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The influence of sales growth, fixed asset intensity, inventory intensity, and firm size on the cash effective tax rate

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ABSTRACT

This research examines the influence of Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size on the Cash Effective Tax Rate in food and beverage subsector manufacturing companies listed on the IDX in 2015-2022. Descriptive analysis shows variations in Cash Effective Tax Rate, Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size among these companies. Partially, the analysis results show that Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size do not have a significant effect on the Cash Effective Tax Rate. However, a very weak relationship was found between each independent variable and the Cash Effective Tax Rate. Simultaneously, the four independent variables also do not have a significant effect on the Cash Effective Tax Rate, with a coefficient of determination value of 4.3%, indicating that 95.7% of the variation in the Cash Effective Tax Rate is influenced by other factors. Thus, this research concludes that Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size do not have a significant influence on the Cash Effective Tax Rate in food and beverage subsector manufacturing companies on the IDX during the 2015-2022 period, indicating that there are other factors that are more important. dominantly influences the Cash Effective Tax Rate.

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1. INTRODUCTION

A low tax ratio can be caused by several things, one of which is problems in tax administration. From the perspective of an outsider to the Directorate General of Taxes, tax corruption cases involving DJP employees, such as the cases of Gaius Tambunan and Rafael Alun, are examples. Then, there is also the problem of non-compliance and tax avoidance from the rich group. This is also the biggest problem faced by the tax authorities, namely underpayment of taxes due to weaknesses in the self-assessment system (www.alinea.id, 2023).

*Tax ratio*is a ratio to compare tax revenues with Gross Domestic Income (GDP) in a certain year which is used to measure tax performance (Octavi et al., 2022). In tax collection activities, there are different objectives between the government as the tax collector and companies as the tax payer. The government wants high tax revenues as the largest source of financing for the implementation of state activities, whereas for companies tax is a burdensome obligation and burden that can reduce their profits so companies will try to minimize their tax payments (Ainniyya et al., 2021).

Minister of Finance Sri Mulyani reported that the manufacturing industry was the sector with the largest contribution to tax revenue with a contribution of 27.5% until the end of August 2023. The performance of the manufacturing industry grew 4.7% annually, aka*year on year* (YoY). However, growth slowed compared to growth in the same period the previous year of 49.15%. If we look at performance per period, the manufacturing industrial sector experienced a contraction or decline of 5.6% due to moderation in fuel oil (BBM) prices. In July 2023, tax payments from this industry will decrease by 4.9%. Meanwhile, in the second quarter of 2023, it experienced a contraction of 7%. In fact, in the first quarter of 2023, tax deposits from the manufacturing industry managed to grow 32.9%. For information, the Ministry of Finance noted that the realization of tax revenues from the beginning of 2023 to August 2023 has reached IDR 1,246.97 trillion. However, the performance of tax revenues slowed down or only grew 6.4% compared to last year's revenues in the same period which managed to grow 58.1% (nasional.kontan.co.id, 2023).

In another case, tax problems occurred with the PepsiCo company, the food and beverage company that owns the Pepsi fizzy soft drink brand, announcing major changes to its fizzy drink recipe. This company from the United States (US) announced that it had used artificial sweeteners to avoid the sugar tax. By using this new artificial sweetener formula, Pepsi is said to be free from the sugar tax imposed by the British Government in April 2018. According to*The Institute for Government*, there is no levy for soft drinks containing less than five grams of sugar per 100 ml. According to data from The Institute for Government, as a result of the sugar tax policy, more than 50 percent of producers reduced the sugar content in their products (pajak.com, 2023).

Apart from that, a case of tax evasion occurred at the Coca-Cola Co. soft drink company. who carry out transfer pricing to avoid taxes. From DDTC*News*stated “The feud between the Coca-Cola Co. with the Tax Authority of the United States (US) Internal Revenue Service (IRS) has not yet found common ground to date. Almost a year has passed since a hearing was held by the US Tax Court in Washington DC. The validity of the profit proportionality method for testing the fairness of prices used by the IRS is still being debated. In the last hearing, the IRS argued that the taxes owed by Coca Cola should be worth 9.4 billion USD over a three year period” (DDTC News, 2023).

*Cash Effective Tax Rate*is "Cash tax payments on company profits before income tax". Cash ETR is relevant for tax avoidance because it shows the actual tax burden paid. If the Cash ETR value is high/increasing, the company does not avoid tax because it can assess the tax situation from the cash flow report, which gives an idea of how much cash the company actually spends. A low cash ETR indicates that the income tax burden is smaller than income before tax (Pohan, 2018:35). Several factors influence the Cash Effective Tax Rate in a company, including sales growth. According to Fahmi (2017:142) Sales growth is "Changes in sales in financial reports. Sales growth that is above average for a company is generally due to the rapid growth of the industry in which the company operates and can achieve above average growth levels by increasing market share.” According to (Suselo & Kosadi, 2023) "high sales growth reflects high income and high profits".

The next factor that influences the Cash Effective Tax Rate is fixed asset intensity. According to PSAK 16, fixed assets are tangible assets that have the characteristics of being used in business operations, are long-term and can usually be depreciated. (Lukito & Oktaviani, 2022) say that "The choice of investment in the form of fixed assets which is related to taxation is in terms of depreciation expenses." Depreciation expenses related to fixed asset ownership will affect company taxes, this is because depreciation expenses will act as a tax deduction. "So the greater the amount of fixed asset ownership owned by the company, the greater the depreciation burden, resulting in the smaller the tax burden."

Another factor that influences the Cash Effective Tax Rate is inventory intensity. According to (Rosandi, 2022), inventory intensity is "the part of current assets that is used to meet long-term needs and operations. PSAK 14 2018 states that there is some waste caused by high inventory levels. These costs include material costs, labor costs, production costs, storage costs, administrative and general costs, and sales. These costs can influence a decrease in profits, so that the tax burden can be reduced.

Another factor that influences the Cash Effective Tax Rate comes from firm size. Company size (firm size) which is a key factor in determining the profitability of the company (Anggelina & Kosadi, 2024). According to Hery (2018:97) "Company size is a scale that shows how big or small a company is. "According to (Zannati & Ginting, 2022) stated "Company size is a scale that can be grouped based on the size of the company, which can be seen from total assets, total sales and so on". According to (Damayanti & Putri, 2023) says "The size of a business can be classified into micro, small, medium and large categories based on the Ln (natural logarithm) value". (Panggabean & Kasir, 2023) stated "The larger the size of a company, the more prominent the signs of tax avoidance." The sales growth phenomenon for ULTJ issuers has increased by 4.83% from 2021 sales growth of 10.88% to 15.71% in 2022. Followed by Cash ETR which has increased by 0.11 times from 2021 which was 0, 22 times to 0.33 times in 2022. This is not in accordance with Fahmi's theory (2017: 142) which says that "Sales growth is a change in sales in financial reports. Sales growth that is above average for a company is generally due to the rapid growth of the industry in which the company operates and can achieve above average growth levels by increasing market share." Sales growth can provide a good or bad picture of sales levels which reflect company profits. So good sales growth will certainly increase the company's tax burden. This theory is supported by research by (Ginting, 2022) which states that sales growth influences the cash effective tax rate (Cash ETR).

The fixed asset intensity phenomenon in SKLT issuers has decreased by 0.06 times from 0.71 times in 2021 to 0.65 times in 2022. Meanwhile Cash ETR has increased by 0.18 times from 0.11 times in 2021 to 0.29 times in 2022. This is contrary to the theory of PSAK 16, fixed assets are tangible assets which have the characteristics of being used in business operations, are long-term and can usually be depreciated. With the depreciation costs of the company's fixed assets, this causes a decrease in company profits. So when fixed asset intensity increases, the cash effective tax rate will be lower. Supported by research by (Satria & Nathan, 2023) which states that fixed asset intensity has a significant effect on tax management.

Furthermore, the inventory intensity phenomenon for GOOD issuers has increased by 0.02 times from 0.15 times in 2021 to 0.17 times in 2022. Meanwhile Cash ETR has also decreased by 0.02 times from 2021 which was 0.25 times to 0.23 times in 2022. This is contrary to the 2018 PSAK 14 theory which states that there is some waste caused by high inventory levels. These costs include material costs, labor costs, production costs, storage costs, administrative and general costs, and sales. These costs can influence a decrease in profits, so that the tax burden can be reduced. This theory is supported by research by (Putra & Kirana, 2023) which states that inventory intensity influences Cash ETR in a positive direction.

The final phenomenon is that the firm size of JPFA issuers has increased by 0.13 times from 17.17 times in 2021 to 17.30 times in 2022. Meanwhile, Cash ETR has increased by 0.10 times from 0.29 times in 2021 to 0 .39 times in 2022. This is contrary to the theory according to Harahap (2018:23) "Firm size is a scale where the size of the company can be classified according to various ways, including total assets, log size, stock market value, etc. other". Firm size is a key factor in determining the profitability of the company due to the concept known as economies of scale, which is part of the traditional view of the Company (Anggelina, N.D. and Kosadi, F, 2024). So it can be concluded that the higher the value of company size, the higher the tax avoidance activity. This statement is supported by research by (Kimea et al., 2023) which states that firm size has a significant positive relationship with Cash ETR.

Based on the phenomena and problems described above, the author is interested in conducting research on "The Influence of Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size on the Cash Effective Tax Rate in Food and Beverage Sub-Sector Manufacturing Companies Listed on the Stock Exchange Indonesian Effects 2015-2022".

2. RESEARCH METHOD

The data collection techniques used in this research are documentation and literature. Documentation of the data obtained is secondary data obtained by documentation, namely collecting data by recording data related to the problem to be studied from documents owned by the company, generally regarding

financial reports and annual reports published by Sub-Sector Manufacturing Companies. Food and Beverages listed on the Indonesian Stock Exchange 2015 – 2022 obtained from the Indonesian Stock Exchange website (www.idx.co.id) and through the official websites of related companies. Data collection was carried out by reading books and journals regarding the theory of the problem being studied. The population in this research is Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the 2015-2022 period sourced from www.idx.co.id. The total population is 84 companies. The sampling technique in this research used a non-probability sampling technique, from a population of 84, 11 companies were obtained as research samples. After collecting data, the next stage is analyzing the data which is then processed so that it can answer the questions that have been raised in the research. There are two data analysis techniques used, namely descriptive statistical analysis and verification statistical analysis. Descriptive statistics using SPSS version 26 calculations by looking at the average value (mean), standard deviation, variance, maximum and minimum, verification analysis aims to find out how strong the influence of the independent variables Sales Growth (X1), Fixed Asset Intensity (X2), Inventory Intensity (X3) and Firm Size (X4) on the dependent variable Cash Effective Tax Rate (Y).

3. RESULTS AND DISCUSSIONS

Results

Results of Descriptive Statistical Analysis

This section is intended to provide an overview of the distribution and behavior of sample data that has been determined in terms of the minimum, maximum, average (mean) and standard deviation values used for each variable, namely Sales Growth, Fixed Asset Intensity, Inventory Intensity, and Firm Size on Cash Effective Tax Rate in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022.

Results of Descriptive Statistical Analysis of Cash Effective Tax Rate

Based on the 2015-2022 Cash Effective Tax Rate data, descriptive analysis was carried out using IBM SPSS 26.0 and to determine the minimum value, maximum value, average value and standard deviation as follows:

Table 1. Descriptive Statistics of Cash Effective Tax Rate for 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Cash Effective Tax Rate	88	.06	.62	,2656	,10718
Valid N (listwise)	88				

Source: Results of data processing with SPSS 26 (Data processed 2024)

Results of Descriptive Statistical Analysis of Sales Growth

Based on the Sales Growth value data for 2015-2022, descriptive analysis was carried out using IBM SPSS 26.0 and to determine the minimum value, maximum value, average value and standard deviation as follows:

Table 2 Descriptive Statistics of Sales Growth for 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Sales Growth	88	-25.50	50.40	10.4011	12.92388
Valid N (listwise)	88				

Source: Results of data processing with SPSS 26 (Data processed 2024)

Results of Descriptive Statistical Analysis of Fixed Asset Intensity

Based on the Fixed Asset Intensity value data for 2015-2022, descriptive analysis was carried out using IBM SPSS 26.0 and to determine the minimum value, maximum value, average value and standard deviation as follows:

Table 3. Descriptive Statistics of Fixed Asset Intensity for 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Fixed Asset Intensity	88	.19	1.00	,5628	,20247
Valid N (listwise)	88				

Source: Results of data processing with SPSS 26 (Data processed 2024)

The results of the descriptive analysis of the Fixed Asset Intensity variable in table 3 above show that the minimum value of Fixed Asset Intensity is 0.19 at PT Indofood CBP Sukses Makmur Tbk. in 2021 and the maximum Fixed Asset Intensity value is 1.00 at PT Multi Bintang Indonesia Tbk. 2020. Meanwhile the statistical average value of Fixed Asset Intensity in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 0.5628 and the standard deviation of Fixed Asset Intensity in registered Food and Beverage Sub-Sector Manufacturing Companies on the Indonesian Stock Exchange in 2015-2022 amounting to 0.20247.

Results of Descriptive Statistical Analysis of Inventory Intensity

Based on the 2015-2022 Inventory Intensity value data, descriptive analysis was carried out using IBM SPSS 26.0 and to determine the minimum value, maximum value, average value and standard deviation as follows:

Table 4. Descriptive Statistics of Inventory Intensity for 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Inventory Intensity	88	.01	.39	,1352	,07309
Valid N (listwise)	88				

Source: Results of data processing with SPSS 26 (Data processed 2024)

The results of the descriptive analysis of the Inventory Intensity variable in table 4 above show that the minimum Inventory Intensity value is 0.01 at PT Wilmar Cahaya Indonesia Tbk. in 2016 and the maximum Inventory Intensity value was 0.01 at PT Nippon Indosari Corpindo Tbk. 2017 and 2018. Meanwhile, the average statistical value of Inventory Intensity for Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesian Stock Exchange in 2015-2022 is 0.1352 and the standard deviation of Inventory Intensity for listed Food and Beverage Sub-Sector Manufacturing Companies on the Indonesian Stock Exchange in 2015-2022 amounting to 0.01309.

Results of Descriptive Statistical Analysis of Firm Size

Based on data on Firm Size values for 2015-2022, descriptive analysis was carried out using IBM SPSS 26.0 and to determine the minimum value, maximum value, average value and standard deviation as follows:

Table 5. Descriptive Statistics of Firm Size for 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Firm Size	88	26.66	32.83	29.2123	1.57776
Valid N (listwise)	88				

Source: Results of data processing with SPSS 26 (Data processed 2024)

The results of the descriptive analysis of the Firm Size variable in table 5 above show that the minimum Firm Size value is 26.66 at PT Sekar Laut Tbk. in 2015 and the maximum Firm Size value was 32.83 at PT Indofood Sukses Makmur Tbk. in 2022. Meanwhile, the average statistical value of Firm Size in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 29.2123 and the standard deviation of Firm Size in Food and Beverage Sub-Sector Manufacturing Companies listed on the Stock Exchange The Indonesian effect for 2015-2022 is 1.57776.

Verification Statistical Test Results

In the verification analysis research, the aim is to find out how strong the influence of the independent variables Sales Growth (X1), Fixed Asset Intensity (X2), Inventory Intensity (X3), and Firm Size (X4) is on the dependent variable, namely Fixed Asset Intensity (Y).

Classic Assumption Test Results

Testing this classical assumption uses four tests, namely the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Some of the classical assumption tests used can be explained as follows:

Normality Test Results

The normality test can be explained in the picture as follows:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		88
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,10484278
Most Extreme Differences	Absolute	,129
	Positive	,129
	Negative	-,058
Test Statistic		,129
Asymp. Sig. (2-tailed)		,001[c]

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

Figure 1. Kolmogrov Smirnov Normality Test

Source: SPSS 26 Data Processing Results (Data processed 2024)

Based on Figure 1, it is known that the Kolmogorov-Smirnov normality test in this study was 0.001 < 0.05. A significance value of less than 0.05 indicates that the data in this study is distributed abnormally, which means there may be outlier data or data that is much different from other values in the data set, and this can cause the analysis results to be inaccurate.

The normality test can be explained through the PP Plots test in the image below:

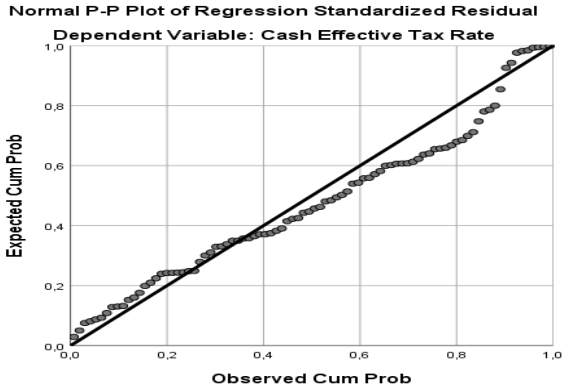

Figure 2. PP Plots Normality Test

Based on Figure 2, it can be seen that the data is spread beside the diagonal line but does not follow the direction of the diagonal line, so the data is declared to be non-normally distributed.

Multicollinearity Test Results

The multicollinearity test aims to find out whether there is a correlation between the independent variables. A good regression model should not have correlation between independent variables. To find out whether there is multicollinearity between independent variables, you need to

pay attention to the Variant Inflation Factor (VIF) and tolerance numbers. The cut off value that is commonly used to indicate the presence of multicollinearity is a tolerance value > 0.10 or the same as a VIF value < 10. If the model has serious multicollinearity problems, one simple method that can be used is to remove one of the independent variables that has a strong linear relationship. The following are the results of multicollinearity testing*Variant Inflation Factor*(VIF) on data using SPSS 26.0.

Table 6. Multicollinearity Test Results

Coefficientsa								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,070	,303		-,230	,819		
	Sales Growth	,001	,001	,124	1,151	,253	,996	1,004
	Fixed Asset Intensity	,046	,071	,088	,655	,514	,644	1,552
	Inventory Intensity	,319	,213	,217	1,495	,139	,545	1,835
	Firm Size	,009	,009	,129	,966	,337	,650	1,539

a. Dependent Variable: Cash Effective Tax Rate

Source: SPSS 26 Data Processing Results (Data processed 2024)

The results of calculating the VIF value show that all independent variables have a result < 10. In addition, the results of calculating the tolerance value show that all independent variables have a result > 0.10, so it can be concluded that there is multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test Results

Based on the basis for making this decision, the results of the heteroscedasticity test are explained as follows:

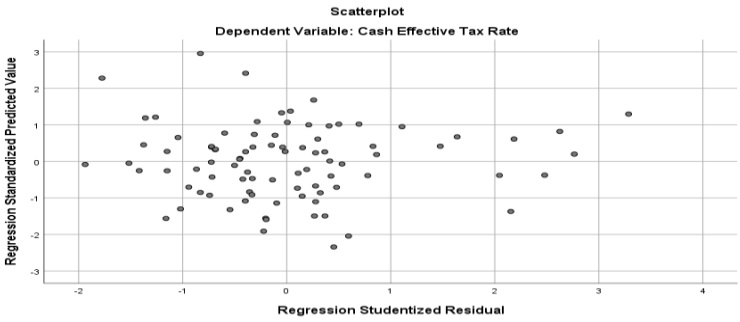

Figure 3. Heteroscedasticity test

Based on Figure 3 above, it can be seen that the points are spread randomly, do not form a pattern and the points are spread both above and below zero on the Y axis. This can be concluded that heteroscedasticity does not occur in this regression model, so this regression model is feasible. used for subsequent analysis.

Autocorrelation Test Results

To detect the presence of auto correlation in a regression model, it can be done by testing the Durbin-Watson test value. Durbin-Watson test criteria in Table 7.

Table 7. Durbin-Watson criteria

Value Hypothesis	Decision	If
There is no positive autocorrelation	No	0 < dw < dl
There is no positive autocorrelation	No decision	dl ≤ dw ≤ du

There is no negative correlation	Reject	4 – dl < dw < 4
There is no negative correlation	No decision	4 – du ≤ dw ≤ 4 – dl
There is no positive or negative autocorrelation	Not rejected	du < dw < 4 – du

Source: Ghozali (2020:112)

The results of autocorrelation testing on data using the SPSS 26.0 program are as follows:

Table 8. Autocorrelation Test

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,208a	,043	-,003	,10734	1,559

a. Predictors: (Constant), Firm Size, Sales Growth, Fixed Asset Intensity, Inventory Intensity

b. Dependent Variable: Cash Effective Tax Rate

Source: SPSS 26 Data Processing Results (Data processed 2024)

Based on table 8 above, a Durbin-Watson value of 1.559 can be obtained. This value is then compared with dL and dU in the Durbin-Watson table. The dU value with a sample of 88 is 1.7493 and the dL value is 1.5597. The Durbin-Watson value is between 0 and dL, namely 0 < 1.559 < 1.5597. So it is in the criteria 0 < dw < dL, meaning that there is no positive autocorrelation in this study

Multiple Linear Regression Test Results

This analysis is used to determine the influence of several independent variables (X) on the dependent variable (Y). The regression equation (Sugiyono, 2021:305) is as follows:

$$Y = a+b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \quad \text{..... (1)}$$

The following is the output of the multiple linear regression test using SPSS 26.0. :

Table 9. Multiple Linear Regression Test Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,070	,303		-,230	,819
	Sales Growth	,001	,001	,124	1,151	,253
	Fixed Asset Intensity	,046	,071	,088	,655	,514
	Inventory Intensity	,319	,213	,217	1,495	,139
	Firm Size	,009	,009	,129	,966	,337

a. Dependent Variable: Cash Effective Tax Rate

Source: SPSS 26 Data Processing Results (Data processed 2024)

Product Moment Correlation Coefficient Test Results

To determine the strength or weakness of the relationship (correlation) between the two variables, use the interpretation according to Sugiyono (2021:231) as follows:

Table 10. Guidelines for Providing Interpretation of Correlation Coefficients

Intervals	Relationship Level
0.00 – 0.199	Very weak
0.20 – 0.399	Weak
0.40 – 0.599	Currently
0.60 – 0.799	Strong
0.80 – 1,000	Very strong

Source: Sugiyono (2021:278)

The results of the correlation test can be seen in the following output table:

Table 11. Correlation Coefficient Test

Correlations

		Sales Growth	Fixed Asset Intensity	Inventory Intensity	Firm Size	Cash Effective Tax Rate
Sales Growth	Pearson Correlation	1	,053	-,003	-,003	,127
	Sig. (1-tailed)		,313	,487	,490	,119
	N	88	88	88	88	88
Fixed Asset Intensity	Pearson Correlation	,053	1	-,434**	-,180*	-,024
	Sig. (1-tailed)	,313		,000	,046	,414
	N	88	88	88	88	88
Inventory Intensity	Pearson Correlation	-,003	-,434**	1	-.429**	,124
	Sig. (1-tailed)	,487	,000		,000	,125
	N	88	88	88	88	88
Firm Size	Pearson Correlation	-,003	-,180*	-.429**	1	,019
	Sig. (1-tailed)	,490	,046	,000		,429
	N	88	88	88	88	88
Cash Effective Tax Rate	Pearson Correlation	,127	-,024	,124	,019	1
	Sig. (1-tailed)	,119	,414	,125	,429	
	N	88	88	88	88	88

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

Coefficient of Determination Test Results (R2)

The Coefficient of Determination (R2) essentially measures how far the model's ability is to explain variations in the dependent variable. The coefficient of determination value is between 0 and 1. A small R2 value means that the abilities of the independent variable in explaining variations in the dependent variable are very limited. A value close to 1 means that the independent variables provide almost all the information needed to predict the dependent variable (Ghozali, 2020: 179).

Guidelines for interpreting the coefficient of determination can be seen in the following table:

Table 12. Guidelines for Interpreting the Determination Coefficient

Coefficient of Determination Value	Relationship Level
0% - 20%	Very low
21% - 40%	Low
41% - 60%	Currently
61% - 80%	Tall
81% - 100%	Very high

Source: Sugiyono (2021:241)

Table 13. Coefficient of Determination Test (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,208a	,043	-,003	,10734

a. Predictors: (Constant), Firm Size, Sales Growth, Fixed Asset Intensity, Inventory Intensity

Hypothesis testing

This hypothesis testing design is to test whether there is an influence of the independent variable (X) with the indicators Sales Growth (X1), Fixed Asset Intensity (X2), Inventory Intensity (X3) and Firm Size (X4) on the Cash Effective Tax Rate (Y). The hypothesis being tested can be formulated as follows:

Partial Hypothesis Test Results (t Test)

Hypothesis testing in this research consists of a research hypothesis with a significance level of 5%, the results of partial hypothesis testing can be seen in Table 14 below:

Table 14. T test (Partial)

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,070	,303		-,230	,819

	Sales Growth	,001	,001	,124	1,151	,253
	Fixed Asset Intensity	,046	,071	,088	,655	,514
	Inventory Intensity	,319	,213	,217	1,495	,139
	Firm Size	,009	,009	,129	,966	,337

a. Dependent Variable: Cash Effective Tax Rate

Source: SPSS 26 Data Processing Results (Data processed 2024)

Simultaneous Hypothesis Test Results (F Test)

The F test is used to test whether there is a significant influence between the independent variables together on the dependent variable with the feasibility of the model produced using the model feasibility test at an α level of 5%. If the significant value of the f test is <0.05 then the model used in the research is feasible and can be used for subsequent analysis, and vice versa.

Table 15. F Test (Simultaneous)

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,043	4	,011	,934	,448b
	Residual	,956	83	,012		
	Total	,999	87			

a. Dependent Variable: Cash Effective Tax Rate

b. Predictors: (Constant), Firm Size, Sales Growth, Fixed Asset Intensity, Inventory Intensity

Source: SPSS 26 Data Processing Results (Data processed 2024)

Discussion

Results of Descriptive Analysis of Cash Effective Tax Rate

The results of the descriptive analysis of the Cash Effective Tax Rate variable show that the minimum Cash Effective Tax Rate value is 0.06 at PT Sekar Bumi Tbk. in 2022 and the maximum Cash Effective Tax Rate is 0.62 at PT Multi Bintang Indonesia Tbk. in 2020. Meanwhile the statistical average value of the Cash Effective Tax Rate for Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 0.2656 and the standard deviation of the Cash Effective Tax Rate Rate for Food and Beverage Sub-Sector Manufacturing Companies Drinks listed on the Indonesian Stock Exchange in 2015-2022 amounted to 0.10718.

Results of Descriptive Sales Growth Analysis

The results of descriptive analysis of the Sales Growth variable show that the minimum Sales Growth value is -25.50 at PT Delta Djakarta Tbk. in 2015 and the maximum Sales Growth value was 50.40 at PT Sekar Bumi Tbk. 2020. Meanwhile, the average statistical value of Sales Growth in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 10.4011 and the standard deviation of Sales Growth in Food and Beverage Sub-Sector Manufacturing Companies listed on the Stock Exchange The Indonesian effect for 2015-2022 is 12.92388.

Based on the description above, it can be concluded that the 11 companies used as research samples have an average*Sales Growth*7.9650 means that sales growth in the range of 5 to 10 percent is considered a good result for large-scale companies.

Results of Descriptive Analysis of Fixed Asset Intensity

The results of the descriptive analysis of the Fixed Asset Intensity variable show that the minimum Fixed Asset Intensity value is 0.19 at PT Indofood CBP Sukses Makmur Tbk. in 2021 and the maximum Fixed Asset Intensity value is 1.00 at PT Multi Bintang Indonesia Tbk. 2020. Meanwhile the statistical average value of Fixed Asset Intensity in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 0.5628 and the standard deviation of Fixed Asset Intensity in registered Food and Beverage Sub-Sector Manufacturing Companies on the Indonesian Stock Exchange in 2015-2022 amounting to 0.20247.

Results of Descriptive Intensity Inventory Analysis

The results of the descriptive analysis of the Inventory Intensity variable show that the minimum Inventory Intensity value is 0.01 at PT Wilmar Cahaya Indonesia Tbk. in 2016 and the maximum Inventory Intensity value was 0.01 at PT Nippon Indosari Corpindo Tbk. 2017 and 2018. Meanwhile, the average statistical value of Inventory Intensity for Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesian Stock Exchange in 2015-2022 is 0.1352 and the standard deviation of Inventory Intensity for listed Food and Beverage Sub-Sector Manufacturing Companies on the Indonesian Stock Exchange in 2015-2022 amounting to 0.01309.

Results of Descriptive Analysis of Firm Size

The results of descriptive analysis of the Firm Size variable show that the minimum Firm Size value is 26.66 at PT Sekar Laut Tbk. in 2015 and the maximum Firm Size value was 32.83 at PT Indofood Sukses Makmur Tbk. in 2022. Meanwhile, the average statistical value of Firm Size in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2022 is 29.2123 and the standard deviation of Firm Size in Food and Beverage Sub-Sector Manufacturing Companies listed on the Stock Exchange The Indonesian effect for 2015-2022 is 1.57776.

Discussion of Verification Test Results

H1: Effect of Sales Growth on Cash Effective Tax Rate

Based on the results of statistical tests that have been carried out, it can be concluded that Sales Growth (X1) does not significantly influence the Cash Effective Tax Rate (Y). So the first hypothesis which states that Sales Growth has an effect on the Cash Effective Tax Rate is rejected. The decision to reject H1 partially results in a value of tcount < ttable, namely 1.151 < 1.98861 and the significance value of the Sales Growth variable is 0.253 > 0.05, so H1 is rejected and Ho is accepted, which means that Sales Growth (X1) has no effect on the Cash Effective Tax Rate (Y).

Apart from that, based on the correlation test carried out, the partial correlation between Sales Growth and Cash Effective Tax Rate is 0.127 units. Based on the correlation criteria table, it includes a correlation value between 0.00 – 0.199, meaning it has a very weak relationship. Because the results are positive, it can be concluded that every increase in Sales Growth can increase the Cash Effective Tax Rate by 0.127 units.

According to Mulyadi (2021:146) the sales growth ratio is "a simple analysis method that can be carried out by comparing sales for a certain time period (t) with the previous time period (t-1)". If the percentage ratio is greater, it can be concluded that a company's sales growth is better or better than the previous period.

The results of this research are in line with the results of research conducted by (Apriatna & Oktris, 2022) concluding that Sales Growth (SG) has no effect on the Cash Effective Tax Rate (CETR). And contrary to research results from Cindy and Ginting (2022), sales growth affects the Cash Effective Tax Rate (CETR).

H2: Effect of Fixed Asset Intensity on Cash Effective Tax Rate

Based on the results of the statistical tests that have been carried out, it can be concluded that Fixed Asset Intensity (X2) does not significantly influence the Cash Effective Tax Rate (Y). So the first hypothesis which states that Fixed Asset Intensity has an effect on the Cash Effective Tax Rate is rejected. The decision to reject H1 partially, where the value of tcount < ttable is obtained, namely 0.655 < 1.98861 and the significance value of the Fixed Asset Intensity variable is 0.514 > 0.05, so H1 is rejected and Ho is accepted, which means that Fixed Asset Intensity (X2) has no effect on the Cash Effective Tax Rate (Y).

Apart from that, based on the correlation test carried out, the partial correlation between Fixed Asset Intensity and Cash Effective Tax Rate is -0.024 units. Based on the correlation criteria table, it includes a correlation value between 0.00 – 0.199, meaning it has a very weak relationship. Because

the results are negative, it can be concluded that every time there is a decrease in Fixed Asset Intensity it can increase the Cash Effective Tax Rate by 0.024 units.

According to (Lukito & Oktaviani, 2022), the choice of investment in the form of fixed assets which is related to taxation is in terms of depreciation expenses. Depreciation expenses related to fixed asset ownership will affect company taxes, this is because depreciation expenses will act as a tax deduction. The higher the fixed asset intensity value of a company, the greater the Cash Effective Tax Rate value, which indicates that the level of tax avoidance is smaller.

The results of this research are in line with the results of research conducted by (Aprilia & Majidah, 2020) fixed asset intensity has no effect on the Cash Effective Tax Rate. And contrary to the research results of (Nasution & Mulyani, 2020), they concluded that fixed asset intensity has a negative effect on the Cash Effective Tax Rate.

H3: Effect of Inventory Intensity on Cash Effective Tax Rate

Based on the results of the statistical tests that have been carried out, it can be concluded that Inventory Intensity (X3) does not significantly influence the Cash Effective Tax Rate (Y). So the first hypothesis which states that Inventory Intensity has an effect on the Cash Effective Tax Rate is rejected. The decision to reject H1 partially where the value obtained is tcount < ttable, namely 1.495 < 1.98861 and the significance value of the Inventory Intensity variable is 0.139 > 0.05, so H1 is rejected and H0 is accepted, which means that Inventory Intensity (X3) has no effect on the Cash Effective Tax Rate (Y).

Apart from that, based on the correlation test carried out, the partial correlation between Inventory Intensity and Cash Effective Tax Rate is 0.124 units. Based on the correlation criteria table, it includes a correlation value between 0.00 – 0.199, meaning it has a very weak relationship. Because the results are positive, it can be concluded that every increase in Inventory Intensity can increase the Cash Effective Tax Rate by 0.124 units.

According to (Rosandi, 2022), inventory strength is a part of assets that is estimated by comparing inventory with the total assets owned by the company. Companies invest in inventory in warehouses which will inevitably lead to the creation of maintenance and inventory costs which will lead to an increase in company costs which can reduce profits.

The results of this research are in line with the results of research conducted by (Nursari & Nazir, 2023) conclude that Inventory Intensity has no effect on the cash effective tax rate. And contrary to the research results of (Sari & Indrawan, 2022), they concluded that inventory intensity has an effect on the cash effective tax rate.

H4: Influence of Firm Size on Cash Effective Tax Rate

Based on the results of statistical tests that have been carried out, it can be concluded that Firm Size (X4) does not significantly influence the Cash Effective Tax Rate (Y). So the first hypothesis which states that Firm Size has an effect on the Cash Effective Tax Rate is rejected. The decision to reject H1 partially where the value obtained is tcount < ttable, namely 0.966 < 1.98861 and the significance value of the Firm Size variable is 0.337 > 0.05, so H1 is rejected and H0 is accepted, which means that Firm Size (X4) has no effect on the Cash Effective Tax Rate (Y).

Apart from that, based on the correlation test carried out, the partial correlation between Firm Size and Cash Effective Tax Rate is 0.019 units. Based on the correlation criteria table, it includes a correlation value between 0.00 – 0.199, meaning it has a very weak relationship. Because the results are positive, it can be concluded that every increase in Firm Size can increase the Cash Effective Tax Rate by 0.019 units.

According to Hery (2018:97) "Company size is a scale that shows how big or small a company is." The greater the amount of assets of a company indicates that the company has a good perspective over a long period of time.

The results of this research are in line with the results of (Apriatna & Oktris, 2022) states that company size (SIZE) has no effect on Cash ETR. And contrary to the research results of (Ridoan et al., 2023) company size influences Cash ETR.

H5: Simultaneous influence of Sales, Fixed Asset Intensity, Inventory Intensity and Firm Size on Return on Assets.

Based on the results of the hypothesis testing carried out, it can be concluded that Sales Growth (X1), Fixed Asset Intensity (X2), Inventory Intensity (X3), and Firm Size (X4) do not simultaneously influence the Cash Effective Tax Rate (Y). So the fifth hypothesis which states that Sales Growth (X1), Fixed Asset Intensity (X2), Inventory Intensity (X3), and Firm Size (X4) simultaneously influence the Cash Effective Tax Rate (Y) is rejected. This decision is supported by the value of Fcount < Ftable, namely 0.934 < 2.48, so Ho is accepted or H5 is rejected, meaning that there is no influence between Sales Growth, Fixed Asset Intensity, Inventory Intensity and Firm Size on the Cash Effective Tax Rate simultaneously.

Apart from that, the coefficient of determination test value (R square) is 0.043, which means that changes in the Cash Effective Tax Rate can be influenced by changes in the variables Sales Growth, Fixed Asset Intensity, Inventory Intensity and Firm Size by 4.3%. Based on the coefficient of determination criteria table, including a correlation value between 0% - 20%, meaning it has a very low relationship. This shows that there are still other factors that can influence the Cash Effective Tax Rate in Manufacturing Companies in the Food and Beverage subsector listed on the Indonesia Stock Exchange in 2015-2022 apart from the Sales Growth, Fixed Asset Intensity, Inventory Intensity and Firm Size variables, which are 95, 7% of the previous coefficient of determination.

4. CONCLUSION

The results of this study state that information technology and entrepreneurial behavior in selling affect business performance, while entrepreneurial characteristics have no effect on business performance. Furthermore, information technology and entrepreneurial characteristics affect entrepreneurial behavior in selling online. For indirect effects, online selling entrepreneurial behavior partially mediates the effect of information technology on business performance, and online selling entrepreneurial behavior fully mediates the effect of entrepreneurial characteristics on business performance. The results of this study contribute to science, especially the theory by (Ustüner & Godes, 2006) which states that the existence of social media can improve the relationship between consumers and sellers which will impact on business performance that can be achieved optimally.

This research has limitations, including: This research only focuses on entrepreneurs who sell embroidery products in fifteen sub-districts in Pasuruan Regency. Generalization of results is limited to the scope of the object of research, this study focuses on entrepreneurs whose one of the products sold is embroidery products, in fact the development of fashion products is very developed (for example: shoes, hats, bags, pants, etc.). This study did not identify the differentiation of test results on other variations of the fashion industry.

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