potential to ignore the level of corporate compliance of tax regulations. Previous research by Hanlon & Slemrod [5] and Wahab & Holland [6] found that tax aggressiveness in the form of tax planning activities negatively affects the value of the company. Yuanhui, Ying, Jiali, & Check-Tek [20] tax aggressiveness has strongly correlation with the risk of future stock price crashing. This result is caused by tax aggressiveness may have a risks of fines and tax sanctions when audited by the tax authority in the future. Therefore, the hypothesis can be arranged as follows:

H3: Corporate tax aggressiveness negatively affects company value.

F. Managerial Ownership and Firm Value with Tax Aggressiveness Intervention

When managers decide to be aggressive in taxation, two goals may be achieved, i. e. to minimize the tax burden to increase profits, so that the value of the company will increase, and reduce the tax burden for self-gain incentives for low taxes. Manager may decide the tax timings of securities transaction, so that influencing the firm's market value [21]. If the manager also acts as a shareholder, it is assumed that the manager will reconsider his decision in applying the tax planning. This is because aggressive tax activity contains risks in it. As a manager and shareholder, he/she does not want the company to have financial difficulties and bankruptcy. Therefore, the hypothesis can be arranged as follows:

H4: Direct influence of managerial ownership and firm value will be affected by tax aggressiveness.

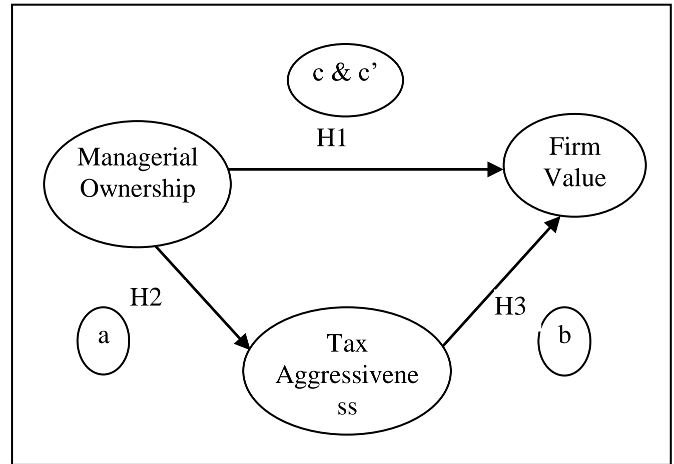

Fig. 1. Research Model

III. METHODOLOGY/MATERIALS

A. Population, Sample, and Data

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange 2012 to 2014. Manufacturing companies have a diverse industrial sub-sector that is considered to represent various company's characteristics. The sample selection is made by using purposive sampling method, with the aim of obtaining a representative sample by the criteria specified. The requirements of the specified sample are as follows.

1. The company reports profit, so it provides the information about payment of corporate income tax.
2. The company reports sales more than Rp 50 Billion. It is determined that the observed object be subjected to the same corporate income tax rate of 25%.
3. The company provides data needed for research.

The secondary data used are financial statements and annual reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2012 until 2014.

B. Research variables

This research examines three variables, i. e. firm value as dependent variable, managerial ownership as independent variable, and tax aggressiveness as intervening variable. The firm value is measured using Tobin's Q, refers to Eberhart [22], Shintawati [9], and Prasiwi [10]. The Tobin's Q describes investment opportunities condition (Lang et al. (1989) in Sudiyatno and Puspitasari [23]) or company's potential growth (Tobin & Brainard (1968) and Tobin (1969) in Sudiyatno and Puspitasari [23]). The value of Tobin's Q is calculated by the formula:

$$Tobin's\ Q = \frac{[(P \times Q) + TL + I] - AL}{TA} \ldots\ldots \quad (1)$$

Remarks:
P = Year-end share market price
Q = Year end outstanding shares number
TL = Total Liability
I = Inventory
AL = Current Assets
TA = Total Assets

The independent variable of this research is managerial ownership.

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Managerial ownership is measured using percentage share ownership by managers as in Kamardin (7) and Sulistiono [3].

The intervening variable from this research is tax aggressiveness. The measurement of tax aggressiveness refers to Dyreng, Hanlon, Maydew [5] and Bixia & Tao [24] that is using Effective Tax Rate (ETR). ETR is used because it is considered to reflect the effective tax rate which becomes the corporate tax burden. ETR is formulated as follows.

$$Effective\ Tax\ Rate = \frac{Tax\ Expense}{Pre\ Tax\ Income} \ldots \quad (2)$$

C. Analysis Method

Data analysis is done using panel data. As a prerequisite for panel data, Chow test and Hausman test are used to determine the use of the common effect, fixed effect, or random effect model for hypothesis analysis. Then a normality test is performed to test whether the residual value has a normal distribution. T test and F test assume that the residual values follow the normal distribution. If this assumption is violated, then the statistical test becomes invalid for small sample quantities.

Following regression equations are compiled to prove the hypotheses:

$$H1: Y = \alpha + \beta_1 X_1 + \varepsilon \ldots. \quad (3)$$

$$H2: X_2 = \alpha + \beta_1 X_1 + \varepsilon \ldots \quad (4)$$

$$H3: Y = \alpha + \beta_2 X_2 + \varepsilon \ldots \quad (5)$$

Remarks:

X1 = Managerial Ownership

X2 = Tax Aggressiveness

Y = Firm Value

α = Constant

β = Regression Coefficient

ε = error

Ther research data are analyzed using Eviews 8. The hypotheses are proved by comparing p-value and alpha (0,05), with the following conditions: if p-value < alpha (0,05) then Ha is accepted, if p-value ≥ alpha (0,05) Ha is rejected. To prove the fourth hypothesis (H4), Sobel test will be used to examine the effect of tax aggressiveness variable on managerial ownership relationship and firm value. According to Baron and Kenny [25], a variable is called an intervening variable if that variable influences the relationship between the independent variable and the dependent variable. Hypothesis testing can be done with procedures of Sobel Test. The Sobel test is done by testing the indirect effect of the independent variable (X) on the dependent variable (Y) through the mediation variable (M). The indirect effect of X to Y through M is calculated by multiplying the path X to M (a) by the path M to Y (b) or ab. In many situations coefficient ab = (c - c '), where c is the coefficient of influence X to Y directly without control M, while c' is the coefficient of effect X to Y after controlling M (see Fig. 1). The standard error coefficients a and b are written with Sa and Sb, and the magnitude of the indirect standard error of SGA is calculated by the following formula:

$$Sab = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \ldots \quad (6)$$

To test the significance of indirect effect then we calculate the z-test of the ab coefficient with the following formula:

$$z\text{-test} = \frac{ab}{Sab} \ldots\ldots \quad (7)$$

If z-test > 1.96 or statistical significance level z (p-value) <0.05, the indirect effect of the independent variable on the dependent variable through the mediator is significant at the 0.05 significance level.

IV. RESULTS AND DISCUSSION

A. Descriptive statistics

The total number of all manufacturing companies listed on the Indonesia Stock Exchange during 2012-2014 are 119 companies. After the selection of samples based on the criteria set, 21 companies are obtained. Here are the details of research samples selection.

Table I. Research Sample

Remarks	**No.**
Number of manufacture companies registered in stock exchange, during 2012-2014 consecutively	119
Number of companies which are not meet the criteria	98
Number of companies which are meet the criteria in a year	21
Number of samples for three years (21 firms × 3 years)	63

Source: research result (2016)

Table II. Descriptive Statistics Data

	Min.	**Max.**	**Avg.**
Managerial ownership	0	6,66	0,753810
Effective Tax Ratio	0,18	0,95	0,324762
Tobin's Q	0,19	1,80	0,675238

Source: research result (2016)

According to Table II, managerial ownership has a minimum value of 0 and a maximum value of 6.6 percent. The average managerial ownership in the sample company is 0.75381 percent. A company with 0 percent managerial ownership means that the board of directors does not own any shares of the company. The average managerial holdings in the sample companies amounted to 0.75381 percent, which means the average of the sample company directors owns 0.75 percent of the company's shares. This indicates that the average of manufacturing companies listed on the Indonesia Stock Exchange in 2012-2014 applies ownership of shares by the board of directors with a relatively small proportion.

Effective Tax Ratio (ETR) has a minimum value of 0.18 and a maximum value of 0.95. The lowest ETR of 0.18 means that the tax burden is only 18 percent of the profit before tax. The company may reduce its tax burden from the corporate tax rate by 25 percent to 18 percent primarily from the permanent difference of the employee welfare post and income that has been subjected to final tax or non-taxable income. The highest ETR is in a company in 2014 of 0.95. This means that the tax burden borne by the company is 95 percent of its pre-tax profit. The average value of ETR in the sample company is 0.324762. The rate charged on corporate income tax is 25 percent or 0.25. This indicates that the average manufacturing company listed on the Indonesia Stock Exchange in 2012-2014 pays corporate income tax above the predetermined rate. This can happen because the fiscal pre-tax income is higher than the commercial pre-tax income, as well as the emergence of deferred tax expense of the company. These results also indicate that the average manufacturing company has a low tax aggressiveness rate, since the average effective corporate tax rate is higher than the prevailing corporate tax rate.

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Tobin's Q calculation shows a minimum value of 0.19 and a maximum value of 1.8. The lowest value of 0.19 illustrates that the company's shares are undervalued and management has failed to manage the company's assets because it has a value smaller than 1 [23]. The highest value of 1.8 illustrates that the company's stock is overvalued (greater than 1) and management is successful in managing the company's assets. The average value of Tobin's Q in the sample company is 0.675238. These results indicate that the average sample company has a smaller market value compared to the carrying amount of the asset. This shows that the market valued the company too undervalued, because the cost of replacing the company's assets is higher than its share price.

B. Statistical Test Result

The results of Chow test obtained a p-value of 0.000. Based on this results, the approach method uses Fixed Effect Model (FEM) because p-value value is less than alpha (α). After FEM method is found, it is continued by Hausman test. The result of Hausman test was found a p-value of 0.0793. Based on these results, the approach method used in this study is the Random Effect Model (REM) because the value of p-value is higher than alpha (α).

Normality test results on the selected observational data found that the data was normally distributed with probability more than alpha (α) that is equal to 0.493350. Normality test results using the Jarque-Bera test.

Testing statistics using panel data with Eviews 8 software, obtained the following results.

Table III. Data Panel Test Result

	Coefficient	**P-value**	**R-squared**
Managerial Ownership – Firm Value	0.047745	0,0264	0,075845
Managerial Ownership – Tax Aggressiveness	-0.001970	0,8818	0,000370
Tax Aggressiveness – Firm Value	-0.438979	0,0369	0,068309
	Sobel test (Z)		
Managerial Ownership – Tax Aggressiveness – Firm Value	0.134911		

Source: research data (2016)

Based on the above results, managerial ownership has a significant influence on the positive direction of firm value, because it has a p-value of 0.0264 (less than α) and coefficient of 0.047745. This means that the higher the value of managerial ownership will further increase the value of the company. Furthermore, managerial ownership has no significant effect on tax aggressiveness, with p-value equal to 0.8818 (greater than α). This means that any managerial ownership value will not have a significant impact on the high tax aggressiveness of the company. The tax aggressiveness has a significant influence on the negative direction of firm value, with a p-value of 0.0369 (less than α) with a coefficient of -0.438979. This means that the higher the tax aggressiveness of the company, will further lower the value of the company.

The intervening relationship between tax aggressiveness between managerial ownership and the firm value was tested using Sobel test with a Z value of 0.134911. The test results show that the Z-test value <1.96, which means that the indirect effect of managerial ownership on firm value through tax aggressiveness proves to be insignificant. In other words, the direct relationship between managerial ownership and firm value is stronger than through tax aggressiveness variables.

C. Discussion

Managerial ownership has a significant effect on the positive direction of firm value. This means that Hypothesis 1 is supported by the results of the study. This finding is in line with [7] [17]. Managerial ownership positively affects the value of the company because all policies taken by the board of directors will tend to be carefully decided. This is because the board of directors, as well as shareholders, do not want the company to experience bankruptcy and financial difficulties in the future.

Managerial ownership has no significant effect on tax aggressiveness. This means that Hypothesis 2 is not supported by the results of the study. Within certain levels of managerial ownership, firms may act aggressively or not aggressively in taxation. Based on samples data, some companies have relatively high managerial ownership, but their taxation is relatively aggressive. While other companies which have no managerial ownership also act relatively aggressively. Aggressive action can be done either in accordance to the tax rules or violating the tax rules. However, this research data cannot be mapped out whether the sample companies took legal or illegal action. This makes it difficult to judge the linkage of aggressive action to the nature of the decision taken by the manager, whether the manager intends to keep the company's reputation or not. Managers who also own shares of a company may make different decisions, depending on their respective perspectives on tax aggressiveness. No previous research was found that linked managerial ownership to tax aggressiveness so this result is a discovery.

Tax aggressiveness has a significant influence on the negative direction of firm value. This means that Hypothesis 3 is supported by the results of the study. This result is in line with the research of Hanlon & Slemrod [26] and Wahab & Holland [6]. Tax aggressiveness is found to negatively affect the value of the company due to tax aggressiveness may contain risks, which will lower the value of the company. In 2013, a sample company charged the underpayment of tax for the fiscal year 2008 amounting to Rp 1.2 billion. Sanctions for underpayment and taxes in court costs may harm the company and damage the company's good image. It may negatively affect the stock market value of the company. The average stock price of a sample company in 2013 is Rp 434 per share. While in 2014, its average share price declined to Rp 355 per share. The declining stock prices are allegedly influenced by tax arrears announced in the notes to the company's financial statements in 2013.

Based on the result of research, the positive effect of managerial ownership on firm value is not influenced by tax aggressiveness. This finding is supported by the calculation of the Sobel test resulting in Z-test of 0.134911. This means that Hypothesis 4 is not supported by the results of the study. The decisions and policies adopted by the board of directors of companies with shareholder proportions, will tend to be cautious and prioritize the improvement of corporate value, for the sake of their welfare. However, managerial ownership has no significant effect on tax aggressiveness.

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Therefore, it can not be proven that managerial ownership will minimize activities that can reduce the value of the company, namely tax aggressiveness. No previous research was found that linked managerial ownership to firm value with tax aggressiveness as intervening variables so this result was a discovery.

V. CONCLUSION

Based on the analysis and discussion of the above research results, the following conclusions can be drawn.

1. Managerial ownership has a significant effect on the positive direction toward firm value.
2. Managerial ownership has no significant impact on tax aggressiveness.
3. Tax aggressiveness has a significant effect on the negative direction of corporate value.
4. The positive relationship between managerial ownership and firm value proves unaffected by tax aggressiveness.

A. Theoretical Implication

Based on the result of research, managerial ownership has a significant influence on positive direction with company value. These results are in line with Kamardin (2014). Managerial ownership has no significant effect on tax aggressiveness. No previous research was found that linked managerial ownership to tax aggressiveness so this is a discovery. Tax aggressiveness has a significant impact on the negative direction of firm value. This result is in line with the research of Hanlon & Slemrod [26] and Wahab & Holland [6]. The positive effect between managerial ownership and firm value is not influenced by tax aggressiveness.

B. Practical Implication

For managers, the results of this study useful for decision-making related tax aggressiveness. Tax aggressiveness which has been proved to have a negative effect on the firm value, should be applied wisely. It is suspected that aggressive actions that reduce the value of the company are illegal, so it is risky to impose sanctions and down the reputation and reputation of the company. Tax aggressiveness should be done by using legal options, to support the improvement of corporate value. The goal the value of company's stock does not decrease due to declining corporate image, so that later will be bad for the value of the company.

For shareholders, this result is useful for decision-making regarding the application of share ownership by corporate managers. Managerial ownership will encourage managers to prioritize the principle of going concern of the company, as well as encourage a sense of ownership of a company that will produce high decisions that impact both the value of the company.

C. Limitation and Future Research

The deterioration of economic conditions, especially in 2013-2014, resulted in many losers, so there is no tax burden in the financial statements. This has led to many companies being wasted on samples. Also, the tax aggressiveness in this study can not map whether the tax aggressiveness undertaken by the manager considers the compliance aspects of the applicable tax laws or not.

The suggestion for further research is that it can use another intervening variable which is also the agency problem practice to prove the positive impact of managerial ownership on firm value. Also, the study population can be added by adding companies outside the manufacturing sector, such as services and banking.

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