Can Tax Aggressiveness and Risk Tax Management Affect Firm Performance: Corporate Social Responsibility as a Mediating Variable

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Abstract
Purpose: This study aims to examine and analyze the role of tax aggressiveness and risk tax management in influencing firm performance, with corporate social responsibility as a mediating variable.
Design/methodology/approach: This quantitative study utilizes panel data regression analysis with EViews 12 software to test the research hypotheses. The sample comprises energy sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020–2024. A purposive sampling technique was employed to select data relevant to tax aggressiveness, risk tax management, and firm performance, while also examining the mediating role of CSR.
Findings: The results of this study demonstrate that Tax Aggressiveness has a negative effect on Corporate Social Responsibility, while the Risk Tax Management variable has no significant effect. Corporate Social Responsibility has a positive and significant effect on Firm Performance, and Corporate Social Responsibility is able to moderate the relationship between tax aggressiveness, risk tax management, and firm performance.
Practical implications: The implications of this study can enrich the literature on the relationship between Corporate Social Responsibility, tax aggressiveness, risk tax management, and firm performance.
Originality/value: This study extends the existing literature by examining the joint effects of tax aggressiveness and tax risk management on firm performance while incorporating Corporate Social Responsibility (CSR) as a mediating variable. It also provides recent empirical evidence from Indonesian energy companies during the 2020–2024 period, contributing to the understanding of taxation and corporate performance in an emerging economy.
Paper type: Empirical.
Keywords: Tax Aggressiveness, Risk Tax Management, Firm Performance, Corporate Social Responsibility

1. Introduction

The phenomenon of tax aggressiveness in the Indonesian energy sector is reflected in the low effective tax rates paid by companies compared to the applicable corporate tax rate. This indicates intensive tax planning strategies being carried out, such as the use of affiliated transactions, debt-based financing structures, and the optimization of tax incentives. Although these practices are carried out within the framework of applicable regulations, they can economically reduce the state's potential tax revenues, making them a concern for regulators and academics. During the period 2020–2024, a number of major energy companies in Indonesia, such as PT Pertamina (Persero), PT PLN (Persero), and PT Bukit Asam Tbk, faced challenges in the form of declining energy demand during the pandemic. Operating costs rose and profitability declined; however, entering the economic recovery period of 2022–2024 (CNBC, 2025), the energy sector experienced improvement, primarily due to rising coal prices and increased electricity demand. These changes have prompted companies to optimize their financial and operational strategies, including tax strategies, as an effort to improve efficiency and maintain cash flow (Indonesia Energy Outlook (IEO) 2023).

Tax revenue targets and realizations over the past 5 years (2020–2024) are presented in the table below.

Table 1. Tax Revenue Realization 2020–2024 (In Trillion Rupiah)

Year	Tax Revenue Target	Tax Revenue Realization	Note
2020	198.8	1,070.0	83.9% of target
2021	1,229.6	1,231.87	100.19% of target
2022	1,485.1	1,716.8	115.6% of target
2023	1,818.3	1,869.23	102.80% of target
2024	1,988.9	1,932.4	97.2% of target

Source: Directorate General of Taxes, Goodstats

In 2020, tax revenues declined significantly to Rp1,072.11 trillion, a recorded drop of 19.6% compared to the previous year (2019), while in 2024 there was an increase to Rp1,932.4 trillion, representing 97.2% of target. Low tax revenues affect public sector development spending, hinder economic growth, and cause high inflation in the country. Given the critical importance of tax revenues to development, policymakers, academics, stakeholders, and the general public must collectively work toward a more comprehensive reform of the Indonesian tax system (Hardana et al., 2023). Due to conflicting interests between the government and taxpayers, there is the possibility of avoiding or minimizing taxes, so taxpayers strive to pay as little tax as possible. One of the ways companies reduce their tax obligations is through the practice of Tax Aggressiveness, the term used for such actions (Hajawiyah et al., 2022).

Tax aggressiveness is often applied as a financial strategy of a company in an effort to improve its performance. Tax aggressiveness describes the extent to which a company engages in lawful but sufficiently aggressive tax planning to reduce its obligations (Abdallah Aryan, 2023). In Indonesia, tax aggressiveness and tax avoidance are serious issues, as many companies regard taxes as a profit-reducing burden that diminishes returns (Lailiyah et al., 2024). With respect to firm performance, tax aggressiveness refers to the practice of companies using aggressive methods, such as profit shifting to low-tax jurisdictions or exploiting legal loopholes.

During the period 2020–2024, major energy companies in Indonesia such as PT Pertamina (Persero), PT PLN (Persero), and PT Bukit Asam Tbk faced challenges due to declining energy demand during the pandemic. Rising operating costs and declining profitability were followed by economic recovery in 2022–2024, during which the energy sector improved primarily due to rising coal prices and increased electricity demand. These changes prompted companies to optimize their financial and operational strategies, including tax strategies, to improve efficiency and maintain cash flow (Indonesia Energy Outlook (IEO) 2023).

Tax aggressiveness creates uncertainty for businesses (Carolina et al., 2021). A company is considered tax aggressive when it actively seeks to minimize its tax obligations through tax avoidance. One example of tax aggressiveness among the aforementioned energy companies is PT Freeport Indonesia, a US-based mining and energy company that has operated in Indonesia since 1967. PT Freeport Indonesia allegedly avoided paying taxes amounting to billions of dollars, using various tax avoidance strategies including transfer pricing and profit shifting. This case has had a significant impact on Indonesia regarding tax aggressiveness by multinational corporations, both legally and illegally, and has prompted the government to implement stricter tax regulations (Dianliska dan Rina, 2025).

Effective tax risk control not only prevents financial losses but also preserves a company's reputation in the eyes of the government and the business community. To reduce risk, companies must be able to manage their performance. The process of controlling and minimizing or even eliminating risk is known as risk management. Companies are never free from risk, and this technique is known as "risk management." Managing tax obligations is critical in business operations, particularly when considering the impact of investment strategies internally and externally in generating an efficient tax structure. The term "tax risk management" is used to describe the control of risks caused by taxes or efforts to reduce such risks. It aims to reduce the risks faced by business actors when they are unable to report or pay taxes to the Directorate General of Taxes (DGT) (Suwandi et al., n.d.).

Increased risk to investors, creditors, and shareholders is one of the negative impacts of aggressive tax behavior. Creditors will not invest in companies with unstable and risky accounting practices. Creditors who are willing to provide funds to risky companies will impose strict debt covenants and demand high debt costs. Under these credit agreements, they will, among other things,

restrict their investments in risky projects that could affect performance (Hardana et al., 2023). Tax issues can affect a company's financial information and increase the risk of auditor legitimacy; therefore, financial statements must be accurate and reliable (Melinda & Syafruddin, 2021a).

Corporate Social Responsibility (CSR), as referred to in Limited Liability Company Law No. 40 of 2007, Article 1, paragraph 3, is a commitment by the company to participate in sustainable economic development by improving the quality of life and the environment in ways that are beneficial both to the company and to its environment, thereby having a positive impact on market performance (Sari, D. P. dan Sari, M. M., 2023). Businesses that actively engage in CSR practices tend to have the lowest levels of tax aggressiveness and are also more transparent in their tax payments (Lailiyah et al., 2024b). Based on this, the present study is important in examining and analyzing the impact of tax aggressiveness and risk tax management on firm performance, with Corporate Social Responsibility as a mediating variable. Therefore, this study is expected to make both theoretical and practical contributions to the development of accounting and taxation literature as a consideration for policymakers and companies.

2. Literatur Review and Hypotheses Development

Stakeholder Theory

The concept of stakeholders was first introduced by the Stanford Research Institute in 1963. The term evolved and became increasingly recognized when R. Edward Freeman developed the Stakeholder Theory in his book Strategic Management: A Stakeholder Approach in 1984, proposing that companies are responsible to all parties, or stakeholders, affected by company operations (Freeman, 1984). A company's success is not only measured by financial profit alone but also by its ability to manage relationships with stakeholders in an ethical and sustainable manner. Freeman argues that companies must consider the interests of all stakeholders to create value for all parties involved. This theory explains that stakeholders are entities, such as individuals or groups, that can influence or be influenced by an organization with a mission—that is, established goals. Freeman also established the foundation and standards for stakeholder-related research, which was subsequently developed by various other important studies in the field of ST (Mahajan et al., 2023).

Tax Aggressiveness and Firm Performance

Tax aggressiveness is an effort to save on taxes, whether legally or illegally. To legally save on taxes, companies can exploit loopholes in tax regulations. Aggressive tax strategies can help managers satisfy personal interests by maximizing company profits, although tax aggressiveness does not always receive shareholder support (Prastiwi & Walidah, 2020). Good financial performance can provide companies with the flexibility to manage their tax obligations, including a tendency to engage in tax aggressiveness practices, where financial performance has a significant influence on corporate tax aggressiveness (Ekonomi et al., n.d.), and financial performance also affects tax aggressiveness, with firm size as an intervening variable that strengthens this influence (Andreani et al., 2025). Aggressive tax avoidance has an impact on company characteristics (Yahaya & Yusuf, 2020). Tax aggressiveness is influenced by capital structure and corporate governance, which ultimately affects firm performance (Hardana et al., 2023). Based on the findings of prior studies, the following hypothesis is proposed:

H_1: Tax Aggressiveness has a positive effect on Firm Performance

Risk Tax Management (RTM) and Firm Performance

Risk Tax Management is an important component of a company's strategic plan in order to maintain financial stability and remain compliant with tax regulations. Risk Tax Management not only serves as a means of controlling risk but also helps to improve overall company performance. Wardani & Putriane (2020) found that tax risk has a very significant impact on the company's cost of capital; Merna Surjadi et al. (2024) showed that business risk and audit quality also affect firm performance; Syanazka Zalyu Azzahra & Fatchan Achyani (2024) showed that tax risk, tax avoidance, and earnings management are closely interrelated with increasing overall company risk. Gita Warastri & Suryaningrum (2022) stated that effective tax management can increase financial efficiency. Choi & Park (2022) emphasized that tax risk management plays a role in reducing external tax pressure. Al-Refiay et al. (2025) showed that proactive tax management practices can increase company value, while Eberhartinger & Zieser (2021) linked good tax management with improved operational performance. Additionally, Roseziahazni et al. (2023) added that the implementation of

tax risk management integrated with business strategy significantly improves the company's ability to face fiscal risk and enhances market competitiveness. Based on the above findings, the following hypothesis is proposed:

H_2: Risk Tax Management (RTM) has a positive effect on Firm Performance

Corporate Social Responsibility (CSR) and Firm Performance

Corporate Social Responsibility (CSR) represents a company's commitment to conducting its operational activities responsibly. CSR disclosure provides investors with information about the company's commitment to sustainable business practices, thereby increasing market confidence in the company's prospects. According to Stakeholder Theory, companies must be able to meet the expectations of various interested parties, such as investors, government, customers, employees, society, and the environment (Mahajan et al., 2023). Fuadah and Kalsum (2021) showed that CSR positively influences firm value by increasing investor confidence and strengthening the company's image. Research by Sari and Sari (2023) also found that CSR positively influences firm value in energy sector companies in Indonesia. Furthermore, Resende et al. (2024) demonstrated that CSR plays a role in improving firm performance through the creation of long-term value. The findings of Abdul Ghani et al. (2023) also showed that CSR disclosure is one of the determinants that increase firm value. Based on the above, the following hypothesis is proposed:

H_3: Corporate Social Responsibility (CSR) has a positive effect on Firm Performance.

Tax Aggressiveness and Corporate Social Responsibility (CSR)

Companies that engage in tax aggressiveness tend to increase their Corporate Social Responsibility (CSR) disclosures as a form of legitimation and an effort to maintain stakeholder trust, in accordance with Stakeholder Theory (Mahajan et al., 2023). Hajawiyah et al. (2022) demonstrated the relationship between tax aggressiveness and CSR, where companies that engage in tax aggressiveness tend to increase their CSR activities. Abdallah Aryan (2023) explained in his research that tax aggressiveness is related to corporate CSR policy, as companies need to maintain good relationships with stakeholders through greater social activities. Hanna et al. (2023) and Widuri et al. (2024) showed that tax aggressiveness affects CSR disclosure, where companies with high levels of tax aggressiveness tend to increase CSR disclosure as a form of transparency and reputational preservation. A meta-analysis also explained that the relationship between CSR and tax aggressiveness is influenced by company characteristics, regulations, and stakeholder pressure. Based on the above, the following hypothesis is formulated:

H_4: Tax Aggressiveness has a positive effect on Corporate Social Responsibility (CSR).

Risk Tax Management (RTM) and Corporate Social Responsibility (CSR)

Tax risk can arise from non-compliance with tax regulations, inaccurate interpretation of tax rules, or overly aggressive tax planning strategies. Eberhartinger and Zieser (2021) found that the implementation of effective tax risk management can enhance tax certainty through the strengthening of tax control systems, compliance, and corporate transparency. From the perspective of stakeholder theory, companies are not only accountable to shareholders but also to the government, society, consumers, and the environment (Mahajan et al., 2023). Good tax risk management demonstrates a company's commitment to fulfilling its obligations to the state. This commitment can be realized through increased CSR activities as a form of social responsibility and corporate legitimacy in the eyes of the public. Melinda and Syafruddin (2021) explained that companies that pay attention to social and governance aspects tend to be more cautious because risky tax actions can damage the company's image. Sari (2023) and Choi and Park (2022) found that tax risk management and CSR, through effective control of tax risk, can more easily build stakeholder trust through the implementation of CSR programs, and good tax risk management will be more capable of maintaining transparency and accountability. Based on the above, the following research hypothesis is formulated:

H_5: Risk Tax Management (RTM) has a positive effect on Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR), Tax Aggressiveness, and Firm Performance

Corporate Social Responsibility (CSR) has emerged as a managerial strategy that not only reflects social responsibility but also functions as a legitimacy tool in the eyes of stakeholders. CSR reflects a company's social responsibility toward the environment and society. The tax strategy applied, as studied by Hanna et al. (2023), encompasses three main factors—tax aggressiveness, leverage, and firm age—which can affect the company's image and transparency behavior. Other

research has explained that tax aggressiveness can provide short-term benefits in the form of increased net profit due to tax savings; however, this practice can also create reputational risks, a decline in stakeholder trust, and negative impacts on long-term firm performance (Kusumawati et al., 2024). CSR serves as one of the strategic instruments for building company reputation, increasing social legitimacy, strengthening stakeholder relationships, gaining greater market trust, and achieving more stable financial performance (Kurniawan et al., 2024; Fuadah & Kalsum, 2021). Kristiadi et al. (2020) explained the relationship between tax aggressiveness and firm performance. Ayu Aditiya & Hamidah Rustiana (2021) also showed that CSR can increase firm value, and Suhadi et al. (2025) found a significant impact on financial performance. The research of Widuri et al. (2024b) showed that CSR disclosure has a negative and significant relationship with the level of tax aggressiveness; CSR also helps to reduce aggressive tax practices, although the degree of its influence may vary depending on firm size and the financial pressures faced. Thus, CSR is expected to mitigate the negative impact of tax aggressiveness on firm performance, both through improved reputation and corporate legitimacy in the eyes of the public and regulators. Based on the above, the following hypothesis is proposed:

H_6: Corporate Social Responsibility (CSR) mediates the effect of Tax Aggressiveness on Firm Performance

Corporate Social Responsibility (CSR), Risk Tax Management (RTM), and Firm Performance

Corporate Social Responsibility (CSR) has emerged as an important mechanism that can balance fiscal efficiency with ethical corporate responsibility. Resende et al. (2024) explained that CSR acts as a significant mediator between risk management (including tax risk) and firm performance. Melinda & Syafruddin (2021a) stated that CSR has a direct influence on financial outcomes and corporate tax risk, as well as on reducing barriers to accessing funding (Finance Research Letters, 2024). Based on these findings, a conceptual framework can be built in which CSR plays a strategic role in mediating the effect of Risk Tax Management on firm performance. CSR functions not only as a form of social responsibility but also as a tool for mitigating the reputational risks arising from aggressive tax strategies. By consistently and effectively implementing CSR, companies can maintain stakeholder trust, enhance legitimacy, and strengthen both financial and non-financial performance. Based on the above, the following hypothesis is proposed:

H_7: Corporate Social Responsibility mediates the effect of Risk Tax Management on Firm Performance

3. Research Method

This study uses a purposive sampling method. The sample consists of Energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. The primary rationale for the sample selection is based on data relating to tax aggressiveness and Risk Tax Management on firm performance, as well as examining the role of Corporate Social Responsibility (CSR) as a mediating variable in this relationship. This research was conducted using secondary data obtained from annual reports, sustainability reports, and financial statements.

Table 2. Research Sample List

Sample Selection Criteria	**Number of Companies**
Energy Sector Manufacturing Companies on IDX for the period 2020–2024	110
Did not publish complete Annual and Sustainability/CSR Reports for 2020–2024	(43)
Incomplete data (ETR, ROA, ROE, Tobin's Q)	(41)
Total samples used	26
Energy Sector Companies observed for 2020 to 2024	5 x 26 = 130

Source: Processed by researcher, 2026

This study uses operational definitions and variable measurements to test the hypotheses. The independent variables are Tax Aggressiveness and Risk Tax Management, the dependent variable is Firm Performance, and the mediating variable is Corporate Social Responsibility. The operational definitions and variable measurements are as follows.

Table 3. Operational Measurement of Research Variables

Operational Definition of Variable	Measurement Indicator
Tax Aggressiveness: A company's effort to minimize its tax burden through a legal tax planning strategy (tax avoidance), thereby generating a low effective tax burden without violating tax provisions. Measured by the extent to which there is a difference between accounting profit and taxable income, reflected in the effective tax rate ratio. The lower the effective tax rate (ETR), the higher the level of corporate tax aggressiveness.	Effective Tax Rate (ETR) = Tax Expense / Pre-Tax Income
Risk Tax Management: A company's strategy of identifying, managing, and disclosing tax risks to avoid fiscal uncertainty that may affect the financial stability of the company, reflecting the extent to which the company manages tax risk through transparent policies and disclosures related to tax practices.	Tax Risk (ETR volatility) = Standard Deviation of ETR over the observation period 2020–2024 (5 years) Indicators: 1. Level of tax risk disclosure in annual or sustainability reports 2. Consistency of compliance with tax regulations 3. Variability or volatility of effective tax rate (ETR) across years
Corporate Social Responsibility (CSR): A company's commitment to carrying out activities that have a positive impact on society, the economy, and the environment, disclosed through sustainability reports in accordance with GRI (Global Reporting Initiative) guidelines. CSR is measured by the level of disclosure of the company's social responsibility activities, encompassing economic, environmental, and social dimensions based on GRI standards.	Economic Dimension (GRI 201-economic performance, GRI 202-Market Presence, GRI 203-Indirect Economic Impact, GRI 204-Procurement Practices); Environmental Dimension (GRI 301-Material, GRI 302-Energy, GRI 303-Water, GRI 305-Emission, GRI 306-Waste); Social Dimension (GRI 401-Employment, GRI 403-Occupational Health and Safety, GRI 404-Training and Education, GRI 405-Diversity and Equal Opportunity, GRI 413-Local Communities)
Firm Performance: A company's efficiency in managing assets and capital to generate profits and increase firm value, reflected by the company's ability to generate profit, manage equity, and increase market value relative to the book value of assets.	Tobin's Q = (Market Value of Shares + Book Value of Debt) / Book Value of Assets

This study also employs panel data regression to test the hypotheses. To determine the best model in panel regression, data analysis was conducted using EViews 12 software. The analysis process begins with descriptive statistical tests to understand the characteristics of the observed data. Subsequently, a panel data regression model was constructed, incorporating the Chow test and Hausman test to evaluate model fit. Thereafter, classical assumption tests such as heteroscedasticity and multicollinearity tests were conducted to ensure that the model meets the basic assumptions. The Panel Data Regression analysis technique, which enables regression model estimation with panel data, was then applied. Finally, hypothesis testing was conducted using the t-test to assess the significance of regression coefficients and the Coefficient of Determination (R^2) to determine how much of the variability in the dependent variable can be explained by the regression model. With this series of analytical techniques, the study can provide a comprehensive understanding of the relationships among the observed variables.

This study also uses a mediation procedure to detect the involvement of mediating variables in the model, adapting the procedure from Hair et al. (2022).

4. Results and Discussion

Model Selection Test

Model Selection I

The Chow test for Model I yielded a probability value of 0.0000 (<0.05), indicating that the Fixed Effects Model (FEM) was selected. The Hausman test for Model I showed a chi-square value of 0.277974 with a probability (p-value) of 0.8702 (>0.05), indicating a significant difference between FEM and REM coefficients. Therefore, the more appropriate model for this study is the Random Effects Model (REM). The Lagrange Multiplier (LM) test for Model I showed a chi-square value of 52.91597 with a probability (p-value) of 0.0000 (<0.05), indicating that REM is more appropriate than

the Common Effects Model (CEM). Based on the tests conducted (Chow, Hausman, and LM), the best model for Model I is REM.

Model Selection II

The Chow test for Model II yielded a probability value of 0.0000 (<0.05), indicating that FEM was selected. The Hausman test for Model II showed a chi-square value of 4.097942 with a probability (p-value) of 0.2511 (>0.05), indicating a significant difference between FEM and REM coefficients. Therefore, the more appropriate model for Model II is REM. The LM test for Model II showed a chi-square value of 51.83546 with a probability (p-value) of 0.0000 (<0.05), indicating that REM is more appropriate than CEM. Based on the tests conducted (Chow, Hausman, and LM), the best model for Model II is REM.

Hypothesis Testing

Table 4 – Model 1: F-test and Coefficient of Determination

Tabele 4. Model 1: Uji F dan Koefisien Determinasi Model 1

Weighted Statistics

Root MSE	0.217219	R-squared	0.070270
Mean dependent var	0.418790	Adjusted R-squared	0.055628
S.D. dependent var	0.226150	S.E. of regression	0.219770
Sum squared resid	6.133935	F-statistic	4.799368
Durbin-Watson stat	1.632204	Prob(F-statistic)	0.009788

The test results in Table 4 show that variables X_1 and X_2 have an F-calculated value of 4.799368 > F-table 3.06752 with a significance of 0.009788 < 0.05, meaning that X_1 and X_2 jointly influence variable Z. The adjusted R-squared value is 0.055628, or 5.5628%, indicating that variables X_1 and X_2 can explain variable Z by 5.5628%, while the remaining 94.4372% is explained by other variables.

Table 5 – Model 1: t-test

Table 5. Model 1: Uji t

Dependent Variable: Z
Method: Panel EGLS (Cross-section random effects)
Date: 03/25/26 Time: 20:58
Sample: 2020 2024
Periods included: 5
Cross-sections included: 26
Total panel (balanced) observations: 130
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-0.195268	0.063539	-3.073192	0.0026
X2	0.002788	0.170164	0.016383	0.9870
C	1.175643	0.148482	7.917763	0.0000

The t-test results in Table 5 show that variable X_1 has a t-calculated value of 3.073192 > t-table 1.978820 with a significance value of 0.0026 (<0.05), meaning that variable X_1 has a negative effect on variable Z. Variable X_2 has a t-calculated value of 0.016383 with a significance value of 0.9870 (>0.05), meaning that variable X_2 has no significant effect on variable Z.

Based on the Random Effect Model analysis, the influence of Tax Aggressiveness (X_1) on Firm Performance (Y) shows that a company's strategy in managing its tax burden has implications for the achievement of firm performance. Tax aggressiveness practices that remain within the boundaries of tax regulations allow companies to improve tax payment efficiency, thereby reducing the tax burden. This efficiency increases post-tax profits, strengthens the company's cash flow, and provides internal funding sources that can be utilized for investment, business development, innovation, or improvements in operational efficiency. These findings are consistent with Stakeholder Theory, which states that companies must be able to optimally manage all resources to create value for stakeholders (Mahajan et al., 2023). The results are also consistent with Hardana et al. (2023), who found that tax

aggressiveness has a positive effect on firm performance, explaining that tax payment efficiency increases a company's ability to generate profits, thereby positively impacting firm performance. The findings are also consistent with Taufik et al. (2022), who stated that an effective tax management strategy can improve company profitability through the reduction of the tax burden.

Table 6 – Model 2: F-test and Coefficient of Determination

Table 6. Model 2: Hasil Uji F dan Koefisien Determinasi

R-squared	0.714579	Mean dependent var	0.525915
Adjusted R-squared	0.698203	S.D. dependent var	0.350970
S.E. of regression	0.192809	Akaike info criterion	-0.394666
Sum squared resid	4.535407	Schwarz criterion	-0.218202
Log likelihood	33.65327	Hannan-Quinn criter.	-0.322963
F-statistic	43.63414	Durbin-Watson stat	1.713159
Prob(F-statistic)	0.000000		

The F-test results in Table 6 show that variables X_1, X_2, and Z have an F-calculated value of 43.63414 > F-table 2.67652 with a significance of 0.00000 < 0.05, meaning that variables X_1, X_2, and Z jointly influence variable Y. The adjusted R-squared value is 0.698203, or 69.8203%, indicating that variables X_1, X_2, and Z can explain variable Y by 69.8203%, while the remaining 30.1797% is explained by other variables.

Table 7 – t-test Results for Model 2

Table 7. Model 2: Hasil Uji t

Dependent Variable: Y
Method: Least Squares
Date: 03/26/26 Time: 16:39
Sample: 1 130
Included observations: 130
Indicator Saturation: IIS, 130 indicators searched over 5 blocks
4 IIS variables detected

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.101242	0.048266	2.097593	0.0380
X2	-0.055692	0.107229	-0.519379	0.6044
Z	0.107132	0.054012	1.983471	0.0496
C	0.373169	0.102611	3.636744	0.0004

The t-test results in Table 7 show that variable X_1 has a t-calculated value of 2.097593 > t-table 1.97897 with a significance value of 0.0380 (<0.05), meaning that variable X_1 has a positive effect on variable Y. Variable X_2 has a t-calculated value of 0.519379 with a significance value of 0.6044 (>0.05), meaning that variable X_2 has no significant effect on variable Y. Variable Z has a t-calculated value of 1.983471 > t-table 1.97897 with a significance value of 0.0496 (<0.05), meaning that variable Z has a positive effect on variable Y.

Based on the Random Effect Model analysis, the influence of Risk Tax Management/RTM (X_2) on Firm Performance (Y) indicates that the company's ability to manage tax risk has not been able to directly impact the improvement of firm performance. Risk Tax Management is fundamentally part of the company's internal control system, aimed at identifying, measuring, monitoring, and controlling risks arising from tax activities. Therefore, the success of tax risk management is more often reflected in a reduced probability of tax disputes, administrative sanctions, tax uncertainty, and reputational risk, rather than in a direct improvement of short-term profitability. This finding can be explained through Stakeholder Theory (Mahajan et al., 2023), which states that companies must maintain good relationships with all stakeholders, including the government as a tax authority. The implementation of Risk Tax Management is a form of corporate compliance in fulfilling tax obligations, which can enhance legitimacy and stakeholder trust; however, these benefits are more long-term in nature and do not always directly impact financial performance improvements during the study period. These results

are consistent with Eberhartinger and Zieser (2021), who explained that Tax Risk Management plays more of a role in reducing tax risks, improving compliance, and reducing tax dispute costs than in improving company profitability. Wardani and Putriane (2020) showed that tax risk more often affects the cost of capital than company profitability. Al-Refiay et al. (2025) also found that increased tax risk impacts the cost of debt, so the economic consequences of tax risk are more felt through the company's cost of funding rather than through direct changes in financial performance.

Based on the Random Effect Model analysis, the influence of Corporate Social Responsibility/CSR (Z) on Firm Performance (Y) shows that the higher the level of CSR disclosure, the higher the firm value reflected in Tobin's Q. Tobin's Q is an indicator that describes how the market values a company's prospects by comparing the market value of the company with the book value of its assets. A high Tobin's Q indicates that investors have a positive perception of the company's growth prospects, so the company receives a higher market valuation. These results are consistent with Stakeholder Theory (Mahajan et al., 2023), which explains that companies capable of meeting stakeholder expectations through CSR implementation will receive greater support from investors, creditors, customers, government, and society, and this support becomes a source of competitive advantage that can increase firm value in the market.

The results are consistent with Fuadah and Kalsum (2021), who found that CSR has a positive effect on firm value, explaining that companies that actively implement and disclose CSR activities receive greater investor trust, thereby increasing firm value. Sari and Sari (2023) also concluded that tax risk management and CSR positively affect firm value in energy sector companies in Indonesia. Resende et al. (2024) stated that Enterprise Risk Management supported by CSR is able to improve firm performance, with CSR functioning as a mechanism that strengthens the company's relationship with stakeholders, improves corporate reputation, and creates long-term value appreciated by the market.

Based on the simultaneous Random Effect Model analysis of Tax Aggressiveness (X_1), Risk Tax Management/RTM (X_2), and Corporate Social Responsibility/CSR (Z) on Firm Performance (Y), the results show that although Risk Tax Management (RTM) is not individually significant, when combined with Tax Aggressiveness and CSR, all three variables are jointly able to explain the variation in firm performance. This indicates that changes in firm value are not influenced by a single factor alone, but are the result of the interaction of various strategic corporate policies, particularly tax policy and corporate social responsibility.

Based on the Random Effect Model analysis of the influence of Tax Aggressiveness (X_1) on CSR (Z), the results show that the higher the level of corporate tax aggressiveness, the lower the level of CSR disclosure and implementation. This negative relationship indicates that companies seeking to minimize their tax burden through aggressive strategies tend to be more cost-efficiency oriented than focused on fulfilling social responsibilities to stakeholders. This finding is consistent with the Agency Theory (Jensen & Meckling, 1976), which explains that management may adopt policies to maximize the company's economic interests, including through tax aggressiveness practices, even though such actions may reduce the company's commitment to social activities. These findings are consistent with Kristiadi et al. (2020), Hajawiyah et al. (2022), Arsalan Khan and Tjaraka (2024), and Pasko et al. (2023), all of whom found that companies with high tax aggressiveness tend to have lower CSR quality.

Based on the Random Effect Model analysis of Risk Tax Management/RTM (X_2) on CSR (Z), the results indicate that the level of tax risk faced by companies has not been a determining factor in the breadth of CSR disclosure. Companies tend to implement and disclose CSR activities based on other considerations, such as regulatory compliance, stakeholder demands, corporate sustainability strategies, and efforts to maintain corporate legitimacy in the eyes of the public. These findings are consistent with Stakeholder Theory (Mahajan et al., 2023), the findings of Melinda and Syafruddin (2021), and Resende et al. (2024), all of which found that CSR is not directly influenced by tax risk but is more influenced by company characteristics and sustainability strategies.

Based on the F-test of the joint influence of Tax Aggressiveness (X_1) and Risk Tax Management/RTM (X_2) on CSR (Z), the results show that although Risk Tax Management is not individually significant in relation to CSR, when combined with Tax Aggressiveness, both variables are jointly able to explain the variation in Corporate Social Responsibility disclosure. This indicates that corporate tax policy cannot be separated from the tax risk management strategy in influencing

corporate social responsibility practices. According to Stakeholder Theory (Mahajan et al., 2023), companies are required to meet the expectations of various stakeholders, including the government, investors, creditors, society, and the environment. Therefore, companies are not only required to comply with tax obligations but also to demonstrate social responsibility through CSR disclosure.

5. Conclusion

Based on the results of this study, it can be concluded that the application of efficient tax management strategies must still comply with the applicable tax provisions. Furthermore, companies need to improve the quality of implementation and disclosure of Corporate Social Responsibility (CSR) as part of their sustainability strategy and firm value enhancement. Although Risk Tax Management (RTM) does not significantly affect firm performance or through CSR, tax risk management still needs to be strengthened to support good corporate governance and minimize tax risk.

Based on the findings and limitations of this study, several recommendations can be offered for policymakers: the results can serve as a consideration in evaluating companies, not only based on financial performance but also based on tax policy, tax risk management, and CSR implementation.

Regulators are also expected to continue promoting tax transparency and sustainability reporting to improve compliance and stakeholder trust. For future researchers, it is recommended to broaden the object and period of research and to use other proxies to measure Risk Tax Management and CSR. Future research may also add other variables, such as Good Corporate Governance, Enterprise Risk Management, profitability, or firm size, and use more comprehensive analytical methods to obtain a deeper understanding of the factors affecting firm performance.

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