

Creating Expert Knowledge on Aligning Tax Systems With Corporate Business Strategies

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Abstract: The article presents the possibilities of creating expert knowledge on aligning tax systems with corporate business strategies which can help identify new perspectives for the management of companies in the changing legal environment in which they operate. The lack of comprehensive theoretical research on creating expert knowledge regarding the alignment of tax systems with business strategies has led to an attempt at theoretical analysis and empirical research to fill an identified gap on this matter by deepening the understanding of the knowledge creation processes in this area. The considerations made are based on empirical research conducted in 250 companies that use tax systems in their business strategy. The research procedure involved conducting a survey among randomly selected large and medium-sized Polish enterprises, using the CATI Support method, taking into account the Mann-Whitney U test. This article supports the current view that a higher level of alignment between tax systems and business strategy is more likely to affect large companies than medium-sized ones. What is more, the issue of creating expert knowledge on aligning tax systems with corporate business strategies is important and topical, as there are differences in the perception of the alignment between tax systems and corporate business strategy between corporate executives and tax professionals.

Keywords: Enterprise Business Strategy, Company Tax Policy

1. Introduction

The high dynamics of changes in the area of tax regulations in Poland have resulted in companies being forced to take steps to align their business strategies with existing tax systems. The combination of the two key areas, tax and strategic, requires knowledge to recognize the functioning mechanisms of the strategic areas of business management in the context of possible tax solutions. This means that maintaining the advantageous stability of the company in relation to the legal environment requires the creation of expert knowledge on aligning tax systems with corporate business strategies. Building a company's tax policy on the potential of expert knowledge on aligning tax systems with corporate business strategies can be a source of competitive advantage for the company. Therefore, the study attempts a theoretical analysis and empirical research to investigate whether tax policy is part of a company's business strategy, and whether the companies adjust tax policy with business strategy, by increasing the understanding of the processes of creating expertise in this area. On the other hand, the study draws attention to the perceptions of the alignment of tax systems with corporate business strategy by both managers and tax professionals. The empirical research was conducted on a sample of 250 companies, large and medium-sized, which use tax policy during implementation of their business strategy. The research procedure was carried out on the basis of a survey questionnaire using the CATI Support method. Mann-Whitney U was used to check that the study groups were drawn from the same population. This study assumes that a higher level of alignment between tax policy and business strategy is more common for large companies than for medium-sized ones. It was also assumed that the problem of creating expert knowledge on aligning tax systems with corporate business strategies would be characterized by a dichotomy, consisting of differences in the perception of this alignment by corporate management and by tax professionals.

2. The Role of Taxation Knowledge in the Implementation of Corporate Business Strategy

It is assumed in the literature that the tax system is constituted by legal norms on taxes in a broad sense (Saskia, Pierk, 2020, Slemrod, Gillitzer, 2014). In this context, the tax system is defined as all taxes in force together in a country, linked by a main idea in such a way that they form an organizational whole, both legally and economically (Harpaz,

of changes in tax laws, their interpretation, the ways in which tax authorities apply legal norms, as well as announcements concerning the expected shape of the tax system (Heimberger, 2021). A detailed analysis of the tax environment allows for the implementation of a tax policy designed to support the company's general operating strategy, while minimizing tax risks and charges and ensuring the company's security.

The company has a choice of two options when it comes to building a tax policy and responding to existing tax legislation (Kerzner, 2021). It can take a more conservative or aggressive approach. Conservative tax policy is the fulfilment by the taxpayer of all tax obligations arising from the scope of taxation in order to avoid disputes with the tax authorities (Zwick, 2021). It is about ensuring the greatest possible tax security by correctly identifying tax obligations and determining tax liability (Khmyz, et al, 2023). The company itself does not look for ways to help minimize the tax liabilities, it does not try to take actions to anticipate the possible tax consequences of its decisions. A more aggressive approach is also to comply with all the taxpayer's obligations, using at the same time all possible ways that can help to minimize the tax burden on the way to achieving the company's goal (Baudot, et al, 2020). Prior analysis of the tax legislation, as well as specific tax liabilities, identification of tax risks and threats, helps to achieve this purpose.

Summarizing the theoretical considerations, it is worth indicating that a properly designed tax policy should encourage, on the one hand, the processes of expertise creation and, on the other hand, the implementation of the adopted strategy by companies. Therefore, focusing attention on the objective of creating a competitive advantage in the market, it should be noted that it should be considered through the prism of tax policy, seen as the activities of a company, covering all its spheres of functioning together with the entire value chain.

3. Research Procedure, Research Methodology and Characteristics of the Study Population

The research procedure involved conducting a survey among randomly selected large and medium-sized Polish enterprises. The sampling frame was the databases of medium and large companies, taking into account the records contained in the Bisnode commercial database. Companies were randomly selected from a database of around 1 million records. The CATI Support computer system then drew consecutive telephone numbers for the companies from the operator. The sampling scheme was probabilistic - simple random selection. The study was performed through the following steps:

- Design of survey questionnaires.
- Preparation of a database of companies from which companies will be drawn for the survey. From each company drawn, one manager and one specialist from the accounting and tax department will be surveyed.
- Conducting 250 interviews with management, proportionally distributed among medium and large enterprises.
- Conducting 250 interviews with specialists from accounting and tax departments in the same companies.
- Preparation of a consolidated database of respondents' answers to survey questionnaires. Conducting quantitative analyses of the data obtained using the PS IMAGO package and Excel spreadsheet.

Respondents were asked to rate each statement relating to a particular problem in the surveyed company on a 5-point Likert scale: from 1 - „I completely disagree” to 5 - „I completely agree”. The entire population consists of corporate executives and tax professionals. One managerial representative and one tax professional were surveyed from each company. Some of the analyses were carried out for the entire research sample and some separately for subgroups of managers and accounting and tax professionals. The sample includes 250 questionnaires written by managers and 250 questionnaires written by tax experts. The surveys come from 250 companies (no questionnaire was rejected – due to technically correct answers in all question

Table 1: Structure of the sample by size of enterprises and type of respondent

Employee Groups			Frequency	Percentage	Percentage of valid
Management	Valid	medium-sized enterprise	242	96.8	96.8
		large enterprise	8	3.2	3.2
		Total	250	100.0	100.0
Tax professional	Valid	medium-sized enterprise	244	97.6	97.6
		large enterprise	6	2.4	2.4
		Total	250	100.0	100.0

Source: own elaboration

Based on the data summarized in Table 1, it can be concluded that the majority of respondents, both managers and tax experts, represent a group of medium-sized companies. Table 2 presents the structure of the research sample, taking into account the organizational and legal form of the companies surveyed.

Table 2: Structure of the sample by legal form of enterprises

		Frequency	Percentage	Percentage of valid	Cumulative percentage
Valid	State-owned enterprise	41	8.2	8.2	8.2
	Cooperative (production, trade, services)	15	3.0	3.0	11.2
	Public limited company	15	3.0	3.0	14.2
	Limited liability company	302	60.4	60.4	74.6
	Civil partnership	30	6.0	6.0	80.6
	General Partnership	32	6.4	6.4	87.0
	Limited partnership	20	4.0	4.0	91.0
	Other legal form	45			

Table 3: Level of adjustment of tax policy to the business strategy of medium-sized and large enterprises

Company size		At all levels of management, there is an open and comprehensible dialogue with employees about the tax policies being implemented.	The tax policy is adjusted to the needs and expectations of the management.	The tax policy is adjusted to the needs and expectations of the tax authorities.	Management checks if the objectives of the company's business strategy are coordinated with the objectives of the company's tax policy.	All planned implementations of tax policy objectives are included in the operational plans of employees responsible for tax policy implementation.	The company has identified factors influencing its tax policy.	The majority of managers (>80%) are aware of how tax policy affects the work of subordinate organizational units.	The majority of executives (>80%) are aware of the tools that can be used in building and implementing the company's tax policy.	Management continually checks that the tax policy is adjusted to meet the priority objectives of the company's business strategy.
medium-sized enterprise	U Manna-Whitneya	13000,000	14161,000	18838,500	14354,000	14077,000	12558,000	11938,500	13007,000	13014,000
	Z	-11,480	-10,853	-8,130	-10,741	-10,879	-11,776	-12,410	-11,631	-11,600
	Asymptotic significance (two-sided)	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
large enterprise	U Manna-Whitneya	17,000	24,000	14,000	22,500	20,000	12,000	13,000	19,500	14,000
	Z	-0,934	0,000	-1,502	-0,207	-0,562	-1,654	-1,494	-0,600	-1,352
	Asymptotic significance (two-sided)	0,350	1,000	0,133	0,836	0,574	0,098	0,135	0,548	0,176
	Exact significance [2*(one-sided)]									

business strategy according to 81.8% of respondents. Only 5.4% of respondents disagree that coordinating business strategy objectives with tax policy objectives is an important element of implementing a company's business strategy, while 12.8% do not see a correlation. In the opinion of 81.2% of respondents, the inclusion of tax policy objectives in business plans occurs in a high degree, 14.0% of surveys and only 4.8% of respondents do not include tax policy objectives in their business plans. According to 78.2% of respondents, understanding the essence of the implementation of a company's business strategy requires the identification of the factors influencing the tax policy implemented. 15% of respondents have no specific opinion on this matter. In contrast, 6.8% of respondents stated that there are no identified factors in their company that influence the implemented tax policy.

In order to investigate whether the managers of the surveyed companies and the tax professionals working or cooperating with the surveyed enterprises have the same understanding of the essence of the implementation of the company's business strategy, both communities were asked about the coordination, consideration and identification of the factors influencing the implemented tax strategy (Table 5 and 6).

Table 5: Understanding of the importance of implementing the company's business strategy according to managers in %

Understanding of the importance of implementing the company's business strategy			
Evaluation	coordination of the company's business strategy objectives with tax policy objectives	taking account of tax policy objectives in operational plans	identification of factors influencing the implementation of tax policy
I completely disagree	0,8	1,6	1,2
I disagree	0,8	0,0	0,8
I have no opinion	6,8	7,6	8,8
I agree	15,6	15,2	14,8
I completely agree	76,0	75,6	74,4

Source: own elaboration

Analyzing the responses of the managers of the surveyed companies (Table 5) in terms of their understanding of the importance of the implementation of the company's business strategy, it is noted that for 91.6% of the respondents the coordination of the company's business strategy objectives with tax policy objectives is important or very important. Only 6.8% of respondents do not perceive an impact. Notably, only 1.6% of respondents disagree or completely disagree that it is important or very important to coordinate the company's business strategy objectives with tax policy objectives. When considering the company's tax policy objectives in the business plans, 90.8% of respondents stated that the impact was significant. 7.6% of respondents do not perceive such an impact and 1.6% of respondents disagree with the above statement. According to 89.2% of the surveyed executives, understanding the essence of the implementation of the company's business strategy requires the identification of factors influencing the implemented tax policy. According to 8.8% of managerial respondents, there is no definite opinion and 2% of respondents stated that their company has no identified factors influencing the implemented tax policy. Table 6 shows the responses from the understanding of the essence of the implementation of the company's business strategy given by the tax professionals.

Table 6: Understanding of the importance of implementing the company's business strategy according to the tax professionals in

corporate tax policy objectives. The opinion of 18.8% shows that they do not recognize such an impact. Furthermore, according to 9.2% of respondents, the coordination of the company's business strategy objectives with tax policy objectives is weak or very weak.

When considering the results of the survey regarding the reflection of the company's tax policy objectives in the business plans, it should be noted that for 47.2% of the respondents in the group of tax experts, the impact is important and for 24.4% very important, which is also different from the opinion presented by the managers. Surprisingly, as many as 20.4% of respondents in the tax expert group do not perceive an impact and, according to 8% of respondents, there is little consideration of corporate tax policy objectives in business plans.

The survey found that 17.2% of respondents in the group of tax professionals completely agree that understanding the essence of the implementation of a company's business strategy requires the identification of factors influencing the implemented tax policy. Half of the respondents agree with of the above statement and 21.2% of the respondents have no specific opinion. Only 11.6% of respondents in the tax expert group said they disagreed that identifying the factors influencing the implementation of tax policy helps them to understand the essence of the implementation of the company's business strategy.

As the variables studied were mainly qualitative variables (measured on nominal and ordinal scales) a chi-square test of independence was used to examine the strength and possibly the direction of associations between variables, as presented in Table 7. The contingency coefficient, used for variables measured on a nominal scale, was used to assess the strength of the relationship between variables. If the value of this coefficient is 0, it means that there is no relationship between the variables (the variables are unrelated). If the value is close to 1 it means that there is a very strong relationship between the variables.

Table 7: Tests of significance of the dependence in the area of understanding the essence of business strategy implementation between the tax professionals and managers

Employee groups and:	Chi-square statistics	df	Asymptotic significance (two-sided)	Contingency coefficient
coordination of the company's business strategy objectives with tax policy objectives	122,357 ^a	4	0,000	0,443
taking account of tax policy objectives in operational plans	134,524 ^a	4	0,000	0,460
identification of factors influencing the implementation of tax policy	167,155 ^b	4	0,000	0,501

a) 0% of cells (0) have an expected count less than 5. The minimum expected count is 6.00.

b) 0% of cells (0) have an expected count less than 5. The minimum expected count is 7,50.

Source: own elaboration

Table 7 presents the results of testing the relationship between the group of tax professionals and the

management representatives, there is a high level of trust in the knowledge of tax professionals, or their knowledge of taxation is characterized by a high level of optimism. This indicates the existence of a dichotomy in the perception of the alignment between corporate tax policy and business strategy in the group of managers and the group of tax experts.

Addressing the noted research gap, it is important to highlight that the differences in perceptions of the alignment of corporate tax systems with business strategy between business executives and tax experts, results from their different perspectives, goals and scopes of knowledge of the two groups. From a management process perspective, it should be noted that the company's managers focus their activities on implementing the overall strategy, achieving business goals and realizing long-term vision. This group views the tax system as a tool to support business objectives, such as increasing revenue, entering new markets, or enhancing profitability. In contrast, tax experts perceive the tax system as a legal solution that applies to a business entity. Therefore, the primary goal of tax experts is to ensure compliance with tax regulations while minimizing tax risks.

Considering the range of knowledge and specialization between business managers and tax experts, it is worth emphasizing that the first group is characterized by general knowledge of tax systems but may not necessarily be familiar with the substantive details of this field. Therefore, managers may underestimate the importance of certain tax aspects that can affect the compliance and efficiency of tax systems. The range of knowledge and specialization for tax experts is characterized by detailed subject matter expertise. They are aware of subtle differences in the interpretation and application of tax laws, which affects their assessment of how the tax system fits into their business strategy.

The company's goals and adopted priorities are also viewed differently by managers and tax experts. The priority of managers is to execute business strategy, while tax issues are often seen as secondary by this group. This makes executives more likely to take tax risks if it helps achieve business goals. Moreover, managers' assessment of tax risks is often treated as one of many business risks, so this group is more willing to accept them in exchange for potential benefits. For tax experts, the goal and priority is to minimize tax risks and comply with regulations. Therefore, tax experts are characterized by greater conservatism and a desire to avoid risk, even at the expense of reduced business flexibility. In addition, tax experts tend to view tax risk as a significant threat that can affect a company's reputation and financial stability.

Differences in perceptions of the alignment of corporate tax systems with business strategy affect the communication processes between the various functional units of the company. This may be because managers do not always understand the importance of substantive issues arising from tax systems that are relevant to tax experts, and experts may not know the full strategic context for their business. It should be emphasized that managers have the final say in shaping business strategy and may be less concerned with tax issues as they focus on value-added. However, the task of tax experts is to focus on compliance and risk, not necessarily on the potential strategic benefits that the tax system might bring to the business strategy.

It should be added that the assumption made that a higher level of adjustment between tax policy and business strategy is more often the case for large companies than for medium-sized ones has been confirmed. This is due to the interpretation of the results obtained, which allow us to notice a slightly higher awareness of the implemented tax policy as part of the company's business strategy, in the group of large companies. This may indicate that, in large companies, the creation of tax expertise is part of the company's business strategy.

6. Summary

Research on the creation of expert knowledge on aligning tax systems with corporate business strategies was made on the basis of the literature on the subject, taking into account the current state of the law in Poland and empirical research. The considerations highlighted in this study enabled the achievement of the research goal, which was to investigate whether tax policy is embedded in a company's business strategy, and whether the companies studied adapt tax policy to business strategy, by deepening the understanding of

- coordination of business strategy objectives with tax policy objectives is an important element in the implementation of corporate business strategy,
- the existence of a dichotomy between a group of tax experts and a group of management representatives in coordinating the company's business strategy objectives with tax policy objectives was identified.

Creating expertise on matching tax regimes with a company's business strategy can contribute to new perspectives on the management of companies operating in a changing legal environment. The legal environment, including tax laws, is dynamic and changes with economic and political developments. Therefore, expert knowledge enables managers to understand current changes in tax law, anticipate future changes and adjust their business strategies. Expert tax knowledge allows managers to identify tax optimization opportunities. This enables managers, together with tax experts, to strive to minimize the tax burden in a legal and efficient manner, resulting in a more competitive and profitable business. Aligning tax systems with business strategy allows them to be fully integrated. Executives can develop strategies that achieve business goals on the one hand and take into account tax benefits and risks on the other. This integrated approach can increase management efficiency and contribute to better use of available resources. What's more, the volatility of tax laws creates risks for businesses. Therefore, the knowledge of tax experts helps identify potential tax risks and develop strategies to minimize their impact on business, which translates into financial stability and security. Expert tax knowledge can help identify tax credits, subsidies and other incentives to support innovation. Executives can then integrate these incentives into their business strategy, allowing them to increase investment in research and development, creating new products and services and improving their competitive position. In the era of globalization, many companies operate in international markets. In this context, expert knowledge enables managers to understand different tax regimes and their impact on international operations, allowing for better management of corporate structure, finances and capital flows.

In conclusion, it is important to state that the creation of expert knowledge on aligning tax systems with corporate business strategies can contribute to the creation of new perspectives on the management of companies in the changing legal conditions of their operation. However, the processes of creating expert knowledge about the adjustment of tax policies with companies' business strategies are perceived differently by tax professionals and managers. Furthermore, differences also exist when the issue of creating expert knowledge on aligning tax systems with corporate business strategies is considered through the perspective of company size, leading to further research and exploration in this area.

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