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Bonus Compensation, Institutional Ownership, Political Connections and Tax Avoidance

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Abstrak

Tata kelola perusahaan dinilai mampu mengurangi kemungkinan terjadinya financial distress. Sebab, ketika tata kelola perusahaan baik maka permasalahan keagenan terkait tingkat asimetri informasi dalam perusahaan akan bisa diminimalkan. Penelitian ini bertujuan untuk menguji dan memberikan bukti empiris mengenai struktur tata kelola perusahaan yang diproksikan dengan kepemilikan bank dan kepemilikan manajerial pada perusahaan subsektor jasa transportasi yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2019-2020. Sampelnya adalah 67 perusahaan jasa transportasi selama periode observasi. Teknik pengambilan sampel yang digunakan adalah teknik purposive sampling. Analisis data menggunakan analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa kepemilikan bank tidak mempunyai pengaruh terhadap financial distress, sedangkan kepemilikan manajerial ditemukan meningkatkan financial distress pada perusahaan. Kepemilikan bank tidak mempunyai pengaruh terhadap financial distress, sedangkan kepemilikan manajerial mempunyai pengaruh positif. Hal ini menunjukkan bahwa semakin tinggi kepemilikan manajerial pada perusahaan dapat meningkatkan risiko terjadinya financial distress pada perusahaan apabila fungsi pengawasan tidak efektif dan efisien.

Kata Kunci: *Kepemilikan Bank, Kepemilikan Manajerial, Financial Distress*

Abstract

Corporate governance is considered capable of reducing the possibility of financial distress. This is because when corporate governance is good, agency problems related to the level of information asymmetry within the company will be minimized. This research aims to test and provide empirical evidence regarding the corporate governance structure which is proxied by bank ownership and managerial ownership in transportation services sub-sector companies listed on the Indonesia Stock Exchange (BEI) in 2019-2020. The sample was 67 transportation service companies during the observation period. The sampling technique used was the purposive sampling technique. The data analysis used multiple linear regression analysis. The research results showed that bank ownership does not have any influence on financial distress, while managerial ownership is found to increase financial distress in companies. Bank ownership does not have any influence on financial distress, while managerial ownership has a positive influence. This indicates that higher managerial ownership in the company can increase the risk of financial distress in the company if the supervisory function is not effective and efficient.

Keywords: *Bank Ownership, Managerial Ownership, Financial Distress*

INTRODUCTION

Significant share ownership by banks in public companies is assumed to increase the level of bank intervention in companies. This is because on average banks often elect their representatives to the board of directors directly, which actions can then influence decisions within the company through their representatives (Luo et al., 2011). This assumption is then supported by the research results of Mangena et al. (2020) who found that bank ownership is related to financial difficulties. Thus, the bank proxied by Mangena et al (2020) as company shareholders and also as lenders can increase the risk of conflicts of interest and result in the possibility of the company experiencing financial distress. This is not in line with the role of banks as independent institutions that own company shares.

Based on agency theory itself, conflicts of interest in companies are caused by concerns that agents can act outside the interests of the principal. Therefore, strict supervision is needed so that agent problems do not occur. Thus, institutional ownership, in this case specifically for bank ownership, is expected to be able to increase more optimal supervision of company management performance. Thus, the potential for information asymmetry will be reduced and the risk of financial distress can be minimized (Triwahyuningtias & Muharam, 2012).

Agency theory explains that agents can act outside the interests of both shareholders and the company due to their desire to enrich themselves. So, several controls are needed that can pressure agents to act in this way, one of which is the existence of share ownership for the company management. Managerial ownership is defined as the proportion of share ownership by management in the company. The greater the percentage of shares owned by company managers, the greater their responsibility for the success of a company through managing its resources (Triwahyuningtias & Muharam, 2012). So, if the shares of a company are then owned by members of the managerial team, then supervision and implementation of policies will be stricter because management also shares in owning the company. This reduces the potential for financial difficulties within the company (Pramudena, 2017).

RESEARCH METHOD

The type of data used secondary data that researchers obtained from the official website of the Indonesian Stock Exchange via the address www.idx.co.id Meanwhile, the data source used a financial report or annual report from a service company with a focus on the transportation services sub-sector. Population was defined as a collection of research objects that are thought to have the same properties and characteristics and are then studied to conclude. The population related to this research was all companies included in the transportation services company sub-sector in 2019-2020. Meanwhile, the sample was part of the number and characteristics of the population. Sampling was carried out using a purposive sampling method by determining several criteria, including 1) Transportation service sector companies listed on the Indonesia Stock Exchange in 2019-2020; 2) Companies that did not publish complete financial reports and annual reports in a row during 2019-2020.

RESULT AND DISCUSSION

General Description of Research Objects

This research used a total sample of 70 companies from the transportation services sector during 2019-2020. Data was obtained for 32 companies that were at risk of financial distress and 38 companies that were not at risk of financial distress.

Table 1 Details of the Research Sample

Years	Sample	Financial Distress	Non-Financial Distress
2019	35	15	20

2020	35	17	18
N	70	32	38

Descriptive Statistics

Describing data by referring to the results of skewness, range, sum, variance, maximum, minimum, and standard deviation is then called descriptive statistics. This description contains research variables consisting of financial distress, bank ownership, and managerial ownership, as well as two control variables consisting of leverage and liquidity.

Table 2 Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Distress	67	-4.21	1.86	.12424	1.01695
KEPBANK (X ₁)	67	0	1	.042	.344
KEPMAN (X ₂)	67	.00	.60	.01692	.13846
LEV	67	.09	3.14	.06042	.49454
LIKUID	67	.03	11.72	.24410	1.99808
Valid N (listwise)	67				

From the results obtained in Table 3, it was known that 67 company data were analyzed. The average value of each variable, including financial distress of 0.12424, bank ownership of 0.042, managerial ownership of 0.01692, leverage of 0.06042, and liquidity of 0.24410. Apart from that, the table also describes the maximum and minimum values as well as the standard deviation from the research.

Classical Assumption Test

Normality Test

Table 3 Normality Test

		Unstandardized Residual
Normal Parameters ^b	Mean	.0000000
	Std. Deviation	.27717176
Most Extreme Differences	Absolute	.131
	Positive	.131
	Negative	-.091
Test Statistic		.131

Asymp. Sig. (2-tailed)	.092 ^c
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Based on this table, it could be seen that the residual data in the research was normally distributed as indicated by a significance probability value of $0.092 > 0.05$.

Multicollinearity Test

Multicollinearity Test

Table 5 Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	SE	Beta			Tolerance	VIF
(Constant)	-.074	.203		-.366	.717		
KEPBANK (X1)	.161	.141	.173	1.142	.261	.855	1.170
1 KEPMAN (X1)	.317	.245	.184	1.293	.205	.970	1.031
LEV	.325	.215	.230	1.514	.139	.852	1.174
LIKUID	.303	.081	.554	3.760	.001	.902	1.109

Table 5 proves that the model used does not occur in multicollinearity. This is proven by a tolerance value that exceeds 0.1 and a VIF value of less than 10.

Autocorrelation Test

Table 6 *Runs Test*

	Unstandardized Residual
Test Value ^s	-.01656
Cases < Test Value	19
Cases >= Test Value	20
Total Cases	39
Number of Runs	17
Z	-.970
Asymp. Sig. (2-tailed)	.332

Table 6 proves that the model did not contain autocorrelation. This was proven by the Asymp value. Sig. (2-tailed) is 0.332 which is greater than 0.05.

Heteroscedasticity Test

Table 7 Uji Glejser

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-.008	.109		-.073	.942
KEPBANK (X1)	.053	.075	.119	.708	.484
1 KEPMAN (X1)	.222	.131	.266	1.688	.101
LEV	.216	.115	.317	1.885	.068
LIKUID	.042	.043	.158	.967	.340

Table 7 showed that each independent variable in the study had a significance value that was greater than the significance value α 0.05. This means that the research data did not show symptoms of heteroscedasticity.

Hypothesis Testing

Coefficient of Determination Test (R²)

Table 8 R² Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 ^a	.463	.396	.24160

Based on Table 8, the Adjusted R Square value of 0.396 illustrates that the condition of financial distress in the company could be explained by the research independent variable of 39.6%. In comparison, other causes outside the research model explain the remaining 60.4%.

Statistical Test t

Table 10 t-Test

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.406	.207		1.957	.059
KEPBANK (X1)	.054	.119	.060	.449	.656
1 KEPMAN (X2)	.496	.215	.303	2.311	.027*
LEV	-.361	.250	-.194	-1.445	.158
LIKUID	.259	.067	.526	3.848	.001

*significant at $\alpha < 0.05$

Bank Ownership

The study results show that the significance of the bank ownership variable is 0.656, which is greater than the significance of α 0.05. This shows that the research hypothesis is not accepted and the bank ownership variable does not have any influence on the financial distress conditions that occur in the company. This is not in line with agency theory, where the existence of share ownership in banks as independent institutions can provide strict supervision to reduce the emergence of agency problems and create good corporate management so that the risk of financial failure can be minimized. The results are not in line with this theory due to several reasons, including the relatively small amount of bank ownership during the year of observation, where of the total of 70 samples studied, only 11 companies were owned by institutions with share percentages ranging below 20. %. This causes weak control by bank shareholders over company management, which results in management being able to make decisions that benefit themselves (Idarti & Hasanah, 2018).

The existence of shares in banking institutions may not necessarily reduce the risk of a company experiencing financial distress. Apart from that, the COVID-19 pandemic conditions that occurred in Indonesia are also one of the reasons why companies may experience financial difficulties, especially transportation service companies. This is due to government policy, namely social distancing or the absence of permission to carry out mobility outside the home, which was carried out to reduce the spread of COVID-19, apparently having a big impact on decreasing the number of passengers on public transportation, which will have an impact. due to decreasing income and the risk of financial difficulties which could lead to company bankruptcy (Anggraeni, 2021) and (Yunus & Rezki, 2020). So, whether or not there is bank share ownership in the company does not have any influence on financial distress. The results of this study are not in line with the study conducted by Mangena et al. (2020) which states that shared ownership can increase companies experiencing financial distress.

Managerial Ownership

Based on the observations obtained, the significance level of managerial ownership is 0.27 and is smaller than the significance α of 0.05, which means that the results are statistically significant but different from the direction of the hypothesis that was previously formulated. This illustrates that statistically managerial ownership can increase a

company's tendency to experience financial distress. This is not in line with agency theory, where a large form of managerial share ownership will be able to suppress the agent's desire to enrich himself and act in the interests of shareholders and the company. This discrepancy may be caused by several factors, including the possibility that managerial shares are only a symbol or tool used to attract investors to invest in the company because there is a guarantee that the company's managerial side will always act in the interests of shareholders and the company so that shareholder rights will always be guaranteed.

A managerial person or agent in a company will still have the desire to act or make operational decisions for the company based on benefits for themselves (Cinantya & Merkusiwati, 2015). Based on the research results of Fathonah (2017), it was also found that more managerial share ownership in a company is not necessarily efficient and effective in reducing financial distress conditions, so it can be concluded that managerial ownership has a positive effect on financial distress. The results of this research are not in line with studies conducted by Jenny & Wijayanti (2018), Yustong (2018), Damayanti et al. (2017), Widiyanti (2017), and Cinantya & Merkusiwati (2015) which state that managerial ownership does not have any influence on financial distress.

CONCLUSION

Bank ownership does not have any influence on financial distress, while managerial ownership has a positive influence. This indicates that higher managerial ownership in the company can increase the risk of financial distress in the company if the supervisory function is not effective and efficient.

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