INTELLECTUAL CAPITAL, TAX AVOIDANCE AND FIRM VALUE

Holiawati
Etty Murwaningsari

ABSTRACT

Intellectual capital (IC) is a research that currently receives a lot of attention from experts in various disciplines, considerable attention from experts in various disciplines along with the existence of economic growth based on knowledge. In various countries researchers in the field of accounting research found that intellectual capital is intended to identify, measure, report and present in the company's financial statements that can affect the firm value. This research aims to examine the effect of intellectual capital and tax avoidance on firm value. In this research intellectual capital is measured by value added, tax income is measured using effective tax rates and firm value is measured by Tobin's q. The type of this research uses a quantitative type using secondary data. The population in this research is from manufacturing companies listed on the Indonesia Stock Exchange in 2012-2016. Determination of the sample used is purposive sampling technique using several criteria. The data processing analysis technique used is multiple linear regression. The results showed that intellectual capital has a positive influence on firm value while tax avoidance has a negative influence on firm value.

Keywords: Intellectual Capital, Tax Avoidance, and Firm Value

Introduction

Currently the economy is experiencing rapid development that can affect business management and determine competitive strategies. Increasingly intense competition stimulates every firm to improve its performance in order to achieve its goals. If the performance of the firm is good, the rate of return obtained will be higher and have an effect on the magnitude of the owner's prosperity (Ramadhani, 2016). The firm can maximize the firm value as the firm's first goal. The important thing for investors is the maximum firm value that is usually associated with stock prices so that shareholders can increase their welfare (Lisyanti, 2017).

There are many factors that can be performed by companies to increase firm value by increasing the value of intellectual capital. In the current era of ASEAN economic society science and technology are experiencing very rapid development that affects the economy. Furthermore, the principle of business processes also needs to be changed so that the firm can continue to exist in running its business. Companies should make knowledge the main principle in doing business, not just having business principles that are based on labor, this will make knowledge-based companies their main characteristics. Knowledge-based companies will place more emphasis on managing intangible assets, namely knowledge and ability to increase Firm Value, so companies can compete (Sudibya and Restuti, 2014)

According to Bontis et al. in Indrajaya, (2015) in general the researchers divide intellectual capital into three main elements, namely human capital, structural capital and customer capital, these three parts that can build intellectual capital that is able to increase Firm value if managed optimally. If the Firm value is high, investors will give more firm value by investing. More investor assessment of the firm's stock price is believed to be due to intellectual capital owned (Indrajaya, 2015). According to (Pulic, 1998 in Ulum, 2007) the main goal in knowledge-based economy is to create value added. Meanwhile, to be able to create value added, the right size is needed for physical capital, namely financial funds and intellectual potential (represented by employees with all the potential and capabilities inherent in them).

In measuring firm value, the tax burden is also one of the factors that influence the firm value because it results in the amount of net income received by a firm. Because investors always assume that the size of the profits of a firm that is the ability of a firm to pay dividend, so many ways that firms do to maintain the net profit owned. By practicing tax avoidance that is used to minimize the tax burden borne by utilizing legal loopholes in a country so that the transaction is legal because it does not violate applicable laws.

Some examples of firms that carry out tax avoidance and have been followed up by the Directorate General of Taxes namely; Asian Agri, Bumi Resources, Adaro, Indosat, Indofood, Kaltim Prima Coal (KPC) and PT Airfast Indonesia (Prasiwi, 2015). This further shows the low level of compliance with tax payments in Indonesia, which is one indication of tax avoidance practice. The dilemma that occurs here is when the government tries to maximize income from the tax sector, while firms do tax avoidance, namely legal actions that contradict the government's objectives, therefore, tax avoidance is a complicated issue because from a legal standpoint it is a legal transaction but the government does not want this activity (Aditya Sw, 2017: 3)

LITERATURE REVIEW

Stakeholder Theory

According to Riahi Belkaoui (2003) in Zuliyati (2011) Stakeholder theory considers the position of stakeholders is more powerful. This stakeholder group is the main consideration for companies in disclosing and / or not disclosing information in financial statements. (Satiti and Asyik, 2013). Stakeholder theory states that organizations will choose to voluntarily disclose information about the firm value and intellectual capital that they have beyond the mandatory request to meet actual expectations or that are recognized by stakeholders.

The main purpose of stakeholder theory is to help corporate managers understand the environment of their stakeholders and manage more effectively between the existence of relationships within their corporate environment. However, the broader goal of stakeholder theory is to help corporate managers increase the value of their activities, and minimize losses to stakeholders (Ulum, 2007). The linkage of intellectual capital to this theory is that all company activities carried out starting from managing intangible assets such as human capital, structural capital and customer capital from the results of corporate activities all lead to value creation. If this can be done optimally, the company achieves competitive advantage and increases value added then the value added can benefit stakeholders.

Agency Theory

This research uses agency theory because this theory explains the contractual relationship between principals and agents. Principals are parties that provide mandates to other parties, namely agents, to carry out all activities in the name of principals in their capacity as decision makers (Jansen and Meckling, 1976). Separation of ownership between firm owners and management often creates conflict. This conflict will arise when there are difference between the goals of shareholders and management. Shareholders want to increase the firm value with the practice of tax avoidance so that the firm can maintain maximum profits so investors believe that investments will get a large return such as getting dividends while management emphasizes personal interests such as managers will practice tax avoidance if the firm can provide benefits to managers (Syahfitri, 2016).

Previous Related Study

Sudibya and Restuti 2014 stated that intellectual capital had a positive effect on firm financial performance and intellectual capital proved to have a better direct effect on the firm's market value than mediated by financial performance. Indrajaya (2015) Intellectual capital had an effect on firm value as measured by price to book value (PBV) and earnings per share (EPS). Juwita and Angela (2016) stated that intellectual capital influenced the firm value while human capital efficiency, structure capital efficiency, and capital employed efficiency partially had a significant and positive effect on firm value. The research was conducted by Syafitri (2016) stated that tax avoidance proxied through GAAP ETR had a negative and significant effect on firm value. Hanlon and Slemrod (2009), tested how the market reacts to tax avoidance practices by the company. The results of the reserach showed that acts of aggressiveness tax can increase or decrease the value of the company. Firm value can increase if tax aggressiveness is seen as an effort in conducting tax planning and tax efficiency.

Firm Value

According to Syahfitri (2016) revealed that prospective investors want to pay the price of a firm that is meant by firm value. Investor perceptions can be influenced by reflected performance obtained by the firm; a firm value (Syahfitri, 2016). According to (Keown, 2004 in Juwita and Angela, 2016) the market value of debt and equity securities of a firm can be said as a firm value as well. The firm's long-term goal is to maximize firm value. Moreover, if a firm is considered to have value, the firm is valuable or in the sense of having future prospects. Optimizing the firm value is the goal to be achieved by the firm by carrying out the tasks of financial management (Sudibya and Restuti, 2014).

Firm value is an important thing for investors because it is an indicator for investors to assess the company as a whole. Syahfitri, (2016) explain some of the firm values as follows:

1. Nominal value, which is a formally stated value in the articles of association of the company, is explicitly stated in the company's balance sheet, and also written clearly in a collective share letter.
2. Market value, often called the exchange rate is the price that occurs from the process of bargaining on the stock market. This value can only be determined if the company's shares are sold on the stock market.
3. Intrinsic value is a value that refers to the estimation of the real value of a company. The value of the company in the concept of intrinsic value is not just the price of a set of assets, but the value of the company as a business entity that has the ability to generate profits in the future.
4. Book value, is the value of the company that is calculated on the basis of the accounting concept.
5. The value of liquidation is the selling value of all company assets after deducting all obligations that must be fulfilled. The residual value is part of the shareholders. The value of liquidation can be calculated based on the performance balance prepared when a company will liquidate.

Intellectual Capital

According to Zeghal and Maaloul, (2010) in Juwariyah, (2014) defines intellectual capital as firm knowledge that can be used in business processes to create value added for the firm. As it is known, if the firm has intellectual property with a high value, investors will rate it is higher than companies with lower intellectual property value. Intellectual Capital (IC) is intellectual material that has been formalized, captured, and utilized to produce assets of higher value. IC is believed to be able to play an important role in increasing the firm value. Companies that are able to utilize their intellectual capital efficiently, the market value will increase. Investors will give a higher value to companies that have higher intellectual resources than companies that have low intellectual resources. IC has three components, namely human capital, structural capital, and capital employed. The three IC components can be utilized to increase firm value (Verawaty dkk., 2017).

Component of Intellectual Capital

1. Human Capital (HC)

According to Tarigan (2011), Human resources are also integrated capabilities of the power of thought and physical power possessed by individuals who are ready, willing and able to contribute to the achievement of organizational goals. Human capital reflects the collective ability of companies to produce the best solutions based on the knowledge held by the people in the company.

2. Structural Capital

According to Wahdikorin, (2010) Structural Capital (SC) is an infrastructure owned by a firm in fulfilling its business activities. Structural capital includes technology systems, firm operational systems, patents, trademarks and training courses. Structural capital or organizational capital is the company's potential wealth stored in the organization and management of the company. Structural capital is a supporting infrastructure of human capital as a means and infrastructure to support employee performance. So that even if the employee has high knowledge but if it is not supported by adequate facilities and infrastructure, the employee's ability will not produce intellectual capital.

3. Customer Capital

Customer capital is the organization's relationship with the people who do business with the organization. Customer capital as depth (penetration), width (coverage), and the relationship (loyalty) of the firm and customer capital is the tendency of customers of a firm to continue doing business with the firm. Customer capital is a company relationship with parties outside the company such as government, markets, suppliers and customers, how is customer loyalty to the company. Customer capital can also be interpreted as the company's ability to identify market needs and desires, resulting in good relations with outside parties, Wahdikorin, (2010).

Tax Avoidance

According to Suandy (2011: 7), tax filing is the engineering of tax affairs that are still within the framework of lawful provisions. Tax avoidance can occur in the provision or written in the law and is in the soul of the law or can also occur in the sound of the provisions of the law but contrary to the spirit of the law. In conducting tax avoidance practices, according to Suandy (2011: 9) explain at least there are three things that must be considered in a tax plan, namely:

1. Does not violate tax provisions.

If a tax plan is forced by violating tax provisions, taxpayers are a very dangerous tax risk and threaten the success of the tax planning.

2. It makes business sense,

Because tax planning is a part that is not separated from corporate global planning; both long term and short term, therefore, unreasonable tax planning will weaken the planning itself.

3. The supporting evidence is adequate,

for example agreement support, invoice and accounting treatment.

The Fiscal Affairs Committee of the Organization for Economic Cooperation and Development (OECD) said there are three characteristics of tax avoidance, namely:

1. There is an artificial element in which various arrangements seem to be contained in them even though they are not, and this is done because of the absence of tax factors.
2. This kind of scheme often utilizes loopholes from the law or applies legal provisions for various purposes, even though that is not what the legislators actually intended.
3. Confidentiality is also a form of scheme where most consultants show tools or ways to carry out tax avoidance with the terms of the taxpayer keeping as confidential as possible

Tax avoidance can be said to be a transfer wealth from the government to the corporation and will be able to increase the firm value(Chen et al., 2013). Tax avoidance carried out by companies requires high costs. Costs incurred in implementing tax avoidance can be in the form of legal threat costs, good loss, costs for implementing tax avoidance, and other costs incurred by company. Companies must calculate carefully the costs incurred by the company in implementing the practice tax avoidance should not be greater than the benefits to be received.

Development of Hypotheses

Effect of Intellectual Capital on Firm Values

In the study of Juwita and Angela (2016) it was proven that Human Capital, Structure Capital and Customer Capital partially had a significant and positive influence on firm value. So that it can be said that the more Human Capital will increase Price to Book Value, the higher Structure Capital will increase Price to Book Value and the more Customer Capital will increase the value of the company in proxy will also increase through Price to Book Value (PBV). So it can be concluded that the hypothesis stated that intellectual capital consisting of Human Capital, Structure Capital and Customer Capital had a positive influence on the firm value received. Research conducted by Indrajaya (2015) stated that firm value can be influenced by intellectual capital, which in the previous research firm value was measured by looking at the open value of the outstanding shares and its stock return. The purpose of this research was to provide information that if the firm was managing its intellectual resources efficiently then the firm's goals will be achieved because it will provide better results, so that it will provide benefits to the firm. Sudibya and Restuti (2014) stated that firm value can be influenced by intellectual capital, on corporate financial performance and intellectual capital proved to have a better direct effect the firm's market value than mediated by financial performance. Companies that are capable of managing intelletual knowledge and resources will be able to create value added by making innovations that can affect the firm's stock prices and companies that have value added.

H1: Intellectual Capital has an effect on Firm Values.

Effect of Tax Avoidance on Firm Values

Tax avoidance can be done by minimizing profits by not recognizing income at present but the realization is recognized in the future the future so that profit reported in the current small period. Because the higher the company's profit reported, the higher tax burden is. When the company does tax avoidance, the company will try to suppress profit earned so that tax paid by the company can also reduced. Amount of profit earned the company also deals with firm value. Because investors will invest capital tends see the company's net income describe the firm value. Hanlon and Slemrod (2009), tested how the market reacts to tax avoidance practices by the company. The results of the research showed that acts of aggressiveness tax can increase or decrease the firm value. Firm value can increase if tax aggressiveness is seen as an effort in conducting tax planning and tax efficiency. However, firm value can decrease if seen as due non-compliance these actions can improve risk so the firm value will decrease. The results of the research showed that acts of aggressiveness tax can increase or decrease the firm value. Research was conducted by Syahfitri (2016) tax avoidance proxied through GAAP ETR had negative and significant effect on firm value. Then it can be concluded that the results of this research meant that the higher the value of GAAP ETR, the lower the tax avoidance in a firm. The lower the tax avoidance, the lower the firm value.

H2: Tax Avoidance has an effect on Firm Value

RESEARCH METHOD

Data Sampling

The method used in this research is a quantitative method. Examination is done by multiple linear regression analysis using panel data. The population in this research is a manufacturing company, the sample method used is based on the criteria, namely companies listed on the Indonesia Stock Exchange with observations for 2012 to 2016, firms that present financial statements in rupiah during the period 2012-2016 and financial statements contain complete information related all variables studied.

Variables and Measurements

Dependent Variable

An established company has the main goal, namely to maximize the firm value. The firm value is used as a measure of success. According to (Bringham, 1996 in Tjahjono, 2013) Firn value is very important because the high value of the company will be followed by the high prosperity of shareholders. The higher the stock price, the higher the firm value. The higher the firm value shows the high prosperity of shareholders. The firm value is created by the company through the activities of the company from time to time in order to achieve the maximum firm value above the book value.

In this research, firm value is assessed based on Tobin’s q ratio. Tobin’s q is an indicator to measure company performance, especially about firm value, which shows a management performance in managing company assets. In its use Tobin’s q has undergone modifications. Modifications to Tobin’s q version of Chung and Pruitt (1994) in Devi (2017) have been used consistently because they are simplified by various simulations. This version modification is statistically close to the original Tobin’s q and produces an estimate of 99.6% of the original formulation used by Lindenberg & Ross (1981). The Tobin’s q formulation is measured by the following formula:

$$Q = \frac{(MVS+D)}{TA}$$

Information:

MVS: Market Value Stock (market value of all outstanding shares) obtained from the multiplication of the number of shares outstanding with the closing share price (outstanding share x closing share)

D: Debt

TA: Total Assets

According to Sudiyatno and Puspitasari, (2010) the interpretation of Tobin’s q score is as follows:

1. Management is stagnant in managing assets. If the Tobin's q = 1 value and results in investment growth potential does not develop.
2. Management has failed to manage assets. If the Tobin’s q value < 1 is because the stock is undervalued and has a potential for low investment growth.
3. Management succeeds in managing assets If the Tobin’s q > 1 value is due to the stock being overvalued and resulting in the potential for high investment growth.

Independent Variable

Intellectual Capital

A ccording to Sawarjuwono and Kadir (2003) in Sudibya and Restuti (2014) intellectual capital can provide value to companies in forming competitive advantages for their organizations. There are three elements contained in intellectual capital related to knowledge and technology, namely human resources owned, capital structural for firm operations and customer capital as a factor that drives sustainable enterprises. The measurement of intellectual capital performance is based on the model developed (Pulic 1998, 1999, 2000, 2003 in Widarjo, 2011). The formulation of VAIC TM calculation is as follows**:**

1. Calculating Value Added. Value added is the difference between sales (OUT) and input (IN). The formula for calculating VA is:

VA = OUT – IN

Description:
Output = Total sales and other income
Input = Expenses and costs (other than employee expenses).
Value Added= Difference between input and output.

2. Calculating Value Added Capital Employed
VACA is an of capital added value (Value Added / VA) used. Formula for calculating VACA is
Description:

VACA = VA / CE

3. Calculating Value Added Human Capital (VAHU)
Formula for calculating is
Description :

VAHU= VA / HC

Value Added (VA) = Value Added
Human Capital (HC) = Employee expense

4. Calculating Structural Capital Value Added (STVA)
Description :

VASC = SC/VA

Structural Capital (SC): Difference between Value Added (VA) and Human Capital (HC)
Human Capital (HC): Employee expense

5. Value Added Intellectual Coefficient ($\mathrm{VAIC^{TM}}$)

$$\mathrm{VAIC^{TM}} = \mathrm{VACE} + \mathrm{VAHC} + \mathrm{VASC}$$

Tax Avoidance Practices
According to Herdiyanto (2015) Tax Avoidance is an effort made by a firm to reduce its tax burden. Tax avoidance is done by utilizing the gaps in the laws and regulations besides providing benefits for the firm. Tax avoidance can also have a negative effect on the firm value. This research measures Tax Avoidance Practices using CASH ETR according to Dyreng et al. (2008) in Herdiyanto, (2015) with the formula formulation as follows:

$Cash\_ETR$ = (Cash Tax Paid) / (Pretax Income)
I
nformation:
Cash_ETR = Effective Tax Rates as a tax avoidance indicator
Cash Tax Paid = Tax expense paid by the firm (Obtained from the consolidated statement of cash flows)
Pretax Income = firm profit before tax (Income Statement Comprehensive Comprehensive)

Data Analysis Techniques

1. Descriptive statistics

Descriptive statistical analysis is a statistic that provides a characteristic description of the data, namely the minimum, maximum, mean and standard deviation values.

2. Linear Regression Analysis

The data analysis technique used in this research is a simple linear regression method. The aim is to know the influence between variables namely independent variables and dependent variables. Researchers assume that this method will get ideal results and better than other methods, so it will be easy to interpret the results obtained. The multiple linear regression equation is as follows:

$$\mathrm{y = a + b_1X_1 + b_2X_2e}$$

Note
Y = Firm Value
a = Konstanta
X_1 = Intellectual Capital
X_2 = Tax Avoidance
b_1 = Koefisien regresi
e = eror Standard

4. Determination Coefficient Test

According to Ghazali (2013:97) the Coefficient of Determination (R^2) essentially measures how far the model's ability to explain the variance of the dependent variable. The coefficient of determination between zero and one. A small value of (R^2)means that the ability of independent variables to explain variations in the dependent variable is very limited.

5. Hypotheses test

The hypothetical test means testing the regression coefficient partially. This test is conducted to determine the partial role significance of the independent variable on the dependent variable by assuming that other independent variables are considered constant. This test conducted to find out whether the independent variable has an effect on the dependent variable if the sig value (ρ-Value) below 5% determines the level of significance (α = 5%).

RESEARCH RESULTS AND DISCUSSION

Descriptive statistics

Descriptive statistics function as data analyzers by describing samples of data have been collected without generalization. This research describes the mean, maximum value, minimum value and standard deviation of each variable so that contextually can be more easily understood by the reader. The variables used in this research are the dependent variable and the independent variable. The dependent variable in this research is Corporate Value (Tobin's Q), while the independent variables in this research are Intellectual Capital (VAIC ^ TM) and Tax Avoidance Practices (CETR). The results of testing these variables descriptively as seen in the table 1.

Table 1 Descriptive Statistics Intellectual Capital, Tax Avoidance And Firm Value

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
INTELLECTUAL CAPITAL	40	23.00	889.00	369.0500	213.79513
TAX AVOIDANCE	40	14.00	47.00	29.6000	7.88637
FIRM VALUE	40	24.00	518.00	218.6750	111.97261

Description: Tables that describe descriptive statistics of all variables studied. Can be seen in the table above that the dependent variable is the firm value, the independent variables are intellectual capital and tax avoidance.

Based on table 1, it can be seen that the intellectual capital has a minimum value of 23.00 and a maximum value of 889.00. The mean value obtained is 369.0500 greater than the standard deviation of 213.79513. Because the standard deviation is to reflect a very high deviation, these results reflecting that the results are quite good, the spread of data shows normal results and does not cause ray. Firm value has a minimum value of 24.00 and a maximum value of 518.00. The mean value obtained is 218.6750 greater than the standard deviation that is equal to 111.97261. Because the standard deviation is to reflect a very high deviation, then with these results reflecting that the results are quite good, the spread of data shows normal results and does not cause ray. Tax Avoidance has a minimum value of 14.00 and a maximum value of 47.00. The mean value obtained is 29.6000 greater than the standard deviation that is equal to 7.88637. Because the standard deviation is to reflect a very high deviation, then with these results reflecting that the results are quite good, the spread of data shows normal results and does not cause ray.

The Intellectual Capital variable is measured using (VAIC) ^{TM} seen from the table above, resulting in a company that has a minimum Intellectual Capital value of 23.00 that occurs in Asahimas Flat Glass Tbk. (AMFG) and Kimia Farma Tbk. (KAEF) then a maximum value of 889.00 that occurs at PT. Indofood CBP Sukses Makmur Tbk. (ICBP). While the mean and standard deviation of Intellectual Capital variables are 369.0500 and 213.79513.

The tax avoidance practice variable was measured using CASH ETR seen from the table above, resulting in the fact that companies that practice tax avoidance have a minimum value of 14.00 that occurs at PT. Charoen Pokphand Indonesia Tbk. (CPIN) then a maximum value of 47.00 which occurred at Indofood Sukses Makmur Tbk. (INDF). While the mean and standard deviations of the Tax Avoidance Practice variable are 29.6000 and 7.88637.

The Firm Value variable is measured using TOBIN'S Q seen from the table above, resulting in a company that has a minimum company value of 24.00 that occurs in Surya Toto Indonesia Tbk. (TOTO) and a maximum value of 518.00 that occurred at PT. Charoen Pokphand Indonesia Tbk. (CPIN). Whereas the mean and standard deviation of the firm value variable are 218.6750 and 111.97261.

Hypotheses test

Before testing the hypothesis the data used in this research has passed the classical assumption test so that data can be used. The results of the determination test in this research are Adjusted R Square 0.301 which means that the firm value can be explained by the intellectual capital, the remaining 69.9% (100% - 30.1%) is explained by other variables not explained in this research. The table 2 below is a table of results of hypothesis testing:

Table 2 Results Of Hypothesis Testing Intellectual Capital, Tax Avoidance and Firm Value

VARIABELS	COEFFICIENTS	RESULTS	P VALUE
CONSTANTA	2,0063	,019	,005
IC	,329	4,239	,000***
TAX AVOIDANCE	-3,662	-2,107	,042**

*** Significant at the level of 1%; ** Significant at the level of 5%; * Significant at the level of 10%. This table describes the descriptive statistics of each variable studied. The dependent variable is the Firm Value, the independent variable is Intellectual Capital and Tax Avoidance.

The results of the hypothetical T test show that intellectual capital has a significant effect of 0,000 with a value of T 4,239. With a significance value smaller than 0.005 then hypothetically accepted, it can be concluded that intellectual capital has a significant influence on the firm value.

Based on the results of testing, the hypothesis shows an accepted hypothesis. This shows that Intellectual Capital partially has a significant effect on Firm Value. This can be seen from the significant value of the table smaller than the specified significance value (0,000 <0, 05). The results of this research is in accordance with stakeholder theory which states that the management of all firm resources in the form of Physical Capital, Human Capital and Structural Capital will encourage the formation of added on the firm value, the value added of Intellectual Capital can attract investors to invest so that the firm's value will increase. And companies that have Intellectual Capital will benefit companies where they invest because it is responded positively by market players through rising stock prices.

The results of this research are in accordance with stakeholder theory which states that the management of all corporate resources in the form of Physical Capital, Human Capital and Structural Capital will encourage the formation of value added for the company. And companies that have Intellectual Capital will benefit companies where they invest because it is responded positively by market players through rising stock prices.The results of the research support Indrajaya's research (2015) stating that firm value can be influenced by intellectual capital, and this research also supports the research of Sudibya and Restuti (2014) stating that firm value can be influenced by intellectual capital, on corporate financial performance and intellectual capital proven to have direct influence better on the market on the firm value than that played by financial performance. Companies that are able to manage intelletual knowledge and resources will be able to create value added by making innovations that can affect the value of shares of companies and companies that have value added.

Based on the results of this research the practice of tax avoidance affects the firm value. Because the results of this research indicate a significant value of 0.042 smaller than the specified significance value (0.042> 0.05) and a calculated value of -2.106 is greater than the value of T table (-2.107 <2.028). The results of this research mean that the higher the practice of tax avoidance, the lower the firm value, because there are several costs that must be borne, namely the sacrifice of time and energy to carry out tax avoidance and the presence of risk if tax avoidance is revealed. This risk starts from what is seen is interest and penalties while the risks that are not seen are loss of company reputation which has a negative impact on the long-term sustainability of the company's business. Based on various types of considerations on existing risks, the attitude of shareholders to tax avoidance depends on their consideration of the benefits and costs attached to them, shareholders are only willing to take risks if the benefits of tax avoidance exceed their costs (Sari, 2016).The results of this study show the same results with the results of a study conducted by Syahfitri, (2016) which concluded that tax avoidance proxied through GAAP ETR has a negative and significant effect on firm value. This means that the higher the practice of tax avoidance, the lower the firm value. Because there are several costs that must be borne, namely the sacrifice of time and energy to carry out tax avoidance and the existence of risks if tax avoidance is revealed. This risk starts from the visible ones, namely interest and penalties while the risks that are not seen are loss of the firm's reputation which has a negative effect on the long-term business continuity of the firm.

The results of this research state that intellectual capital has an effect on firm value supporting stakeholder theory, namely that the stakeholder theory is that all company activities are carried out starting from managing intangible assets such as human capital, structural capital, and customer capital from the results of company activities which all lead to value creation. If this can be done optimally, the company achieves competitive advantage and increases value added. Then value added can give benefit to stakeholders. The main objective of stakeholder theory is to help company managers understand their stakeholder environment and manage more effectively between the existence of relationships within their corporate environment. However, the broader purpose of stakeholder theory is to help company managers increase the value of their activities, and minimize losses for stakeholders (Ulum, 2007).

The results of this research also support agency theory that the separation of interests between company owners and management often leads to conflict. This conflict will arise when there is difference between the goals of shareholders and management, namely shareholders want to increase the firm value with the practice of tax avoidance so that the company can maintain maximum profits so investors believe that investment will get a big return such as getting dividends while management emphasizes personal interests such as managers will do tax avoidance if the company can provide benefits to managers (Syahfitri, 2016).

Conclusion

After analyzing, the results of data processing later in this research concluded that it was drawn from research based on research findings: Intellectual Capital has a positive effect on Firm Value. This research is in accordance with stakeholder theory that the firm value increases if the company is able to make good human resources in the form of physical capital, human capital and structural which will encourage investors to be interested in investing so that the firm's value will increase. Based on the results of the second research that tax avoidance has a negative effect on Firm Value. This means that the higher the practice of tax avoidance, the lower the firm value. Because there are several costs that must be borne, namely the sacrifice of time and energy to carry out tax avoidance and the existence of risks if tax avoidance is revealed. This risk starts from what is seen is interest and penalties while the risks that are not seen are loss of company reputation which has a negative impact on the long-term sustainability of the company's business.

Recommendations for Further Research

1. For researchers then they can expand the sample of the company, not only using manufacturing companies but all Indonesian Stock Exchange (IDX) companies.
2. For the next researcher, it is necessary to add the period of observation, because the longer the time series or time series used will contribute to the results of research that is more precise and accurate in the future.
3. For the next researchers, it is better to use other factors that can influence firm value including corporate governance, agency costs, capital structure and other factors.
4. For the next researcher, firm value and tax avoidance can be measured by other measurements, the firm value can be measured by Price Earning Ratio (PER) and Price to Book Value (PBV) while tax avoidance can use GAAP ETR.

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Holiawati
Student Of Doctoral Program in Economics,
Accounting Departement, Trisakti University
holiawati_76@yahoo.co.id

Etty Murwaningsari
Lecturer at Doctoral Program in Economics,
Accounting Departement, Trisakti University