

The Effect of Media Attention, Institutional Ownership and Political Connection on Tax Avoidance

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Abstract: The purpose of this study was to analyze the effect of media attention, institutional ownership and political connections on tax avoidance in State-Owned Enterprises (SOEs) companies. The population of this study is state-owned companies that will be listed on the Indonesia Stock Exchange during 2021-2023. During 2021-2023, 36 companies were used as research samples. The research approach used is a quantitative approach with multiple regression analysis. This research uses testing using the SPSS 25 statistical tool. This research technique uses purposive sampling in sample selection. The results found that media attention has no significant effect on tax avoidance, institutional ownership has a significant effect on tax avoidance, political connections have a significant effect on tax avoidance.

Keywords: *Tax Avoidance, Institutional Ownership, Political Connection, Media*

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1. INTRODUCTION

Tax is one of the main sources of revenue for a country and contributes greatly to national development. Tax has a crucial role in driving the progress of a country. Therefore, the tax system is an important aspect that must be managed and developed optimally in Indonesia. Taxes are also included in expenses that can reduce company profits. Generally, taxpayers carry out their tax obligations independently, considering that the tax system in Indonesia implements a self-assessment mechanism (Hendayana et al., 2024).

Tax avoidance has received widespread attention from various parties, especially because of its impact on state finances and welfare distribution. Tax avoidance is carried out by companies to minimize the tax burden that must be paid, which has the potential to reduce state revenue. In research Minh Ha et al., (2022) highlighted that companies employ tax avoidance not only as a lawful strategy to lessen tax burdens but also as a means of optimizing internal resources to reduce dependence on external financing.

One issue that often becomes a concern is related to tax avoidance by companies, including State-Owned Enterprises (SOEs). Although tax avoidance is not always illegal, this practice often raises ethical debates, especially considering the role of SOEs as representatives of the state that should set an example in fulfilling tax obligations. Tax avoidance can be done through various strategies, such as manipulation of financial statements, utilization of regulatory loopholes.

In Indonesia, the practice of tax avoidance is a serious issue, especially when it involves large companies that have significant influence in the economy. According to Nebie & Cheng, (2023) in the era of the global economy, corporate taxation has emerged as an important component in the government's fiscal strategy for procuring resources to deliver essential public services. Itan et al., (2024) mentioned the decline in Indonesia's tax ratio is evident, dropping from 11.6% in 2019 to 10.1% in 2020, reflecting a decrease of 1.5%. In 2020, Indonesia's tax ratio also fell below the regional averages, including Asia-Pacific (19.1%), Africa (16.6%), OECD countries (33.5%), and Latin America and the Caribbean (21.9%). This highlights the critical role of government policies in curbing tax avoidance practices in Indonesia. Such practices have become a primary concern due to their potential impact on corporate transparency and accountability. Frequently employed as a strategy to reduce tax liabilities, tax avoidance can significantly affect a company's financial stability and reputation.

As well as in relation to SOE tax avoidance, the increasing awareness of tax avoidance in the context of multinational entity activities has been driven by media attention (Oats & Tuck, 2019). Media attention has the power to influence public opinion and government policy through massive coverage of strategic issues, such as tax avoidance. Meanwhile, institutional ownership and political connections often have greater access and influence over corporate management, which can affect financial decisions including tax avoidance strategies. These issues not only impact state revenues, but also undermine public trust in the integrity of SOEs as agents of development.

This research is based on the need to understand in addition to institutional ownership and political connections that media attention as a novelty of this research will be tested how its impact on the issue of tax avoidance. This research is urgent because until now the existing literature has not comprehensively examined the concepts that researchers raise as research material and with a

deeper understanding of these factors, it is expected to make a significant contribution to more effective public policy in dealing with tax avoidance issues in state-owned companies active in Indonesia. In addition, this research is also expected to provide insight for stakeholders, including the government, investors, and the wider community, on the importance of transparency and accountability in business practices. Thus, this research is expected to fill the gaps in the existing literature and provide valuable new contributions to the development of theory and practice in the field of taxation.

2. LITERATURE REVIEW

Agency Theory

Agency theory describes the relationship between the principal and the agent, where the principal gives authority, instructions, and directions to the agent, while the agent acts on behalf of the principal in carrying out his duties. This relationship has the potential to cause agency conflicts, which can occur when agents make decisions in their personal interests or due to information asymmetry between the two parties, a concept first introduced by Jensen & Meckling, 1976. states that examining tax avoidance from an agency theory point of view, taking into account the possibility that managers may exploit tax benefits to their advantage, thereby reducing value efficiency by avoiding taxes.

This scenario may arise especially during heightened geopolitical risks, as a turbulent environment may present more opportunities for aggressive tax avoidance, and managers may be more inclined to take such risks. The differences that often arise between principals and agents can affect various aspects of the company, one of which is the policy implemented regarding taxation, which can affect overall operational performance. The manager's decision to do tax avoidance is one of the agency problems (Ningsih et al., 2020).

Agency theory is related to the influence of institutional ownership and political connections in tax avoidance practices, because this theory describes the relationship between stakeholders and managerial parties who work together to achieve company goals. The principal authorizes the agent to carry out managerial tasks, with the aim of ensuring that the company runs in accordance with what the principal wants, including in making decisions related to efficiency and profit (Maulina & Mu'arif, 2024).

Stakeholder Theory

Stakeholder Theory states that groups or individuals can influence each other based on organizational or corporate goals, a concept first introduced by Freeman, 1984. In research Firmansyah et al., (2022) stakeholder theory reveals that the company's responsibility is not only limited to shareholders or owners, but also involves other parties that affect the continuity of the company, such as society and government, which have an important role in the sustainability and development of the company. Stakeholder theory states that responsible companies establish culture, standards and norms to ensure certainty and stability in their operations (Kimea et al., 2023). Based on this description, taking into account the rights of stakeholders in stakeholder theory, the government as an influential party has an important role in determining tax policies that affect companies (Romadhon, 2020). Stakeholder theory is relevant to this study because it emphasizes the importance

of companies to consider the interests of all parties involved or affected by the decisions taken, known as stakeholders.

Legitimacy Theory

Legitimacy theory is one of the most discussed theories in the social and environmental accounting sector. This theory has been applied in accounting studies to develop the concept of social and environmental responsibility disclosure (Badjuri et al., 2021). Companies are now increasingly realizing that their survival is highly dependent on the relationships that exist with the communities and environments in which they operate. Companies are now increasingly realizing that their survival is highly dependent on the relationships that exist with the communities and environments in which they operate.

This concept is in line with legitimacy theory, which states that companies have a kind of agreement with society to carry out activities based on the principles of justice. In addition, the company needs to respond to various related parties to gain recognition for its actions. To ensure its survival, companies try to obtain legitimacy or recognition from various parties, including investors, creditors, consumers, governments, and the communities around them (Badjuri et al., 2021).

This theory outlines how companies or organizations seek to gain or maintain legitimacy from their external environment, including society, government, and other relevant parties. Such legitimacy is achieved by conforming to prevailing social norms and expectations, which include compliance with rules and ethics, including tax policies. In this case, the media serves as a channel to highlight corporate practices. If the media reveals that a company is involved in tax avoidance, this can undermine the company's legitimacy before the public and other stakeholders.

Tax Avoidance

Tax avoidance is a legally approved activity, using tax provisions to reduce their tax liability to a lower tax. Tax aggressiveness refers to tax avoidance strategies that are carried out legally and safely for taxpayers, because they do not violate applicable tax regulations. In this case, the techniques and approaches used often utilize the loopholes or ambiguities (grey areas) that exist in tax law to achieve tax avoidance goals (Putri, 2018). Minh Ha et al., (2022) states that tax avoidance is an action in which businesses take advantage of legal provisions to minimize the amount of tax paid. Tax avoidance is the act of reducing the amount of direct tax paid by a business

Tax avoidance is the legal avoidance of declaring and paying taxes to the state budget. Tax avoidance consists of reducing taxes by legal means (Mocanu et al., 2021). Similarly, according Oats & Tuck, (2019) the United Nations expert committee on international cooperation in tax matters in 2011 stated that tax evasion occurs when people organize their affairs in such a as to take advantage of weaknesses or ambiguities in the law. Although the means used are legal and not fraudulent. In short, tax avoidance has changed from a mysterious phenomenon, the parameters of which are fairly well understood by tax specialists and big business taxpayers, to something more politically charged. Also in the research of Nebie & Cheng, (2023) consequently tax avoidance is often considered as a means to optimize shareholder wealth by shifting resources from the government to the company. And in research Sarhan et al., (2024) mention that companies usually use the provisions available in the tax code to manage avoid

taxes, and thus, tax avoidance is usually not an illegal problem. Research results Mocanu et al., (2021) the more profitable a company is, the smaller the tendency towards tax avoidance of that company.

Institutional Ownership

Institutional ownership as one of the variables in this study, can play a role in directing company policy, including tax policy. According h Dwi et al., (2023) what is meant by institutional share ownership refers to shares owned by large entities, both from within the country and abroad, financial institutions, and the government and Damayanti & Susanto, (2015) institutional shareholders are generally majority shareholders, who also provide influence in supervising manager policies to protect the interests of shareholders, as explained. According to Dwi et al., (2023) states that in order to maintain their investment, institutional shareholders have an urge to monitor and supervise the running of the company. In order for companies to follow applicable regulations and carry out their tax obligations properly, institutional ownership plays an important role in overseeing manager behavior. Institutional ownership itself includes shares owned by government agencies, investment companies, insurance, banks, trust funds, foreign institutions, and other entities. In other words, institutional shares are shares owned by investors from large institutions or institutions. The main function of this ownership is to provide tighter control over company management, thereby increasing the effectiveness of supervision and keeping shareholders' interests protected (Manihuruk & Novita, 2023).

Political Connections

A company can be seen as having political connections if its top executives, such as the CEO, president director, vice president director, section head, or secretary, are members of parliament, ministers, or have strong affiliations with political figures or parties. Furthermore, a company is deemed politically connected if a major shareholder possesses at least 10 percent of the total voting rights of the company's shares (Firmansyah et al., 2022).

Political connections are policies that can reveal tax avoidance practices. These connections play a crucial role in global economic dynamics and affect the level of profitability that can cause distortions in the decision-making process. In addition, certain policies implemented by managers can also provide signals that indicate tax avoidance activities. Based on the statement by Fisman 2001 in research Firmansyah et al., (2022) that in formulating accounting policies in the company, parties with an interest in the company such as directors, commissioners, and shareholders, cannot be avoided. Strong political connections between companies and political parties can influence the policies implemented, including tax policies. In terms of tax avoidance, these political connections provide access to certain information or facilities that make it easier for companies to manage their tax obligations. As a result, companies with political connections often have a greater opportunity to avoid taxes, thanks to the influence or protection of applicable government policies.

Media Attention

Media attention, which can be known to play a role in maintaining the company's image and reputation in the eyes of the public. In this case, media attention can be an external supervisor that affects tax avoidance practices. The media acts as a social control mechanism that encourages companies to act in accordance with public norms and expectations. Increased media attention on tax avoidance issues can encourage companies to be more transparent and responsible in their tax policies to maintain legitimacy.

Although research on media attention is relatively limited, but at least future research on media attention can give us a reference (Jiang et al., 2023). In the literature, it is widely accepted that the media serves as a vital element of corporate governance, extending beyond the scope of legal frameworks, with its oversight mechanism functioning through three distinct avenues. The first avenue is through the pressure it generates from public opinion, which compels the government to improve and reform policies, regulations, and legislation, while also ensuring that companies and their executives who break the law are held accountable. The second is its impact on how managers and board members are perceived by shareholders and potential employers, encouraging them to address corporate misconduct. Lastly, the media shapes how the public views and rejects managers and board members, influencing their reputation in research (Jiang et al., 2023).

The Effect of Media Attention on Tax Avoidance

The role of the news media is an important element that cannot be ignored. The media holds the ability to influence public perception and enhance the monitoring of state-owned enterprises SOEs. Media coverage of tax avoidance issues in SOEs, for example, can put social and political pressure on companies to be more transparent and accountable. In the digital era, the news media also has a strategic role in uncovering potential irregularities, whether related to political connections, operational efficiency, or violations of tax regulations. Conversely, low media attention to these issues can make tax avoidance practices and conflicts of interest in SOEs escape public attention, thus creating space for practices that are not in accordance with the principles of good corporate governance. Based on the description above, this study proposes the following hypothesis:

H₁: Media attention has a significant effect on tax avoidance.

The Effect of Institutional Ownership on Avoidance

One of the unique characteristics of SOEs is the existence of institutional ownership by the government, which provides direct control over the direction of company policy. Direct government influence through institutional ownership can lead to politicization in the management of SOEs. Institutional ownership generally provides greater access and power over the company's managerial decision-making, including in determining tax strategies. In this study, the author argues that the higher the proportion of institutional ownership, the greater the pressure exerted on management to avoid aggressive tax policies. As owners who are responsible for the public interest, these institutions ensure that decisions taken by management not only benefit the company, but also support the long-term stability of the country. Based on the results of research Maulina & Pamulang (2024), Maulina & Mu'arif (2024), Damayanti & Amri (2023), Ratnasari & Anita (2020) shows that the Institutional Ownership variable is concluded to have an effect on

tax avoidance. Based on the description above, this study proposes the following hypothesis:

H₂: Institutional ownership has a significant effect on tax avoidance.

The Effect of Political Connection on Avoidance

Political connections that exist within the board of directors and commissioners often influence the company's strategic decision making, including in the aspect of taxation. Putri, (2018) states that a company can be said to have political connections if one of the company's leaders, such as the CEO, president director, vice president director, section head, or secretary, are members of parliament, ministers, or have strong affiliations with political figures or parties. Furthermore, a company is deemed politically connected if a major shareholder possesses at least 10 percent of the total voting rights of the company's shares.

Political connections, on the other hand, can provide benefits to companies in the form of protection or ease of regulation that can ultimately be used to reduce the tax burden. In some cases, political connections can be used to influence tax regulations or negotiate tax obligations, thus creating loopholes for SOEs to reduce their tax burden. Such practices not only have the potential to harm state revenues, but can also undermine public trust in the integrity of SOEs. In line with the results of research Maulina & Pamulang, (2024) dan Firmansyah et al. (2022) that the political connection variable has an influence on tax avoidance. Based on the description above, this study proposes the following hypothesis:

H₃: Political connections have a significant effect on tax avoidance.

The Effect of Media Attention, Institutional Ownership and Political Connection on Tax Avoidance

In the business world, especially in State-Owned Enterprises (SOEs), tax avoidance practices are an issue that is often highlighted by various parties. Companies are not only oriented towards achieving maximum profits, but must also take into account their responsibilities to stakeholders, including the government and society. In this context, media attention, institutional ownership and political connections are factors that can influence the extent to which companies engage in tax avoidance strategies. The interaction between these factors creates complex dynamics in corporate decision-making regarding tax strategies. Based on the description above, this study proposes the following hypothesis:

H₄: Media attention, institutional ownership and political connections together have a significant effect on tax avoidance.

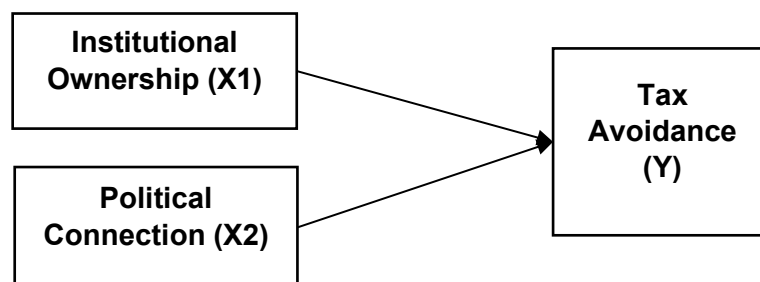


Figure 1.
Conceptual Framework

3. RESEARCH METHOD

The approach used in this research is a quantitative approach. This research focuses on State-Owned Enterprises (SOEs) companies listed on the Indonesia Stock Exchange for the period 2021-2023. The data used in this study comes from secondary data, which includes financial reports and annual reports of state-owned companies listed on the Indonesia Stock Exchange during 2021-2023, which can be accessed through www.idx.co.id. Multiple linear regression analysis will be applied to test the hypotheses in this study. The sample of companies is taken using purposive sampling technique, which selects state-owned companies listed on the Indonesia Stock Exchange during the period 2021-2023. Of the 30 listed state-owned companies, including subsidiaries, only 12 companies met the research criteria, resulting in a total of 36 observations of state-owned company data. In data analysis, a classic assumption test is carried out which includes normality test, multicollinearity test, Heteroscedasticity test, and autocorrelation test. As for hypothesis testing, partial test (t test), simultaneous test (F test), and determination test (R^2) were conducted. Testing was carried out using SPSS 25 statistical software. Table 1 shows the sample selection carried out based on the purposive sampling method. The regression equation model carried out in this study is:

$$TA_{i,t} = \beta_0 + \beta_1 INSTOW_{i,t} + \beta_2 PC_{i,t} + \beta_3 MDA_{i,t} + e_{i,t} \dots \dots \dots (1)$$

Description:

ETRI,t	= Effective Tax Rate
$\beta_{i,t}$	= Constant
$\beta_1, \beta_2, \beta_3$	= Regression Coefficient
$e_{i,t}$	= Standard Error
INSTOW,t	= Institutional Ownership
PC,t	= Political Connection
MDA,t	= Media Attention

Table 1. Selection Process

Criteria	Total
State-owned companies listed on the bej for consecutive years 2021-2023	30
Sampling based on criteria (purposive sampling):	
State-owned companies that have experienced losses for consecutive years 2021-2023	(10)
Types of capital ownership that are not shares	(2)
Companies with outlier data	(6)
Total	12
Total Sample (n x research period) = (3 X 12)	36

Source: Data processed by researchers, 2025

Variable Operationalization and Measurement

Tax Avoidance

In this study, tax avoidance is measured using the effective tax rate. The concept of Effective Tax Rate (ETR) departs from the understanding that managers realize that efficient tax planning can help reduce the total tax liability that the company must pay. This practice shows that measurement using ETR illustrates efforts to avoid taxes by postponing tax obligations to future periods, without affecting the corporate income tax expense recorded in the financial statements for the current period. In addition, ETR can also be influenced by changes in tax policy, thus providing a more dynamic picture of tax avoidance behavior by companies. A significantly lower ETR compared to industry peers or historical averages may indicate aggressive tax planning or potential tax avoidance in Indonesia (Hendayana et al., 2024).

ETR is the ratio between total tax liabilities incurred and profit before tax. ETR measurement is carried out with reference to the tax paid by the company in accordance with tax provisions on income subject to tax. ETR is the most widely used metric in the tax literature (Tang., 2020). In measuring ETR using the formula:

$$ETR = \frac{\text{Tax Expense}}{\text{Net Income Before Tax}} \dots\dots\dots(2)$$

Institutional Ownership

In this context, institutional ownership has an important role in reducing agency problems by providing more control over managerial decisions, including decisions related to tax strategies. Based on the agency theory first presented by Jensen and Meckling 1976, company owners, including institutional shareholders, are concerned with monitoring managerial effectiveness in line with their objectives, which also include optimal tax management. Manihuruk & Novita, (2023) states that the higher the proportion of institutional ownership in the company, the greater the impetus for companies to avoid tax non-compliance. Institutional ownership has a significant role in managerial supervision, because it will encourage an increase in the quality of more effective supervision. Along with the relationship established with government agencies, it is hoped that the supervisory function can run optimally. The intensity of supervision from institutional ownership will affect the level of supervision of managers' actions in conducting tax avoidance (Dwi et al., 2023). In measuring Institutional Ownership using the formula:

$$INSTOW = \frac{\text{Total Institutional Shares}}{\text{Current Share Outstanding}} \dots\dots\dots(3)$$

Political Connections

This research refers to Firmansyah et al., (2022) and Putri, (2018) that a company can be said to have political connections if one of the company's leaders, such as the CEO, president director, vice president director, section head, or secretary, are members of parliament, ministers, or have strong affiliations with political figures or parties. Furthermore, a company is deemed politically connected if a major shareholder possesses at least 10 percent of the total voting rights of the company's shares. In the study Mocanu et al., (2021) described by Siegfried 1972, argue that large companies are able to influence the political process in their favor to a greater extent than small companies.

In this study, the political connection variable is measured using a dummy variable, namely 1 if the company has directors or commissioners who are

members or former members of parliament, ministers or cabinet members, former ministers or cabinet members, members or former members of political parties, or officials or former central / regional government officials, including military officials. Conversely, a score of 0 is given if no political connections exist with these individuals.

Media Attention

In measuring the Media Attention variable, namely Media Exposure, by dividing the total news articles related to tax avoidance by news articles related to the economy and finance in Indonesia. In measuring Media Attention using the formula:

$$\text{Media Exposur} = \frac{\text{Total Tax Avoidance News}}{\text{Total Economy and Finance News}} \dots\dots\dots(4)$$

4. RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

From the results of data processing obtained from table 2, it is known that the significance for Kolmogorov Smirnov with the Asymp Sig (2-tailed) test is 0.192 and Exact Sig. (2-tailed) of 0.611, it can be concluded that all of these variables are greater than alpha 5% (0.05) so that means it can be concluded that the data fulfills the assumption of normality.

Table 2. Normality Test Results

One Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	36
Mean	0.0000000
Std. Deviation	0.04025102
Test Statistic	0.122
Asymp. Sig. (2-tailed)	0.192
Exact Sig. (2-tailed)	0.611

Source: Data processed by researchers, 2025

Multicollinearity Test

From the results of the researcher's data processing based on table 3, it is known that the VIF value for Institutional Ownership is 1,020, Political Connection is 1,020, Media Attention is 1,000. This shows that there are no symptoms of multicollinearity.

Table 3. Multicollinearity Test Results

Model	Coefficients ^a	
	Tolerance	Collinearity Statistic VIF
Constant		
Media Attention	0.980	1.020
Institutional Ownership	0.980	1.020
Political Connection	1.000	1.000

Source: Data processed by researchers, 2025

Heteroscedasticity Test

The Glejser test was developed by Herbert Glejser, 1969. Heteroscedasticity Test Guidelines, namely if using the Glejser test, if the significance value is greater than alpha 5% (0.05), the conclusion is that there are no symptoms of heteroscedasticity, but if the significance value is smaller than alpha 5% (0.05), the conclusion is that there are symptoms of heteroscedasticity.

Based on data analysis conducted by researchers based on table 4, it is known that the Media Attention variable is 0.818, Institutional Ownership is 0.064, Political Connection is 0.674. These results indicate that the variable value is greater than the 5% alpha significance value (0.05), which means there is no heteroscedasticity problem.

Table 4. Heteroscedasticity Test Results

Model	Abs_ Unstandardized	
	t	Sig
Constant	-0.322	0.749
Media Attention	-0.232	0.818
Institutional Ownership	1.915	0.064
Political Connection	0.425	0.674

Source: Data processed by researchers, 2025

Autocorrelation Test

Based on data analysis conducted by researchers based on table 5, the Durbin-Watson (D-W) value in the research model was recorded at 1,496. This figure is within the predetermined range, which is between 1.54 to 2.46 (Winarno, 2011; Putri, 2018). Thus, it can be concluded that the research model does not experience autocorrelation problems.

Table 5. Autocorrelation Test Results

Model Summary ^b	
Model	Durbin-Watson
1	1.496

Source: Data processed by researchers, 2025

Simultaneous Test (F Test)

The results of the analysis of the ANOVA test conducted in table 6 show that obtained a probability significance value of 0.010 smaller than alpha 5% (0.05) this indicates that media attention, institutional ownership and political connections affect tax avoidance. So it can be concluded that **H₄ is accepted**. Media attention, institutional ownership and political connections can influence tax avoidance by creating a more transparent and accountable environment. This means that simultaneously the variables of media attention, institutional ownership, political connections have a close enough relationship so that when combined they will become a single unit that affects tax avoidance and because the interaction between the three factors creates complex dynamics in the Company's decision making.

Table 6. Simultaneous Test Results (F Test)

ANOVA ^a		
Model	F	Sig.
Regression	4.420	0.010

Source: Data processed by researchers, 2025

Partial Test (t Test)

The test results in table 7 show the significance results of the institutional ownership variable of 0.031 and political connections of 0.240 which are smaller than alpha 5% (0.05), therefore it can be seen that the institutional ownership variable and political connections have a significant effect on tax avoidance. Then, for the media attention variable of 0.379 which is greater than alpha 0.05, which means that the media attention variable has no significant effect on tax avoidance.

Table 7. Partial Test Results (t Test)

Coefficients ^a		
Model	Collinearity Statistic	
	t	sig
Constant	0.619	0.540
Media Attention	2.253	0.379
Institutional Ownership	2.378	0.031
Political Connection	0.893	0.024

Source: Data processed by researchers, 2025

Determination Test (R²)

Based on the results of data analysis displayed in table 8, the coefficient of determination (R-Square or R²) is 0.293, which means that 29.3% of the dependent variable can be explained by the independent variables used in this study. Meanwhile, other factors not examined in this study contributed 70.7%.

Table 8. Determination Test Results

Model	Model Summary ^b	
	R	R-Square
1	0.541	0.293

Source: Data processed by researchers, 2025

DISCUSSION

The Effect of Media Attention on Tax Avoidance

Based on the test results, a significance value of 0.379 is obtained, which is greater than alpha 5% (0.05). Thus, it can be concluded that media attention has no effect on tax avoidance, so it can be said that **H₁ is rejected**. Media attention has no effect on tax avoidance due to several factors that limit its impact on company management decisions in developing tax strategies. Although the media has a role in conveying information to the public and highlighting the company's business practices, media coverage often has no direct power to change the company's internal policies, especially regarding taxation.

One of the main reasons is that tax avoidance is a strategic decision based on regulatory analysis and business interests, rather than a response to media coverage. Companies usually consider factors such as legal compliance, shareholder pressure, tax efficiency, and government policies before making tax management decisions. Therefore, although the media highlights the issue of tax avoidance, this does not always have a direct impact on changes in corporate behavior. In addition, media attention is often temporary and focuses more on scandals or issues that have high news value. News about tax avoidance practices tend to appear in certain cases that attract public attention, but are not always sustainable in the long run. This allows companies to take mitigation measures such as good communication strategies or greater transparency without actually changing their tax policies.

On the other hand, not all media have the same influence on corporate policies. Companies with a strong network of political or economic connections can manage the impact of negative publicity through public relations strategies or legal approaches. In some cases, companies can even divert public attention from tax issues by highlighting aspects of corporate social responsibility (CSR) or other business achievements. Another factor to note is that not all media coverage has a significant impact on regulators or policy makers. While the media may highlight tax avoidance issues, the government or tax authority's decision in handling a particular case still depends on the legal process and more in-depth investigations. Thus, media pressure does not always lead to sanctions or policy changes that affect a company's tax strategy.

The Effect of Institutional Ownership on Tax Avoidance

Based on the test results that the significance value is 0.031 where 0.031 is smaller than alpha 0.05 so that institutional ownership has a positive influence on tax avoidance, it can be said that **H₂ is accepted**. This research is also in line with research conducted by oleh Maulina & Mu'arif (2024), Damayanti & Amri (2023) dan Ratnasari & Anita (2020). However, this study is not in line with research conducted by Dwi et al. (2023) which states that institutional ownership has a

negative effect on tax avoidance, as well as Putri (2018) and Manihuruk & Novita (2023) which found that institutional ownership has no effect on tax avoidance.

Institutional ownership reflects the proportion of shares owned by institutions. Like other shareholders, institutions have a role in overseeing the company's operations, but they also focus on the company's performance results that have the potential to provide returns. Thus, the presence of institutional shareholders often encourages them to prioritize profits that can generate returns, so that their attention is more focused on managing corporate income rather than tax planning strategies, which leads to riskier tax avoidance (Putri, 2018). A high level of institutional ownership does not guarantee that the company will avoid tax avoidance practices. This can happen because institutional ownership tends to give the authority to supervise and manage the company to the board of commissioners whose job is to keep institutional ownership maintained. However, in this process, tax avoidance practices can still occur. Therefore, institutional ownership needs to play an active role in supervising managers in order to encourage them to avoid behavior that only benefits certain parties (Manihuruk & Novita, 2023).

This strict supervision limits the company's room for maneuver in tax avoidance practices, as every financial policy, including tax strategies, must comply with applicable regulations and be audited regularly. In addition, the main objective of SOEs is not only to make profits, but also to support the public interest and economic stability of the country. The government as an institutional shareholder prioritizes tax compliance to ensure that state revenues remain optimal. As such, there is little incentive for SOEs to engage in aggressive tax avoidance, as this could negatively impact public trust and government credibility.

The high level of transparency and accountability in the management of SOEs also minimizes the possibility of tax avoidance. Financial reports that must be published openly and audited periodically make each company's tax practices easier to monitor by the relevant authorities. If irregularities occur, the risk of legal sanctions and large reputational losses become an inhibiting factor for company management in taking aggressive tax policies. In addition, in the leadership structure of SOEs, institutional shareholders, in this case the government, are not directly involved in the day-to-day operations of the company. Strategic decisions, including tax policy, are mostly determined by the company's management that adheres to the prevailing regulations. Therefore, although the government's institutional ownership is significant in SOEs, it does not necessarily affect the company's decision to do or avoid taxes.

The Effect of Political Connection on Tax Avoidance

Based on the test results that the significance value is 0.024 where 0.024 is smaller than alpha 0.05 so that political connections have a significant effect on tax avoidance, it can be said that H 3 is accepted. The results of this study reveal that political connections have a positive impact on tax avoidance. In the context of this study, political connection plays a role in reducing the tendency of companies to avoid taxes. In other words, although companies have political connections, they still carry out tax obligations responsibly and do not take advantage of these connections to reduce the tax burden. This positive indication shows that the stronger a company's political affiliation, the less likely the company is to engage in tax avoidance practices. This research is also in line with research conducted Firmansyah et al. (2022). However, the results of this study contradict the findings

obtained from Maulina & Mu'arif (2024), Putri (2018) and Manihuruk & Novita (2023) which found that political connections have a negative effect on tax avoidance and according to Damayanti & Amri, (2023) shows that if political connections have no significant effect on tax avoidance.

Political connections also contribute to the double scrutiny of every policy taken by company management perusahaan (Dwi et al., 2023). Adhikari et al. (2006) revealed that politically connected companies tend to be under government supervision to reduce risk and limit managers' opportunistic actions by ensuring compliance with tax regulations in a study (Dwi et al., 2023).

A company's proximity to the government can be beneficial, but it also brings long-term consequences that need to be taken into account. If the company's image is tarnished, public trust may decline, which in turn has the potential to cause losses. Therefore, companies with political ties tend to be more careful in making decisions in order to maintain their reputation as an entity that complies with tax regulations. In addition, linkages with political parties can indeed provide strategic opportunities, but companies must weigh the long-term impact. Prolonged reputation damage can erode public trust and bring unwanted financial impacts. Therefore, companies prefer to maintain business sustainability in the long term rather than just reaping momentary benefits. Ultimately, the impact of political connections on managerial decisions can be beneficial or detrimental, depending on the dynamics of the law, social norms, and the conditions of the surrounding business environment (Amara dan Khlif, 2020; Manihuruk & Novita, 2023).

Political connections in state-owned companies have a positive effect on tax avoidance, meaning that the more political connections a state-owned company has, the less likely it is to engage in tax avoidance practices. This is due to several key factors relating to transparency, close supervision, and the government's interest in maintaining the credibility of SOEs. As state-owned companies, SOEs operate under the direct supervision of the government and various oversight institutions such as the Ministry of SOEs, Supreme Audit Agency, Financial Services Authority and Corruption Eradication Commission. Political connections within SOEs often come from individuals with ties to the government, either in the form of commissioners directly appointed by the state or executive officials with links to public policy. The presence of these politically connected individuals increases the level of internal and external scrutiny of the company's business practices, including in terms of tax compliance. In addition, state-owned companies have a strategic role in sustaining the national economy and contributing to state revenue. The government as a major shareholder has a major interest in SOEs not only generating profits, but also complying with applicable tax regulations. Tax avoidance scandals in SOEs can damage the government's image and create public distrust. Therefore, the more political connections in an SOE company, the stronger the impetus to ensure compliance with tax regulations, as the reputational risk to be maintained is higher.

Political connections can also play a role in accelerating the tax compliance audit and evaluation process, as individuals with political backgrounds tend to have wider access to government policies and applicable compliance standards. With the involvement of officials or figures who have political influence, companies will be more careful in carrying out their tax policies so as not to conflict with the interests of the state. In addition, political connections within SOEs often serve as a communication bridge between the company and the government, thus ensuring that the tax policy implemented not only benefits the company, but also aligns with

the country's fiscal interests. In this case, the wider the network of political connections owned by the company, the higher the tendency of the company to place tax compliance as a key element in an effective governance strategy.

5. CONCLUSION

The results of this study were conducted to test and the effect of media attention, institutional ownership and political connections on tax avoidance in State-Owned Enterprises (SOEs) companies listed on the Indonesia Stock Exchange in successive years 2021-2023 are as follows:

1. Media Attention Variable (X1) partially has no effect on Tax Avoidance (Y). So it can be concluded that **H₁ is rejected**.
2. The Institutional Ownership variable (X2) partially has a positive effect on Tax Avoidance (Y). So it can be concluded that **H₂ is accepted**.
3. The Political Connection variable (X2) partially has a positive effect on Tax Avoidance (Y). So it can be concluded that **H₃ is accepted**.
4. Media Attention, Institutional Ownership and Political Connection together have a significant effect on Tax Avoidance (Y). So it can be concluded that **H₄ is accepted**.

Limitations and Suggestions

This study has several limitations, one of which is the use of limited data, involving only 12 BUMN companies from 30 companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. Since the number of Go Public BUMN companies listed on the IDX is limited, the number of samples used tends to be small, so the research results may not be fully generalizable. Therefore, for future research, it is expected to expand the observation period so that the results are more widely applicable. Researchers also provide several recommendations that are expected to benefit future studies. Here are some recommendations that can be considered in the future as follows:

1. Future researchers are advised to add new variables that may affect tax avoidance practices. These variables may include factors that have not been tested in this study, such as capital intensity, leverage, audit quality, or macroeconomic variables such as economic growth rate, interest rates etc., to provide a deeper insight into the mechanism of tax avoidance as well as the factors that influence corporate tax behavior.
2. Future researchers are expected not to limit using the period to the past 3 years, this shows that the results obtained are maximized.
3. Future researchers are advised to choose a company sector that has a larger population to ensure that the sample taken is more representative and provides more accurate research results.

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