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Interaction of Financial Distress, Thin Capitalization, and Accounting Conservatism in Tax Avoidance Practices

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Abstract. Taxes serve as a major source of government income, originating from both domestic and international avenues. They represent obligations mandated by the government through legislation and are allocated for the welfare of the state. This study aims to examine the impact of financial distress, thin capitalization, and accounting conservatism on tax avoidance strategies among companies in the non-cyclical consumer sector. The primary goal is to assess how each of these three factors influences corporate tax avoidance behavior. A quantitative research approach was employed, utilizing secondary data obtained from financial reports. The study's sample consists of 39 non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023, yielding a total of 195 observations over five years. Panel data regression analysis was conducted using the Eviews 12 software for data processing. The findings reveal that financial distress and thin capitalization do not significantly affect tax avoidance. However, the application of accounting conservatism appears to encourage companies to fulfill their tax obligations consistently.

Keywords: Financial distress, thin capitalization, accounting conservatism, tax avoidance**.**

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Introduction

Government revenue can come from various sources, both domestic and international, with taxes as one of the primary sources. According to Law No. 6 of 2023 on Cipta Kerja, taxes are defined as mandatory contributions that must be paid by individuals or entities to the state, are enforceable by law, and are used for the welfare of the people. Indonesia's tax ratio has never reached the ideal figure. Indonesia's tax ratio was only 10.24% in 2019. Meanwhile, in 2020, it actually decreased due to COVID-19 to 8.33%. In 2021, it increased but did not reach 10%, and in 2022, it successfully reached 10.38%. By 2023, Indonesia's tax ratio was only 10.21%. A country should ideally have a tax ratio of at least 15%, but Indonesia's tax ratio stands at just 10.38%.

The government wants every taxpayer to comply with taxation, but taxpayers believe that tax burdens reduce their income (Sinduarta and Hapsari, 2022). Non-cyclical consumer companies are companies that provide essential products for daily needs. This sector tends to be stable and serves as a pillar during economic crises. Despite its relative stability, research conducted by Uliganda and Hermi (2024) found that this sector engages in tax avoidance. Hutabarat (2024) also came to the conclusion that businesses in this industry often resort to tax evasion when they are having financial difficulties. The act of exploiting provisions in existing tax regulations to avoid fines is known as tax avoidance. Although legal, this action contradicts the primary purpose of tax regulation, as stated by Firmansyah (2021).

This research is an extension of the study by Dang and Tran (2021). The impact of financial crisis is investigated in this study using secondary data from Thomson Reuters at the Center for Economic Analysis and Data Center, involving 369 companies in Vietnam listed between 2008 and 2020. The results imply that financial challenges have an impact on businesses tax evasion. The nominal losses resulting from financial distress can hinder company operations, leading to bankruptcy. The more severe the financial distress faced by a company, the higher the tendency for it to avoid paying taxes (Kamayanti et al., 2023).

This study was supported by Fasita, Firmansyah, and Irawan. (2022). This research investigates the impact of aggressiveness, thin capitalization, transfer pricing, and political relationships on tax avoidance, as well as how corporate governance moderates these relationships. This study analyzes 61 non-financial multinational companies in Indonesia from 2016 to 2019. The study concludes tax avoidance is positively influenced by thin capitalization. This means that companies that use more debt or are dominated by debt tend to use thin capitalization strategies to reduce their tax liabilities. Mukarromah (2019) also notes that companies that recognize their capital as debt are subject to lower taxes than those that recognize their capital as equity. Therefore, some companies often use this tactic to reduce or avoid paying taxes.

Accounting conservatism is not used as a means to reduce tax burdens but as a way to fulfill tax obligations (Pamungkas & Setyawan, 2022). Accounting conservatism essentially refers to the concept of caution in preparing financial statements. Accounting conservatism significantly reduces tax avoidance practices. This principle does not aim to minimize the payment of taxes, but rather reflects the cautious attitude of accountants who emphasize the importance of more thorough verification before recognizing profits (Swandewi & Noviari, 2020).

Based on the existing background, this study seeks to answer three main questions. First, is there a positive correlation between financial distress and tax avoidance efforts. Second, this study aims to determine whether thin capitalization also contributes positively to tax avoidance. Lastly, the researcher investigates whether accounting conservatism actually exhibits a negative influence on tax avoidance.

The novelty of this research lies in the use of a different sample from previous studies, namely consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. Additionally, this study incorporates the variables of thin capitalization and accounting conservatism, which may not have been dominant or specifically examined in previous research. This study's analysis of tax evasion strategies is its main goal.

Literature Review

Risk Transformation Theory

Risk transformation theory posits that when a company experiences financial distress, it tends to make risky decisions as a means of survival, including in terms of financial and tax policies. Shareholders and management, in their efforts to maintain the company's value, are more likely to choose high-risk strategies, such as tax avoidance, to save cash flow and avoid bankruptcy (Eberhart & Senbet, 1993). Specifically, tax evasion tactics are regarded as one of the high-risk management practices (Dang & Tran, 2021). Nominal losses due to financial distress can

hamper company operations, leading to bankruptcy. Companies facing greater financial difficulties tend to engage in tax avoidance more frequently (Kamayanti et al., 2023). When a business's financial performance continuously deteriorates over a given length of time, it is said to be in financial distress.

Positive Accounting Theory

Positive accounting theory describes and predicts the accounting practices implemented by management to achieve their interests. This theory states that managers tend to take steps that can reduce tax costs, especially when the company shows high profits that are likely to incur high political and tax costs (Watts & Zimmerman, 1978). When funding operations, thin capitalization is an investment choice that gives debt precedence over equity (Taylor & Richardson, 2012). By minimizing taxable income through interest on debt, this strategy aims to enable companies to take advantage of tax deductions. To protect shareholder ownership, company management will employ clever tactics to reduce reported profits. One suggested tactic to lower such earnings is the incorporation of debt into a business' capital structure (Fasita et al., 2022).

Agency Theory

Jensen & Meckling's (1976)agency theory explains when conflicts of interest arise due to differences in objectives between management (agents) and government (principals). In the field of taxation, the government wants tax reporting to comply with regulations, while management is more inclined to improve its welfare by minimizing tax burdens. Companies that adopt accounting conservatism can reduce agency conflicts by curbing managers' opportunistic behavior in preparing financial statements. Accounting conservatism itself is an approach that emphasizes caution, where losses are recognized earlier and profits are recognized later (Pamungkas & Setyawan, 2022).The purpose is not to avoid taxes, but to ensure accurate, transparent, and non-misleading financial statements (Cheng, 1992). Accounting conservatism serves to limit management's ability to manipulate financial statements for tax purposes. Thus, this principle reduces the likelihood of aggressive tax avoidance practices.

Tax avoidance

Tax avoidance generally refers to the legal manipulation of taxes to reduce one's tax burden. Tax avoidance measures are driven by weak tax avoidance regulations and tax calculation systems that use a self-assessment system. Avoiding taxes is a behavior that is done by tax managers to fulfill their tax obligations in an optimal and more economical manner. The amount of tax paid is reduced as much as possible with anticipated benefits (Herlina & Budyastuti, 2023).

Hypothesis Development

When companies face prolonged financial difficulties or declines, certain actions or risks must be taken. One illustration of this is dodging taxes, and firms facing financial difficulties are more prone to participate in these kinds of behaviors in a forceful manner. Some companies in Vietnam tend to engage in tax avoidance when their companies are experiencing financial difficulties (Dang & Tran, 2021). Rohmah and Romadhon (2023), Kamayanti, Qomariyah, Ernawati, and Muwidha (2023), as well as Swandewi and Noviari (2020) also concluded that when companies face financial crises, they tend to engage in tax avoidance. According to the risk transformation theory, businesses usually try to evade taxes when they are in difficult financial situations.

H_1: Financial distress (FD) has a positive effect on tax avoidance.

Taxes as a political responsibility or burden for companies align with the principles of positive accounting theory. Companies with high profits are subject to higher taxes, thereby reducing shareholders' wealth. Multinational companies employ thin capitalization strategies to engage in tax avoidance (Fasita et al., 2022). Sari and Mayangsari (2024), Rizky Nurdiansyah and Masripah (2023), and Tarmizi et al. (2023) concluded that companies using debt as a source of capital are more likely to engage in tax avoidance. Companies in the non-cyclical consumer sector can avoid taxes by transferring profits through subsidiaries to reduce the taxes they should pay. If a company places profits in its subsidiaries, the taxes that must be paid will decrease. An intriguing viewpoint is offered by the capital structure's interest-bearing debt composition, this approaches the maximum debt level permitted under the guidelines for thin capitalization. By deducting this debt from

taxable income, the company's tax liability can be reduced.
H_2: Thin capitalization (TC) has a positive effect on tax avoidance.

The accuracy of a company's financial statements is essential to ensure its future. The better the application of accounting conservatism principles, the lower the level of tax avoidance that occurs (Rudianti & Hermawan, 2023). Accounting conservatism is useful for monitoring company investment regulations and serves as one of the ways to preserve company value by setting a nominal limit on losses that may arise from unprofitable investment decisions (Ismanto & Zulfiara, 2020). A low degree of accounting conservatism in non-financial service companies can facilitate tax avoidance practices (Pamungkas & Setyawan, 2022). Rudianti and Hermawan (2023), Swandewi and Noviari (2020), and Sari and Mayangsari (2024) found that if companies apply accounting conservatism, tax avoidance practices can be avoided. The application of accounting conservatism, which allows managers to declare lower earnings in order to cut the amount of taxes due and boost short-term profitability, is consistent with the agency hypothesis.

H_3: Accounting conservatism (AC) has a negative effect on tax avoidance.

The research model is depicted as follows:

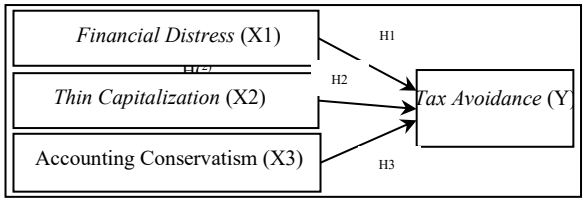

Fig. 1. Research Model

Research Method

This article uses a quantitative approach. The results of quantitative research have objective properties that allow for more accurate results because the data generated is not based on personal opinions. In addition, using quantitative methods saves time and costs. Secondary data from the Indonesia Stock Exchange's annual financial reports and company websites for the 2019–2023 timeframe were used.

Operational Variables and Their Measurements

Dependent Variable

The effective cash tax ratio (CETR), or the ratio of cash tax payments to pre-tax income, is used to determine tax avoidance. CETR is ideal for identifying tax avoidance practices that lower the amount of tax paid or reported to tax authorities because it is unaffected by estimates like valuation reserves or tax shields (Dyreng et al., 2008).

CETR : Cash Tax paid / Pretax Income

Independent Variables

a. Financial Distress

The indicator is based on the Altman Z-score index established by Altman et al. (1968). The reason is that the formula has been updated to suit the modern global context and can accommodate all companies.

Z-score : 1.2A+1.4B+3.3C+0.6D+0.999E

Assessment criteria:
$Z > 2.99$ = Safe (low probability)
$1.81 < Z < 2.99$ = Gray (at risk)
$Z < 1.81$ = Crisis (high likelihood)

b. Thin Capitalization

The maximum acceptable debt (MAD) ratio, which was developed by Taylor and Richardson (2012) then refined by Falbo and Firmansyah (2018) in two stages, serves as the basis for measuring the thin capitalization indicator.

Safe harbor debt amount (SHDA)

In Australia, the acceptable debt-to-equity rasio is 3:1. The SHDA is determined by taking the average total assets, subtracting the average liabilities that do not accrue interest, and then multiplying the outcome by 75%. The maximum debt-to-equity rasio allowed in Indonesia, as stipulated by PMK 169.010/2015, stands at 4:1, equivalent to 80% (Fasita et al., 2022).

SHDA : (Average total assets – Average non-interest-bearing liabilities) x 80%

Mad Ratio

Mad Ratio : Average debt / Safe harbor debt amount

c. Accounting Conservatism

The measurement indicator uses the CONACC formula proposed by Givoly & Hayn (2000). The reason is that this formula is relevant for projecting tax avoidance by considering depreciation value and operational cash flow as deductions from tax payments.

CONACC : (NIO + DEP – CFO) x (-1) / Total Assets

The individuals examined in this study were made u pof the group of steady consumer-based companies listed on the IDX between 2019 and 2023. A spesific selection approach was employed to gather the sample in a way that effectively addressed the goals of the investigation. A total of 132 companies were registered, then eliminated based on the required sample criteria. Thus, 39 companies were selected, with a total sample of 195 samples during the period.

Table 1
Sample Selection for the Study

No	Sample Criteria	Total	Unit
1	Consumer non-cyclical companies listed on the IDX	132	Companies
2	Did not consistently publish financial statements during the research period, i.e., 2019-2023.	-64	Company
	Total	68	Company
	Period	5	Years
	Total Sample	**340**	**Sample**

Source: Processed data, 2025

Data Analysis Techniques

Panel data regression analysis is used to process data. Eviews software version 12 is used to process the collected data. The combination of cross-sectional and time series data provides this model with a higher degree of freedom, which is one of its advantages. When variable omission issues arise, this model can also combine both types of data (Singagerda, 2018).The equation model used is based on Basuki and Prawoto (2015), namely:

$$Y = \alpha + \beta 1FDit + \beta 2TCit + \beta 3KAit + \varepsilon$$

To estimate the panel regression model, common effect, fixed effect, and random effect model studies are needed. Additionally, this study included traditional hypothesis and assumption testing.

Results and Discussion

Model Selection Test

Prior to performing regression testing on panel data, it is essential to conduct a number of preliminary tests. The purpose of these tests is to assess whether the panel data regression model is suitable; specifically, the Chow test is used to decide whether the fixed effect model or the common effect model is the more suitable option.

Table 2
Chow Test

Chow Test			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-sect F	1.065439	(67.269)	0.356
Cross-sect Chi-square	80.023853	67	0.132

Source: Processed data, 2025

The derived probability of 0,1322 syrpasses the 0,5 threshold in the previously mentioned Chow test, sugesting that the chosen model should be the common effect model. The Hausman test is used to choose between fixed effects or random effects.

Table 3
Hausman Test

Hausman Test			
Cross-section random	0.7708	3	0.8564

Source: Processed data, 2025

The Hausman test yielded a probability score of 0.8564, surpassing the 0.05 threshold. Consequently, the random effects model became the selected option. Between the random effect model and the common effect technique (OLS), the Lagrange multiplier test was used to identify which model was best.

Table 4
Lagrange Multiplier Test

Lagrange Multiplier Test			
	Cross-section	**Test Hypothesis Time**	**Both**
Breusch-Pagan	0.066356 (0.7967)	0.031329 (0.8595)	0.09768 (0.7546)

Source: Processed data, 2025

The LM test results show a prob value of 0.7967, which is greater than 0.05. Therefore, the common effect model is selected. The most suitable methodology for this investigation is the common effect model, based on the results of the three tests mentioned above. Panel data with disturbances related

to both time and individuals will be estimated using this model.

Classic Assumption Test

To evaluate the regression model's applicability, traditional assumption tests must be performed. The test's objectives are to verify if the regression model exhibits heteroscedasticity and multicollinearity and to determine whether the acquired data has a normal distribution (Priyatno, 2022). In this study, linearity, normality, and autocorrelation tests were not performed. Linearity tests are rarely performed because regression models are assumed to be linear. Normality tests are not an absolute requirement for good estimation (BLUE), so they are not mandatory. Meanwhile, autocorrelation is only relevant for time series data, so it is not necessary for non-time series data (Basuki & Prawoto, 2015).

Multicollinearity Test

Multicollinearity is evident in the regression model when a notable linear correlation exists between one of the predictor variables and the remaining predictor variables present in the linear equation. This makes it difficult to determine the influence of independent and dependent variables (Priyatno, 2022).

Table 5
Multicollinearity Test

	FD	TC	KA
FD	1.000000	-0.572949	-0.333564
TC	-0.572949	1.000000	0.095159
K A	-0.333564	0.095159	1.000000

Source: Processed data, 2025

The tolerance values between the FD and TC variables are -0.572, between TC and KA are -0.334, and between TC and KA are 0.095, according to the multicollinearity test results. According to these results, the correlation coefficients are below 0.85. Thus, it may be said that the data is regularly distributed and does not show multicollinearity.

Heteroskedasticity Test

When the variation of residuals is not uniform across all observations in a regression model, it is called heteroskedasticity. This test is often conducted on cross-sectional data, where panel data has characteristics similar to cross-sectional data rather than time series (Basuki & Prawoto, 2015).

Table 6
Heteroscedasticity Test

Var.	Coefficient	Std. Error	t-Statistic	Prob
C	0.180069	0.254485	0.707581	0.4797
FD	0.046192	0.048407	0.9542	0.3407
TC	0.106583	0.222793	0.478395	0.6327
KA	0.335493	0.386252	0.386252	0.3857

Source: Processed data, 2025

Based on the information in the table above, it is clear that each probability figure exceeds the threshold of 0,05. As a result, we can infer that the information utilized does not exhibit characteristics of heteroscedasticity, nor does it align with a typical distribution.

Panel Data Regression

The researcher used panel data regression because it provides more in-depth, accurate, and realistic results, and can handle the complexity of data involving time and entities simultaneously. The following are the results of the panel data regression analysis:

$$Y = 0.180 + 0.046*X1 + 0.106*X2 + 0.335*X3$$

a. The constant obtained is 0.18, which means that variable Y will increase by 18% if there is no influence from variables X^1, X^2, and X^3.
b. The beta coefficient for variable $X^1$is -0.04. This means that when the values of other variables remain constant and X^1increases by 1%, Y decreases by 4%, and vice versa.
c. For variable X2, the beta coefficient is 0.10. Variable Y will increase by 10% when variable X2 increases by 1%, while the values of other variables remain constant.
d. The beta coefficient for variable X3 is 0.33. As a result, variable Y will increase by 33% when variable X3 increases by 1%, while the values of other variables remain constant.

Hypothesis Test

T-Test (Partial)

Partial regression tests were conducted to analyze how variable X affects variable Y (Sari & Mayangsari, 2024). The tests were conducted at a significance level of 0.05 (α = 5%) (Sholahuddin & Purwaningtyas, 2018).

Table 7
T-Test

V	Coefficient	Std. Error	t-Statistic	Prob.	Note
C	0.180	0.254	0.707	0.479	
FD	0.046	0.048	0.954	0.340	Rejected
TC	0.106	0.222	0.478	0.632	Rejected
KA	0.335	0.386	0.868	0.385	Accepted

Source: Processed data, 2025

The financial distress test produced a significance level of 0.34, a t-statistic of 0.954, which is below the essential t-value of 1.967, and a value greater than 0.05. This suggests that tax evasion is unaffected by financial hardship. **Therefore, H_1 is rejected.**

The results of the thin capitalization test showed a t-value of 0.478, below the critical t-value of 1.967, and a significance level of 0.63, over 0.05. This suggests that tax evasion is unaffected by thin capitalization. **Therefore, H_2 is rejected.**

The accounting conservatism test produced a sig value of 0.38 > 0.05 and a t value of 0.868 < t table value, which is 1.967. This indicates that tax avoidance is not affected by accounting conservatism. **Therefore, H_3 is accepted**.

Table 8
T-Test Results

Variable	T-stat	Prob.	Description
Financial Distress	0.95	0.34	Rejected
Thin Capitalization	0.47	0.63	Rejected
Accounting Conservatism	0.86	0.38	Accept

Source: Processed data, 2025

Determination Coefficient Test R^2

The R-squared assesment is employed to ascertain how much of the variation in the outcome being studied is clarified by the regression model, in addition to understanding the magnitude of impact that the factors being measured have on the rise in the value of the outcome (Pamungkas & Setyawan, 2022). A value closer to one indicates that the regression line used as an approximation is more accurate and shows that the independent variable provides more information than a coefficient of determination closer to zero.

Table 9
R^2 Test

Weighted Statistics			
R-squared	0.003691	Mean dependent var	0.32135
Adjusted R-squared	-0.005205	S.D of dependent variable	1.46607

Source: Processed data, 2025

According to the computed coefficient of determination, the independent variables FD, TC, and KA can account for 1% of the Indonesian dependent variable TA, with other factors not covered in this study accounting for the remaining 99%.

Financial distress (FD) has a positive effect on tax avoidance

The assumption suggesting a connection between financial difficulties and increased tax avoidance (H^1) was found to be incorrect based on the results of the experiments. This suggests that companies use strategies to lower their tax obligations no matter how stable or unstable their finances are. The Z-Score serves as an indicator representing the extent of a company's financial struggles, while the CETR acts as a stand-in to reflect how much a company avoids taxes. A company is generally seen as more financially sound as its Z-Score increases. Companies showing losses or continuously declining profits will result in lower tax payments.

Based on the data analysis results, some companies experienced a declining profit trend. However, according to Altman et al.'(1968)s evaluation criteria, consumer non-cyclical companies did not engage in tax avoidance, meaning that financial distress was not used by companies to avoid tax payments. This indicates that the research findings do not support the author's hypothesis.

This finding certainly contradicts the research conducted by Dang & Tran (2021). However, this study is supported by Gunawan (2024), Dewi and Basyir (2024), and Monika and Noviari (2021), who concluded that financial distress has no effect on tax avoidance. This occurs because the selected sample consists of companies that are not incurring losses, thereby allowing companies to avoid financial issues that could trigger tax avoidance. Companies with poor financial conditions are considered at risk of engaging in tax avoidance actions (Monika & Noviari, 2021).

The results obtained from this research are inconsistent with the risk transformation theory that wa employed. It is true that companies often take on more risk when they are struggling financially. Nevertheless, companies operating in the non-cyclical consumer sector do not appear to be leveraging taxes as a way to improve their financial situation.

Thin capitalization (TC) has a positive effect on tax avoidance

After analyzing the outcomes of the experiments carried out, we disprove the idea (H^2) suggesting that a small amount of equity in a company encourages strategies to pay less in taxes. Tax avoidance strategies, therefore are not affected by thin capitalization. Companies use debt as a source of capital not for tax avoidance purposes.

Referring to data analysis, a debt-dominated financing structure is often associated with tax avoidance because interest on debt can reduce taxable income. Non-cyclical consumer companies have not been sufficiently effective in meeting significant tax obligations. When figuring out the debt-to-equity ratio, it can be seen that certain businesses exhibit adownward pattern, wich suggests that these businesses are likely trying to rely less on debt that incurs interest charges. This is certainly a positive indication of tax compliance and financial stability.

This finding is contrary to the research conducted by (Fasita et al., 2022). However, this study is supported by Rizky Nurdiansyah and Masripah (2023), Hutabarat (2024), and Gunawan (2024), their analysis led them to the determination that having little equity is bad for avoiding taxes. The lack of significant influence may be due to the small sample size of this study, which only included 39 companies and none of them had ever incurred losses. Additionally, this could occur when companies utilize debt financing not to avoid tax payments but to improve company performance. Although, in theory, positive thin capitalization is expected to encourage tax avoidance practices, the results of this study show a negative effect. Companies with high debt capital structures tend to be cautious not to violate debt agreements. Thus, tax avoidance practices can be avoided.

Accounting conservatism (AC) has a negative effect on tax avoidance

The findings from the test support the third proposed idea (H^3), wich suggests that being cautious in accounting practices reduces the likelihood of trying to avoid paying taxes. This aligns with the research conducted by Rudianti and Hermawan (2023), whose findings indicate that the higher or better the use of accounting conservatism in a company, the less likely tax avoidance is to occur. Pamungkas and Setyawan (2022) concluded that accounting conservatism is not used as an argument to reduce tax burdens but as a means to fulfill a company's tax obligations. Findings of this study are also supported by Rizkiana and Suripto (2022),Windaryani and Jati (2020),and Sa'adah and Prasetyo (2021),who state that accounting conservatism is not a tool for avoiding corporate taxes. When companies apply the principle of prudence in preparing financial statements, tax payments are made regularly.

Companies that apply accounting conservatism will comply with tax regulations. This study aligns with agency theory, where agents often prioritize their own well-being. As a result, the application of accounting conservatism in a company is low, leading to tax avoidance behavior (Pamungkas & Setyawan, 2022).

Conclusion and Recommendations

From the analysis of company data, tax avoidance is negatively influenced by financial difficulties and thin capitalization. On the other hand, companies that apply strict conservatism will contribute to a decrease in tax avoidance. This study has theoretical benefits because it helps develop tax avoidance theory and can be used as a reference for other researchers. Future researchers can use this study as a reference. This study provides practical benefits, namely as a guide for financial managers and accountants in formulating legal tax avoidance strategies. This can be done by considering the impact of financial distress and thin capitalization. Businesses can utilize the discoveries made in this research to develop internal policies related to debt management, capital, and profit recognition. Tax regulations as policy-making can also use this research as a reference to be more vigilant against tax manipulation.

Recommendations for future researchers include extending or expanding the research period, broadening the research sample, and conducting a more in-depth analysis of components related to tax avoidance by companies in the non-cyclical consumer industry.

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