THE EFFECT OF PROFITABILITY, TAX PLANNING, INDEPENDENT COMMISSIONERS, AND FIRM SIZE ON FIRM VALUE: EVIDENCE FROM THE INDONESIAN FINANCIAL SECTOR

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ABSTRACT

The value of a firm is a critical concern for stakeholders, especially in the financial sector, where internal governance and financial strategies play a vital role. This study investigates the influence of profitability, tax planning, independent commissioners, and firm size on firm value in financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. The research problem centers on identifying which internal factors significantly contribute to enhancing firm value in the post-pandemic recovery phase. The study aims to analyze these relationships using a quantitative approach. Secondary data were collected from audited annual financial statements and official company websites. A total of 152 financial companies were selected through purposive sampling. Data analysis was performed using SPSS version 25.0, applying descriptive statistics, classical assumption tests, multiple linear regression, t-tests, F-tests, and the coefficient of determination (R^2). The findings reveal that profitability and the presence of independent commissioners have a positive and significant effect on firm value. Conversely, tax planning and firm size do not show a significant influence. These results offer practical implications for company management, investors, and policymakers in identifying and reinforcing internal factors that drive firm value in Indonesia's financial sector. The study adds to the limited literature focusing on this sector, especially during the multi-year recovery period following the COVID-19 pandemic.

Keywords: Profitability, Tax Planning, Independent Commissioners, Firm Size, Firm Value

INTRODUCTION

The value of companies in Indonesia's financial sector experienced significant instability from 2020 to 2023, as reflected in the movement of stock prices. At the onset of the COVID-19 pandemic in 2020, this sector faced substantial pressure due to concerns over loan defaults, heightened credit risk, and the potential for non-performing loans, all of which suppressed profitability and forced banks to increase their loan loss provisions. Market volatility during this period also led to a sharp decline in bank stock prices and eroded market capitalization.

The pandemic compelled banks to adopt various strategic policies to survive, including accelerating the digitalization of services. Although digital transformation promised long-term efficiency, it required substantial upfront investment. This situation created negative sentiment regarding the outlook and value of banking companies.

Research by Beck & Keil (2021) indicated that the pandemic led to a decline in the volume and value of syndicated loans, an increase in interest spreads, and accelerated loan maturities, as banks responded swiftly to the crisis. Meanwhile, a study by Barua & Barua (2021) in Bangladesh revealed decreases in risk-weighted assets, capital adequacy ratios, and interest income, demonstrating similar stress within other countries' banking systems.

Nevertheless, the Indonesian capital market began to show positive growth in 2023, contrasting the global uncertainty observed in 2020–2021. Indonesia managed to maintain relatively stable economic growth, despite the pandemic altering lifestyles, reducing production and consumption activities, and prompting the government to implement various restrictions (Arianto, 2021).

This condition underscores the importance of strengthening the financial system and the role of the tax sector in supporting national development. Taxpayer compliance became a key indicator in maintaining state revenue stability during the economic recovery from 2020 to 2023. **Five-Year Tax Revenue Target and Realization Data** shows a significant increase in tax revenue realization from 2020 to 2023, after being pressured during the early pandemic:

2020: IDR 1,070.0 trillion (83.9% of target)
2021: IDR 1,231.87 trillion (100.19% of target)
2022: IDR 1,716.8 trillion (115.6% of target)
2023: IDR 1,869.23 trillion (102.80% of target)

Data compiled by the author from Sholeh, M. (March 13, 2025).

This is especially relevant for companies listed on the Indonesia Stock Exchange (IDX), where transparent and accurate financial reporting is crucial to maintaining credibility in the eyes of investors and other stakeholders. In Indonesia, companies—whether listed on the IDX or not—must comply with prevailing tax regulations. Profitability, tax planning, the presence of independent commissioners, and firm size are four critical variables in

understanding how companies manage their tax obligations, which ultimately can affect firm value in the market. Shareholder and corporate wealth is represented by stock market prices (Rajab et al., 2022). Fundamentally, the goal of corporate management is to maximize firm value. This study aims to answer whether there is a significant effect of profitability, tax planning, independent commissioners, and firm size on the firm value of companies in the financial sector.

Profitability reflects a company's ability to generate profit and its efficiency in managing assets and equity, which directly influences market value. Tax planning refers to legal strategies used to manage tax burdens and reduce taxable income without violating tax laws. Independent commissioners are a key part of good corporate governance, functioning as objective overseers and protectors of minority shareholder interests. Meanwhile, larger firms are generally seen as more stable, with better access to financing and stronger growth prospects—attributes that enhance investor appeal.

The phenomenon concerning firm value in financial companies is a central concern in accounting and finance due to its profound impact on financial reporting transparency and integrity. This is especially critical since financial institutions—such as banks, insurance companies, and investment firms—play a vital role in the economy and market trust.

This study finds that profitability, firm size, the presence of effective independent commissioners, and tax planning can enhance firm value by mitigating financial performance decline and reducing risk, thereby supporting corporate stability. In other words, companies with high profitability, larger size, sound corporate governance through effective independent commissioners, and robust tax planning strategies are better positioned to maintain or even increase their market value. These factors, combined with strong independent oversight, build a solid foundation for investor and stakeholder trust in a firm's ability to manage financial risk, maximize profit, and minimize unnecessary tax liabilities. Overall, these factors support the resilience and growth of firm value in facing economic challenges and market competition.

REVIEW OF LITERATURE

Research on the determinants of firm value has drawn significant attention, particularly within the fields of accounting and finance. One of the most consistently studied variables is **profitability**, which reflects a firm's ability to generate earnings by efficiently utilizing its resources. According to Manalu et al. (2021), profitability has a significant impact on firm value, as it signals financial health and influences investor perception. A firm with consistently high profitability is considered capable of sustaining cash flows, thereby enhancing shareholder wealth.

Another crucial factor is **tax planning**, defined as a strategic effort to minimize tax liabilities within the bounds of applicable tax laws. Tambahani et al. (2021) emphasized that effective tax planning can increase net income and improve overall corporate efficiency. While studies such as that by Yuningsih et al. (2021) found a positive and significant relationship between tax planning and firm value, contrasting findings were reported by Rajab et al. (2022), who concluded that tax planning does not significantly affect firm value. These discrepancies may stem from industry-specific factors or variations in the implementation of tax strategies.

The role of **independent commissioners** has become increasingly vital in enhancing corporate governance. Independent commissioners are tasked with providing objective oversight and safeguarding the interests of minority shareholders. According to Rahmawati (2021), the presence of independent commissioners contributes to effective monitoring, reduces agency problems, and enhances investor trust—ultimately influencing firm valuation. Empirical findings by Iroh Rahmawati (2021) support the positive effect of independent commissioners on firm value, underlining their importance in fostering transparency and accountability.

Firm size, often measured by total assets or total sales, also plays a key role in determining firm value. Larger firms are generally more visible to investors and regulators, possess more stable cash flows, and have greater access to capital markets. Irawan and Kusuma (2019) suggested that larger companies are more likely to maintain investor confidence due to their scale and market presence. Empirical research by Christine Keni and Pangkey (2022) and Fajriah et al. (2022) found that firm size positively influences firm value, as larger firms are often associated with reduced investment risk and stronger market positioning.

Overall, prior literature indicates that profitability, tax planning, the presence of independent commissioners, and firm size are key variables in explaining firm value. However, variations in research findings across different sectors and periods highlight the need for further empirical investigation, particularly in the context of Indonesia's financial sector.

Hypotheses

Based on the theoretical framework and previous studies, the hypotheses proposed in this research are as follows:

H1: Profitability has a significant effect on firm value.
H2: Tax planning has a significant positive effect on firm value.
H3: The presence of independent commissioners has a significant effect on firm value.
H4: Firm size has a significant effect on firm value.

RESEARCH METHOD

This study employs a **quantitative research approach** to analyze the influence of profitability, tax planning, independent commissioners, and firm size on firm value in the financial sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2023.

Population and Sampling

The population consists of all financial sector companies listed on the IDX from 2020 to 2023. The sample was selected using **purposive sampling**, with the following criteria:

- The company is listed under the financial sector on the IDX.
- It consistently publishes annual financial statements from 2020 to 2023.
- The financial statements are publicly accessible through the IDX website or the company's official site.

Data Collection

This study uses **secondary data** derived from audited financial statements (annual reports) of financial sector companies. Data was collected through documentation techniques by accessing the official IDX website (www.idx.co.id) and each company's official website.

Operational Definitions of Variables

Dependent Variable:

- *Firm Value* is measured using the **Price to Book Value (PBV)** ratio.

Independent Variables:

- *Profitability* is measured by **Return on Assets (ROA)**.
- *Tax Planning* is proxied using the **Effective Tax Rate (ETR)**.
- *Independent Commissioners* are measured by the percentage of independent board members.
- *Firm Size is* measured using the natural logarithm of total assets (Ln Total Assets).

Data Analysis Techniques

Data analysis is performed using **SPSS software**, following these steps:

a. Descriptive Statistics: To describe the characteristics of each variable including mean, maximum, minimum, and standard deviation.

b. Classical Assumption Tests:

- *Normality Test* (Kolmogorov–Smirnov)
- *Multicollinearity Test* (VIF and Tolerance)
- *Heteroscedasticity Test* (Glejser test)
- *Autocorrelation Test* (Runs test)

c. Multiple Linear Regression Analysis:

Used to assess the influence of multiple independent variables on firm value. The regression model is as follows:

$$ValueP = a + \beta 1\ X1profit + \beta 2\ X2taxplan + \beta 3\ X3INDEP + \beta 4\ X4UkP + e$$

Information:

Profit	= Profitability
TaxPlan	= *Tax Planning*
INDEP	= Independent Commisioner
SizeP	= Company Size
e	= Error
α	= Constant
β1 β2 β3 β4	= Regression Coefficient

d. Coefficient of Determination (R^2):

To determine how well the independent variables explain variations in firm value

e. F-Test (Simultaneous Test):

To test whether all independent variables collectively influence the dependent variable.

f. T-Test (Partial Test):
To assess the individual effect of each independent variable on firm value.

RESULTS AND DISCUSSION

Data Presentation

This study utilizes data sourced from the annual financial statements of financial sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020 to 2023. The sampling process is carried out using a purposive sampling method, with specific selection criteria that have been set to ensure that the selected sample is relevant to the research objectives.

Table 1.
Sample Selection Criteria

No	Criteria	Total
1	Financial sector companies listed on the Indonesia Stock Exchange	104
2	New financial sector companies listed on the IDX during 2020-2023	-43
Number of sample companies		57
Research period 2020-2023		4
Number of research samples		228
Outlier Data		76
Number of samples processed		152

Source: Data processed by researchers, 2025.

The sample size that is considered good for a study generally ranges from 30 to 500 sample data. (Sugiyono, (2017: 91)) In this study, researchers used a total of 152 samples collected from 52 companies over a four-year period, namely from 2020 to 2023. Thus, the number of samples used in this study has met the usual sample size requirements in research.

Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	152	.001	.082	.02212	.018293
TaxPlanning	152	.002	.473	.18858	.089414
INDEP	152	.250	.750	.52952	.119945
SizeP	152	25.670	35.320	30.52033	2.476894
ValueP	152	.140	4.780	1.23967	.900143
Valid N (listwise)	152				

Source: SPSS 25 data processing by researchers, 2025.

According to the results of processing 152 data through SPSS version 25, the following is the interpretation of each variable:

a. The firm value variable obtained a minimum value of 0.140, a maximum value of 4.780, a mean value of 1.23967, and a standard deviation of 0.900143.

b. The profitability variable obtained a minimum value of 0.001, a maximum value of 0.082, a mean value of 0.2212, and a standard deviation of 0.18293.
c. The tax planning variable has a minimum value of 0.002, a maximum value of 0.473, a mean value of 0.18858, and a standard deviation of 0.89414.
d. The independent commissioner variable has a minimum value of 0.250, a maximum value of 0.750, a mean value of 0.52952, and a standard deviation of 0.119945.
e. The company size variable has a minimum value of 25.670, a maximum value of 35.320, a mean value of 30.52033, and a standard deviation of 2.476894.

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		152
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.58759408
Most Extreme Differences	Absolute	.069
	Positive	.069
	Negative	-.045
Test Statistic		.069
Asymp. Sig. (2-tailed)		.071[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

In this study, the normality test was carried out on unstandardized residuals using the One-Sample Kolmogorov-Smirnov (K-S) Test. The test results show that the significance value (Asymp. Sig. 2-tailed) is 0.071. This significance value is greater than the commonly used significance level, which is $\alpha = 0.05$. Therefore, the null hypothesis (H_0) stating that the residual data is normally distributed cannot be rejected. In other words, there is not enough evidence to suggest that the residual distribution deviates from the normal distribution. This shows that the residual data in the regression model are normally distributed, so the normality assumption has been met, and the regression analysis can be continued with statistical validity that can be accounted for.

Multicollinearity Test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	.493	.373		1.323	.188	-.244	1.230		

	Profitability	.543	1.590	.030	.341	.733	-2.599	3.685	.884	1.131
	TaxPlanning	-.472	.315	-.126	-1.499	.136	-1.095	.151	.942	1.061
	INDEP	.036	.236	.013	.154	.878	-.431	.504	.931	1.074
	SizeP	.002	.012	.011	.128	.899	-.022	.025	.872	1.147

a. Dependent Variable: absres

According to the table, the multicollinearity test results show that for the profitability variable, the tolerance value is 0.884 and the VIF is 1.131. For the tax planning variable, the tolerance value is 0.942 with a VIF of 1061. For the independent commissioner variable (INDEP), the tolerance value is 0.931 and the VIF is 1.074. Meanwhile, the company size variable has a tolerance value of 0.872 and a VIF of 1.147. Each of these independent variables shows a tolerance value above 0.10 and a VIF below 10. Thus, it can be concluded that there are no symptoms of multicollinearity among the independent variables used in this study.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.493	.373		1.323	.188
	Profitability	.543	1.590	.030	.341	.733
	Tax Planning	-.472	.315	-.126	-1.499	.136
	INDEP	.036	.236	.013	.154	.878
	SizeP	.002	.012	.011	.128	.899

a. Dependent Variable: absres

The results of testing heteroscedasticity reveal that the profitability variable has a significant value of 0.833, the tax planning variable has a significant value of 0.136, the independent commissioner variable (INDEP) has a significant value of 0.878, and the company size variable has a significant value of 0.899. It can be concluded that all independent variables indicate a significant value exceeding 0.05, so that there are no symptoms of heteroscedasticity in this study.

Autocorrelation Test

Runs Test

	Unstandardized Residual
Test Value[a]	-.06202
Cases < Test Value	76
Cases >= Test Value	76
Total Cases	152
Number of Runs	86
Z	1.465

Asymp. Sig. (2-tailed)	.143

a. Median

Autocorrelation test is a test in a linear regression model there is a correlation between confounding error in period t and confounding error in period t-1 (before), in the table above it can be seen in the Run test conducted shows that the test value is -0.06202 with a probability of 0.143 and significant 0.05, which means that the null hypothesis in this test is accepted, meaning that there is no autocorrelation in this variable.

Multiple Linear Regression Test

The multiple linear regression test aims to understand the influence of several independent variables on one dependent variable. The following table presents the results of the multiple linear regression test run in this study.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.719	.661		-2.602	.010
	Profitability	14.779	2.818	.409	5.245	.000
	TaxP	-.226	.558	-.031	-.404	.687
	INDEP	1.621	.419	.294	3.869	.000
	UkuranP	.019	.021	.070	.891	.374

a. Dependent Variable: LN_ValueP

ValueP = α + β1 X1profit + β2 X2taxplanning + β3 X3 INDEP + β4 SizeP
LN_ValueP = -1.719 + 14.779 Profitability – 0.226 TaxP + 1.621 INDEP + 0.019 SizeP + e
The equation above can explain the following:

a. The constant value (a) has a positive value of -1.719. The positive sign means that it shows a unidirectional influence between the independent variable and the dependent variable. This shows that if all independent variables, including profitability (X1), independent commissioners (X2), tax planning (X3), and company size, are 0 percent or have no change, then the value, company value, is -1.719.
b. Regression Coefficient of the Independent Variable Profitability the regression coefficient for the profitability variable (X1) has a positive value of 14.779. This shows that if profitability increases, the company value will increase by 14.779 with the assumption that other independent variables are considered constant. The positive sign means that it shows a unidirectional influence between the independent variable and the dependent variable.
c. Regression Coefficient of Tax Planning variable the regression coefficient for the tax planning variable (X2) is -226. This value shows a negative influence (opposite direction) between the tax planning variable and firm value. This means that if the deferred tax expense variable increases, the company value variable will decrease by -226. Assuming that other variables remain constant.

d. Independent Commissioner Variable Regression Coefficient. The refression coefficient value for the independent commissioner variable (X3) is 1.621. This value shows a negative influence (opposite direction) between the independent commissioner variable and the company value. This means that if the independent commissioner variable experiences an increase, then on the contrary, the company value variable will decrease by 1.621. Assuming that other variables remain constant.
e. Company Size Variable Regression Coefficient The regression coefficient for the company size variable (X4) has a positive value of 0.019. This shows that id the company size increases by 1%, the company value will increase by 0.019 with the assumption that the other independent variables are considered constant. The positive sign means that it shows a unidirectional influence between the independent variable and the dependent variable.

Determination Coefficient Test

The coefficient of determination (R^2) test is used in measuring how far the independent variable is able to describe the variation that occurs in the dependent variable. The R^2 value ranges from 0 to 1. When the R^2 value is close to 1, it shows that the independent variable is significantly able to describe the dependent variable. In contrast, if the R2 value is close to 0 , then the independent variable has a very limited influence in explaining the variability in the dependent variable. The following table shows the results of the coefficient of determination test carried out in this study

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.457[a]	.209	.188	.59553

a. Predictors: (Constant), SizeP, TaxP, INDEP, Profitability
b. Dependent Variable: LN_PValue

The Adjusted R Square value obtained is 0.188, which means that about 18.8% of the variation in firm value (dependent variable) can be explained by the independent variables, namely profitability, tax planning, independent commissioners (INDEP), and firm size. Meanwhile, the other 81.2% variation is due to various other factors that are not covered in this study.

Simultaneous Statistical Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.778	4	3.444	9.712	.000[b]
	Residual	52.135	147	.355		
	Total	65.913	151			

a. Dependent Variable: LN_PValue
b. Predictors: (Constant), SizeP, TaxP, INDEP, Profitability

The F test results from the ANOVA table show the calculated F value of 0.712 with a significance value (Sig.) of 0.000. Because this significance value is smaller than 0.05, it can be concluded that the regression model used is simultaneously significant. This means that the independent variables consisting of Profitability, Tax Planning , INDEP (Independent commissioners), and SizeP (Company Size) together have a significant

influence on the dependent variable , namely LN_PValue (company value in the form of natural logarithms).

Thus, the null hypothesis (H_0) stating that all regression coefficients are equal to zero simultaneously is rejected, and the alternative hypothesis (H_1) is accepted. This indicates that the regression model is feasible to use to predict the dependent variable based on the four independent variables.

T Statistical Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.719	.661		-2.602	.010
	Profitability	14.779	2.818	.409	5.245	.000
	TaxP	-.226	.558	-.031	-.404	.687
	INDEP	1.621	.419	.294	3.869	.000
	SizeP	.019	.021	.070	.891	.374

a. Dependent Variable: LN PValue

The t-test is used to test the effect of each Independent variable partially on the dependent variable LN_PValue. The interpretation of each variable is as follows:

a. Profitability has a regression coefficient of 14.779 with a t value of 5.245 and a significance value of 0.000. Because the Sig. value <0.05, Profitability has a significant positive effect on firm value. This means that the higher the profitability, the higher the company value.
b. Tax Planning (Tax) has a regression coefficient of -0.226, t count of -0.404, and a Sig. value of 0.687. Because the Sig. value> 0.05, it can be concluded that Tax Planning has no significant effect on firm value. Although the coefficient is negative, this relationship is not strong enough to be considered statistically significant.
c. INDEP (Independence of the Board/ Management) shows a regression coefficient of 1.621, t count of 3.869, and a Sig value. 0,000. Because the Sig. value is <0.05, it can be concluded that INDEP has a significant positive effect on firm value. This shows that the higher the level of independence, the higher the company value.
d. SizeP (Company Size) has a coefficient 0.019, t count 0.891, and Sig. of 0.374. Because the Sig. value>0.05, it can be concluded that SizeP has no significant effect on firm value.

Effect of Profitability on Company Value

In this analysis, Profitability shows a regression coefficient of 14.779, with a t-value of 5.245 and a significance value of 0.000. These figures indicate that Profitability has a significant positive effect on company value. This means that the higher the profitability achieved by a company, the higher the company's value in the eyes of investors and the market. For example, companies that are able to generate high net profits, such as large technology companies that continue to experience revenue growth, will tend to have a higher market value. This is due to investors' positive perception of the company's ability to generate

profits in the future. In this context, Profitability not only serves as a measure of financial performance but also as an indicator of market confidence in business sustainability.

Profitability, as demonstrated by various empirical studies, has been proven to have a significant impact on company value in the financial sector. Atmikasari et al.'s (2021) research on banking companies in Indonesia indicates that a substantial increase in profitability drives an increase in company value, reflected in stock price appreciation. This is because investors tend to interpret high profitability levels as a positive signal regarding the company's future business prospects. Similar findings were also reported by Kolamban et al. (2020), who analyzed the financial sector on the Indonesia Stock Exchange (IDX), where a high earning per share (EPS) ratio partially has a dominant positive impact on the market valuation of companies. Furthermore, the study by Hartono et al. (2021) reinforces previous findings by showing that profitability is the only variable that consistently has a significant effect on company value in the financial sector, while leverage and company size factors show less consistent results. This mechanism of influence occurs because high profitability levels increase investor confidence in a company's ability to generate returns on their investments, which ultimately reflects in increased stock prices and overall company market value.

The Effect of Tax Planning on Company Value

TaxP (Tax Planning). In the analysis, TaxP has a regression coefficient of -0.226, a t-value of -0.404, and a significance value of 0.687. These results indicate that TaxP does not have a significant effect on company value. Although the coefficient is negative, the relationship is not strong enough to be considered statistically significant. This is understandable when we consider that taxes are often a burden that companies must bear, but their impact on company value can vary depending on the context. For example, companies operating in countries with lower tax rates may not experience the same negative impact as companies in countries with high tax rates. Additionally, effective tax management strategies can help companies minimize their tax burden, thereby not significantly affecting corporate value. Therefore, although taxes are an important factor in corporate financial management, in this context, their impact on corporate value cannot be considered significant. This may be due to several factors, such as a limited sample size, or perhaps the selected variables are not strong enough to explain the existing relationship.

In general, a number of studies have found that tax planning has a positive effect on company value. Research by Meilawati & Ike (2024) shows that the better a company is at tax planning, the higher its value, as legal tax savings increase net profit and attract investor interest. Similar results were also found in a study of manufacturing companies in Indonesia, where tax planning was proven to have a positive and significant impact on company value, as companies can minimize tax burdens in accordance with applicable regulations, thereby improving efficiency and company value.

Additionally, studies in the property and real estate sectors confirm that tax planning indicators such as low cash effective tax rates (CETR) indicate good tax planning and positively influence company value. However, not all studies agree; some find that tax planning does not always significantly influence company value, depending on other factors such as solvency or corporate governance. Thus, while the majority of studies support the positive impact of tax planning on company value, the results can still be influenced by the context and characteristics of the companies being studied.

The Effect of Independent Commissioners on Company Value

INDEP (Independent Commissioner). The regression coefficient for INDEP is 1.621, with a t-value of 3.869 and a significance value of 0.000. These results indicate that INDEP has a significant positive effect on company value. This means that the higher the level of independence of the company's board or management, the higher the value of the company. This reflects the importance of good corporate governance. For example, companies with independent boards of directors that are not bound by personal interests or affiliations with major shareholders tend to be more transparent in their decision-making, which in turn can increase investor confidence. This confidence is crucial as it can influence investment decisions, with investors more likely to invest their capital in companies with good corporate governance. Thus, INDEP is not just a number, but reflects the company's commitment to principles of transparency and accountability. In this context, it is important to understand that independent commissioners have a responsibility to ensure that decisions made by management align with the interests of shareholders. They act as intermediaries to maintain accountability and transparency in company management. For example, in a company with strong independent commissioners, strategic decisions such as acquisitions or large investments can be reviewed more carefully. This not only reduces the risk of detrimental decisions but also increases shareholder confidence in management.

Studies conducted by Rahmawati (2022) and Saifi & Hidayat (2017) show that an increase in the proportion of independent commissioners contributes to strengthening the monitoring function within a company. In their research, it was found that companies with a higher proportion of independent commissioners tend to have better financial performance. For example, business entities with at least half of their board members being independent show a significant increase in market capitalization compared to companies that do not meet this standard. This indicates that the presence of independent supervisors can send a positive signal to investors that the company is managed professionally and accountably. Furthermore, research by Bellamalini and colleagues (2022) and Mishra & Kapil (2018) examining the consumer products sector also reinforces the positive correlation between the composition of independent boards of commissioners and company value. In this industry, where consumers are highly concerned about corporate image and social responsibility, independent supervisors play a crucial role in ensuring that companies do not focus solely on profit generation but also consider the social and environmental impacts of their business policies. For example, organizations with independent board members who are concerned about environmental issues tend to be more proactive in adopting sustainable practices, which in turn can enhance the company's reputation and valuation in the eyes of consumers.

Thus, not all studies support the idea that independent supervisors always contribute positively to corporate value. A report by Khoirunnisa & Aminah (2022) reveals that in some situations, the dominance of policies by the supervisory board can hinder the effectiveness of oversight. In such conditions, if the board of commissioners becomes overly involved in daily operational activities, they risk losing the objectivity required to effectively oversee management. This illustration shows that while independent commissioners have the potential to enhance company value, their mere existence is insufficient; the internal architecture and dynamics of the supervisory board also play a significant role.

The Effect of Company Size on Company Value

The variable SizeP (Company Size), which has a coefficient of 0.019, a t-value of 0.891, and a significance level of 0.374. These results indicate that UkuranP does not have a significant effect on company value. This may be due to the fact that company size does not always reflect performance or growth potential. For example, an innovative small company with highly sought-after products may have a higher value than a stagnant large company. In many cases, investors pay more attention to aspects such as innovation, competitive advantage, and growth potential than simply the size of the company itself.

Based on previous research, company size has been proven to have a positive and significant effect on company value. In this context, "company size" is often measured through several indicators, including total assets, total revenue, and number of employees. Larger companies tend to have more stable financial conditions, as illustrated by their ability to withstand market fluctuations. For example, during an economic crisis, large companies such as Unilever and Astra International were able to survive better than small businesses that were more vulnerable to changes in market conditions. This financial stability not only provides security for investors but also builds trust among other stakeholders.

Ease of obtaining financing is another factor that strengthens the relationship between company size and company value. Large companies typically have better access to funding sources, whether through bank loans or bond issuance. For example, large companies often have higher credit ratings, allowing them to borrow at lower interest rates. This not only reduces capital costs but also increases profit potential, which ultimately impacts company value. In this regard, we can see real-world examples of companies that have successfully expanded significantly thanks to better access to funding, such as Telkom Indonesia, which continues to invest in digital infrastructure.

Higher investor confidence in large companies also contributes to increased demand for shares. When investors feel confident that a company has good prospects and higher stability, they tend to invest more. This leads to increased demand for shares of large companies, causing share prices and company value to rise as well. A study by Diyanto & Natariasari (2019) shows that the larger the company size, the greater the profits obtained. For example, companies such as Bank Mandiri and BCA have shown significant profit growth in line with their growth in size and market share, which in turn increases investor confidence and company value.

However, it is important to note that not all studies agree on the influence of company size on company value. Some studies emphasize that large companies have stronger bargaining power, cost efficiency through economies of scale, and easier access to capital markets. For example, large companies can negotiate with suppliers to obtain better prices, which in turn increases their profit margins. Additionally, with a large scale, companies can spread their fixed costs across more production units, thereby improving operational efficiency. All of this contributes to the company's prospects and value in the eyes of investors.

However, there are also studies that find different results, where company size does not always have a significant impact or can even have a negative effect on company value.

This often depends on other factors such as corporate governance and the effectiveness of the board of commissioners. For example, large companies with poor governance structures or ineffective boards of directors may face serious issues, such as

corruption scandals or detrimental business decisions. A real-world example of this is the Enron case, where despite being one of the largest companies in the world, poor governance led to a dramatic bankruptcy and significant losses for investors.

In general, the majority of studies support the notion that company size is one of the key factors that can increase company value, particularly through investors' positive perceptions of the stability and prospects of large-scale companies. However, it is important to remember that size is not the only factor that determines company value. Other factors such as innovation, managerial capability, and responsiveness to market changes also play a very important role. In this context, smaller companies that are able to innovate and adapt quickly to market changes may achieve higher value than larger companies that are less responsive.

In conclusion, this analysis shows that Profitability and INDEP have a significant influence on company value, while Tax Planning and UkuranP do not show a significant influence. This highlights the importance of focusing on aspects that can improve company performance and governance. Profitability serves as the primary indicator of a company's ability to generate profits, while the independence of independent commissioners reflects the company's commitment to good governance. On the other hand, tax planning and company size, although important, are not always decisive factors in determining company value. By understanding these relationships, companies can formulate better strategies to enhance performance and value in the eyes of investors.

CONCLUSION

This study concludes that among the variables tested—profitability, tax planning, independent commissioners, and firm size—only profitability and the presence of independent commissioners have a significant and positive effect on firm value in financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. Profitability reflects the company’s ability to generate returns, while independent commissioners contribute to strengthening corporate governance, both of which enhance investor confidence and market valuation. In contrast, tax planning and firm size do not significantly influence firm value, indicating that these factors may not be primary considerations for investors in assessing a company’s worth within this sector.

This research is limited to financial sector companies in Indonesia and focuses solely on internal factors without considering external macroeconomic influences or industry-specific dynamics. Future research is recommended to incorporate broader variables such as market sentiment, regulatory changes, or digital transformation initiatives, and to apply comparative analysis across sectors or countries to provide more comprehensive insights into the determinants of firm value.

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