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Agus.sukoco@narotama.ac.id

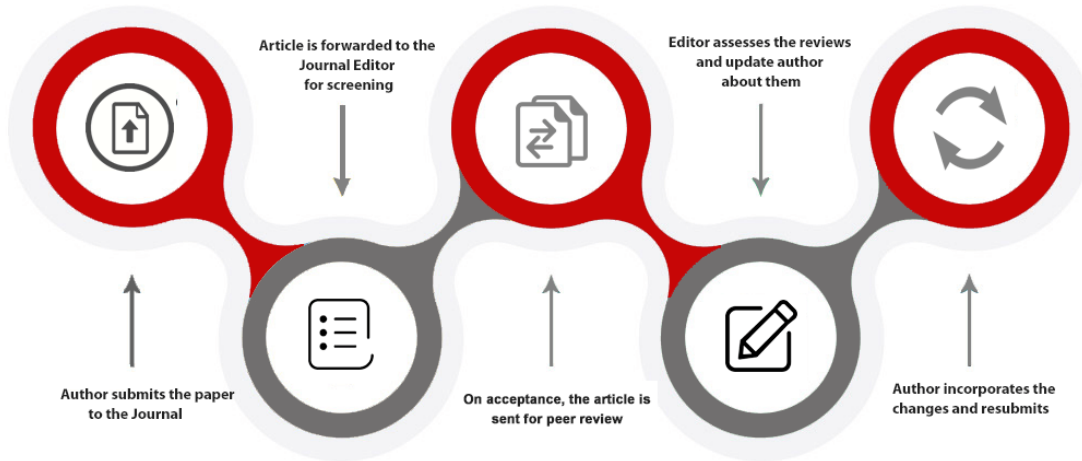
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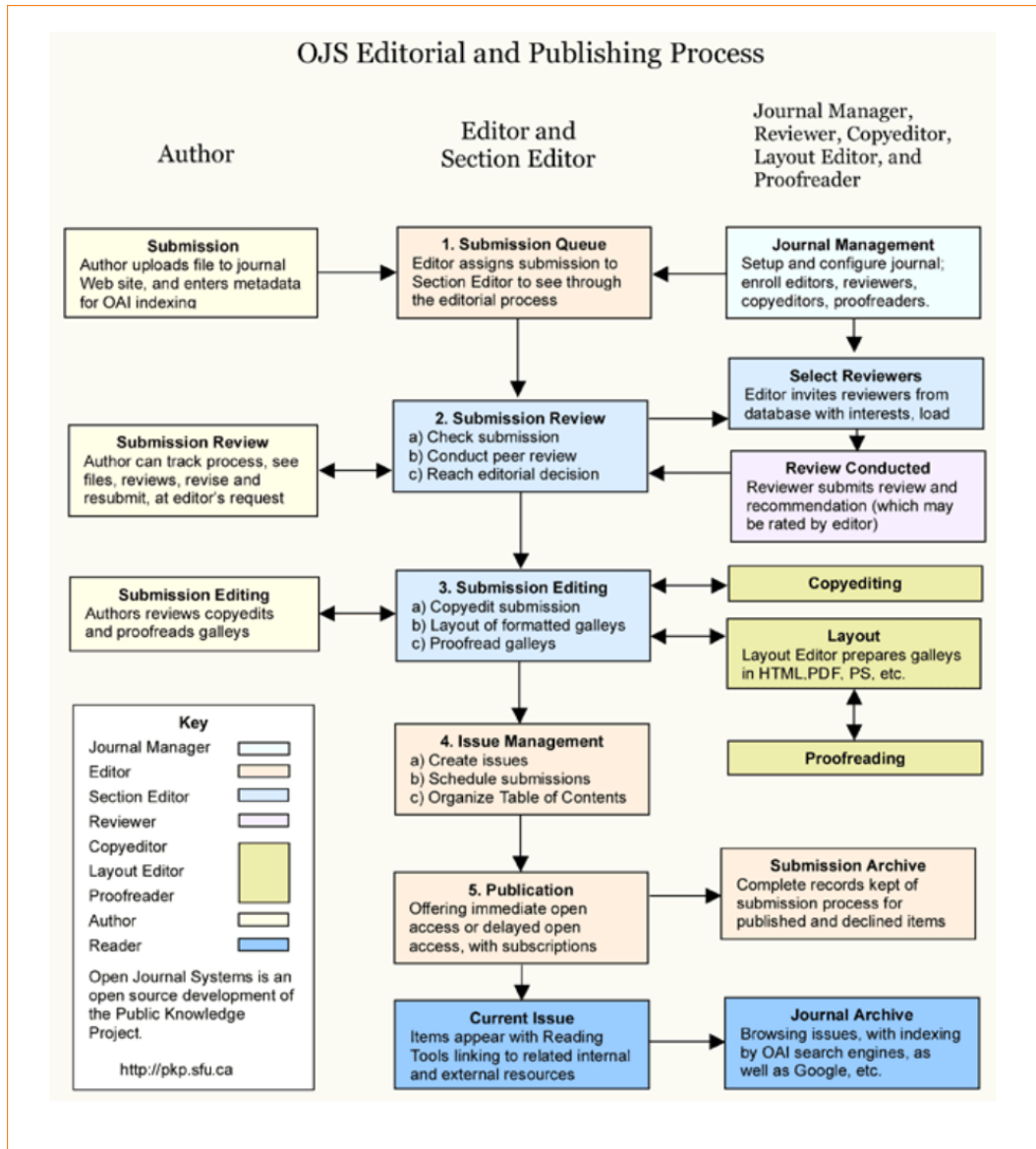
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Phone+6281330480481

ikhсан.setiawan@narotama.ac.id

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The Influence of Managerial Ownership, Institutional Ownership and Deferred Tax Burden on Earnings Management in Food and Beverage Companies on the Indonesia Stock Exchange 2017 – 2021

Kayla Puspita, Putri Zanufa Sari

Department of Management, Narotama University
Jl. Arief Rachman Hakim, No.51, 60117, Surabaya, Indonesia
kaylapuspita12@gmail.com, putri.zanufa@narotama.ac.id

Abstract

This study aims to analyze the Effect of Managerial Ownership, Institutional Ownership and Deferred Tax Burden on Profit Management in Food and Beverage Companies on the Indonesia Stock Exchange 2017 – 2021. This study used a quantitative approach in the form of financial statements of food and beverage companies listed on the Indonesia Stock Exchange from 2017 to 2021. The sampling technique used in this study used a purposive sampling approach, the number of samples used in this study were 90 samples. The results of this study indicate that managerial ownership has no effect on earnings management, institutional ownership has an effect on earnings management, deferred tax expense has an effect on earnings management, simultaneously the variables managerial ownership, institutional ownership and deferred tax expense have an effect on earnings management. The limitations in this study are that the research object only focuses on food and beverage sector companies that are listed on the Indonesia Stock Exchange from 2017 to 2021. This study uses the dependent variable, namely earnings management and independent variables, namely Managerial Ownership, Institutional Ownership and Deferred Tax Expenses As material for consideration in making decisions related to earnings management and can be used as a reference for companies in determining policies related to financial reports regarding earnings management practices. This Paper is Original Research paper.

Keyword:

Deferred Tax Burden, Earnings Management, Institutional Ownership, Managerial Ownership

1. Introduction

The increasingly modern development of business in Indonesia requires companies to compete in maintaining their business and requires company owners/management to make innovations or breakthroughs that are different and attractive to consumers and potential customers. This means that companies are not only required to seek profit or profits, but companies are also required to improve the quality of human resources, improve technology, improve product quality, and encourage higher performance. This performance is an illustration of the company's achievements in its operational activities both from the aspects of finance, marketing, fundraising, technology, and human resources. The performance of the company greatly influences how the company's operational activities can run, whether good or bad. Performance in a company can be seen from the financial statements published by the company. Financial reports are a source of information that is used to assess the financial position and performance of a company which will later be used by information users, such as stakeholders. In accordance with the Statement of Financial Accounting Standards (PSAK) Number 1 (Indonesian Accounting Association, 2018) financial statements are reports that present the financial position and financial performance of a company consisting of statements of financial position, income and comprehensive statements, reports of changes in equity, reports of cash flows cash, and notes to the financial statements for the current financial year period.

Financial statements are a tool used to measure a company's performance, which aims to provide useful information for business decisions. If an investor is going to make a decision to do business, what needs to be considered is analyzing financial statements to analyze financial statements must be done carefully so that there are no mistakes in decision making. Financial reports should also be able to help stakeholders and shareholders evaluate the company's strengths and weaknesses by looking at information about capital, liabilities and assets (Hery, 2015). Information about profits helps companies to predict and see how much profit can be generated for the coming period, the size of profits also describes how management's performance in generating profits to pay investor dividends, creditor interest and government taxes (Hery, 2015). Profit information is often used by

stakeholders and shareholders as a benchmark for company performance to see whether operating goals have been achieved and also as management accountability and as a basis for making a decision.

The performance of a company can be assessed from the company's ability to generate profits. Profit that can describe the continuation of earnings in the future is a quality profit where the profit is determined by several components of accruals and cash so that it can reflect actual financial performance. If the company is unable to generate the expected profit, this can encourage management to carry out earnings management. Earnings management is an action that involves intervention from management which is carried out intentionally in a process of preparing financial reports by choosing accounting policies and presenting financial reports in order to achieve certain objectives so that they can benefit both external and internal parties. According to Hery, (2015) Earnings management is carried out by managers (agents) or preparers of financial statements because they expect a reward or a benefit from the actions they have taken. Earnings management can provide an overview of agent behavior in reporting business activities that have been carried out in a certain period, with a certain desire or motivation that encourages them to manipulate financial reports. Earnings management like this has a negative impact on earnings quality. According to Scott, (2015), earnings management is management's choice of accounting policies or concrete actions that affect earnings in order to achieve some profit objectives to be reported. There are several factors that can affect earnings management, namely Managerial Ownership, Institutional Ownership and Deferred Tax Expenses.

1.1. Agency Theory

According to Jensen & Meckling, (1976) Agency Theory is a contractual relationship between the principal (company owner) and the agent (company management), where the principal gives authority to the agent to manage the company and make decisions. Agency theory is a perspective that clearly describes the problems that arise with the separation between the ownership function and the management function of the company, namely the existence of a conflict of interest in the company.

1.2. Earnings management

Earnings management is a manager's decision to have certain accounting policies that are considered to be able to achieve the desired goal, be it to increase profits or reduce reported losses Scott, (2015).

1.3. Managerial ownership

Managerial Ownership according to Hanafi & Halim, (2018) explains in Managerial Ownership is the amount of share ownership by management or in other words managers are also shareholders, who actively participate in decision making and directly experience the benefits of decisions taken and bear the risk if there are losses that arise as a consequence of making wrong decisions.

1.4. Institutional Ownership

Jensen & Meckling, (1976), state that institutional ownership has an important role in minimizing agency conflicts that occur between managers and shareholders.

1.5. Deferred Tax Expense

According to Rohman et al., (2022) Deferred tax is regulated in PSAK No. 46 concerning Accounting for Income Tax consisting of current tax expense and deferred tax expense. In principle, deferred tax is the result of future income tax resulting from a temporary (time) comparison between accounting and taxation treatment. The recognition of deferred tax can result in reduced net income if there is recognition of deferred tax expense. It can also result in a reduction in net loss if there is recognition of deferred tax benefits.

1.6. Research Framework

The following will explain the research framework, namely:

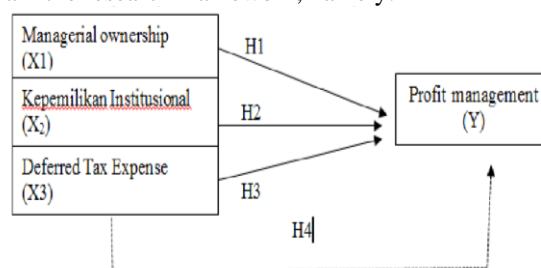


Figure 1: Research Framework

From the model above, the research hypothesis is arranged as follows:

H1: Managerial ownership affects earnings management

H2: Institutional ownership affects earnings management

H3: Deferred tax expense has an effect on earnings management

H4: Managerial ownership, institutional ownership and deferred tax expense affect earnings management

2. Methodology

2.1. Types of Research

According to Sugiyono, (2017), what is meant by research a method in this thesis research approach is that the existence of this type of research is basically a scientific way to obtain data with specific purposes and uses. The research used in this thesis uses quantitative. Quantitative research methods can be interpreted as one of the research methods that underlies a positive philosophy and aims to test predetermined hypotheses. This study aims to determine the effect of managerial ownership, institutional ownership and deferred tax expense on earnings management in food and beverage sector companies listed on the Indonesia Stock Exchange from 2017 to 2021.

The population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that have been determined by researchers to be studied and then conclusions drawn Sugiyono, (2017). The population used in this research is all food and beverage companies listed on the Indonesia Stock Exchange in the period 2017 – 2021.

The sample is part of the number and characteristics possessed by the population Sugiyono, (2017). The sampling technique in this study was to use purposive sampling. Purposive sampling is a sampling technique with certain considerations. The following sampling criteria used are:

1. Food and beverage companies listed on the Indonesia Stock Exchange during 2017 – 2021
2. Food and beverage companies that publish complete financial reports for 2017 – 2021
3. Food and beverage companies that use Rupiah during 2017 – 2021

2.2. Data Types and Sources

The type of data in this study uses quantitative and data sources in this study use secondary data. Secondary data in this research is data that has been published. Sources of data obtained through the financial reports of food and beverage companies on the IDX for the period 2017 – 2021.

2.3. Variable Operational Definition

The variables in this study consist of independent variables and dependent variables. The variables involved in this study include:

2.3.1. Dependent Variable

2.3.1.1. Earnings management

Earnings management variable is measured by discretionary accruals. Discretionary accruals are a way to reduce reported earnings that are difficult to detect through manipulation of accounting policies related to accruals (Scott, 2015). Discretionary accruals are measured using the Modified Jones Model, the calculation formula is as follows:

1. Calculating total accruals with the following equation:

$$TA_{it} = NI_{it} - CFO_{it}$$

2. The Total Accrual (TA) value is estimated by the multiple linear regression equation as follows:

$$TA_{it} / A_{it-1} = a_1 (1/A_{it-1}) + a_2 (\Delta Rev_{it} / A_{it-1}) + a_3 (PPE_{it} / A_{it-1}) + \epsilon_{it}$$

3. From the regression equation above, NDA can be calculated by re-entering the coefficients α :

$$NDA_{it} = \alpha_1 (1/A_{it-1}) + \alpha_2 (\Delta Rev_{it} / A_{it-1} - \Delta Rec_{it} / A_{it-1}) + \alpha_3 (PPE_{it} / A_{it-1}) + \epsilon_{it}$$

4. The final stage is calculating DA which is part of the total accruals that cannot be explained by the company's normal activities, resulting in the following equation:

$$DA_{it} = TA_{it} - NDA_{it}$$

Information:

TA_{it} : Total accruals of company i in year t

NI_{it} : Net profit of company i in year t

CFO_{it} : Cash from company i operations in year t

A_{it-1} : Total assets of company i in year t-1

ΔRev_{it} : Revenue of company i in year t minus revenue in year t-1

ΔRec_{it} : Receivables of company i in year t minus receivables in year t-1

PPE_{it} : Fixed assets of company i in year t

it: Error term of company i in year t

2.3.2. Independent Variable

2.3.2.1. Managerial ownership

According to Hanafi & Halim, (2018) explains in Managerial Ownership is the amount of share ownership by management or in other words the manager is also a shareholder, who actively participates in decision making and directly experiences the benefits of the decisions taken and bears the risk if there is a loss that arise as a consequence of making wrong decisions. This study uses the following formula:

$$1. \text{ Managerial Ownership} = \frac{\text{Number of shares owned by management}}{\text{Total shares outstanding}}$$

2. Institutional Ownership

(Sartono, 2016) Institutional Ownership is the amount of share ownership by institutions (government, foreign companies, financial institutions such as insurance, banks, and pension funds) in the company. This study uses the following formula:

$$3. \text{ Institutional Ownership} = \frac{\text{Number of shares owned by the institution}}{\text{Total shares outstanding}}$$

4. Deferred Tax Expense

(Waluyo, 2017) deferred tax expense is the amount of deferred tax income tax expense arising from the recognition of deferred tax liabilities or assets. Deferred tax represents an account balance in the balance sheet as a tax benefit, the amount of which is the estimated amount that will be recovered in future periods as a result of temporary differences between financial accounting standards and tax laws and as a result of a balance of losses that can be compensated for in future periods. This study uses the following formula:

$$\text{Deferred Tax Expense} = \frac{\text{Deferred Tax Expense}}{\text{Total Assets}}$$

3. Results and Discussion

3.1. Descriptive statistics

Descriptive statistics can provide an overview or description in a data obtained from the average value (mean), standard deviation, variance, maximum and minimum (Ghozali, 2016).

Table 1: Descriptive statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|----|---------|---------|----------|----------------|
| KM | 90 | .0000 | .2808 | .031629 | .0789019 |
| KI | 90 | .0000 | 1.0000 | .637019 | .2395097 |
| BPT | 90 | .0005 | .1547 | .028107 | .0288985 |
| MANAJEMENLABA | 90 | -.6124 | .6667 | -.063950 | .1396480 |
| Valid N (listwise) | 90 | | | | |
| KM | 90 | .0000 | .2808 | .031629 | .0789019 |

Based on the statistical descriptive table, it can be described that managerial ownership obtains a sample size of 90 and obtains the lowest value of 0.00 and the highest value of 0.2808 with an average value of 0.031629 and a standard deviation of 0.0789019.

For the institutional ownership variable, the sample size is 90 and the lowest value is 0.00 and the highest value is 1.00 with an average value of 0.637019 and a standard deviation of 0.2395097.

For the variable size of deferred tax expense, the number of samples is 90 and the lowest value is 0.0005 and the highest value is 0.1547 with an average value of 0.028107 and a standard deviation of 0.0288985.

For the earnings management variable, the number of samples is 90 and the lowest value is -0.6124 and the highest value is 0.6667 with an average value of -0.063950 and a standard deviation of 0.1396480.

3.2. Significant test (F test / Simultaneous test)

The F test (Simultaneous Test) is to test how the independent variables jointly influence the dependent variable. In testing the hypothesis, the first step that must be taken by researchers is to know the basis for making decisions in the F Test (simultaneous). There are methods used in the basis of decision making, namely as follows:

1. If the Significance value (Sig.), < 0,01, 0,05 and 0,10 then there is a joint effect of the independent variable (X) on the dependent variable (Y). Hypothesis accepted.
2. If the Significance value (Sig.), > 0.10 then there is no joint effect of the independent variable (X) on the dependent variable (Y). The hypothesis is rejected.

Table 2: Significant test (F test / Simultaneous test)

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|----|-------------|-------|-------|
| Type | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | .231 | 3 | .077 | 4.394 | .006b |
| | Residual | 1.505 | 86 | .017 | | |
| | Total | 1.736 | 89 | | | |

Based on the results of the F test table, it can be seen that the simultaneous test results (Test F) have a significance value of 0.006 so that it is less than 0.01 (1%) ($0.000 < 0.01$) thus indicating that simultaneously managerial ownership, institutional ownership, deferred tax expense effect on earnings management.

3.3. Significant test (T test / Partial test)

According to Astuti, (2017) Partial test (t test) is carried out to find out whether the independent variables partially have an influence on the dependent variable. This test is carried out by determining the significant level (α) which is 1%, 5% and 10%.

Table 3: Multiple Regression Analysis

| Type | Unstandardized Coefficients | | Standardized Coefficients Beta | t | Sig. | Collinearity Statistics | |
|------|-----------------------------|------------|--------------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | | | | Tolerance | VIF |
| KM | .031 | .178 | .018 | .175 | .861 | .999 | 1.001 |
| KI | -.101 | .060 | -.173 | -1.678 | .097 | .945 | 1.058 |
| BPT | 1.751 | .499 | .362 | 3.511 | .001 | .947 | 1.056 |

Based on table 3 the results of the t test on the independent variables can be explained in detail as follows:

3.3.1. Managerial ownership of earnings management

The managerial ownership variable has a significance value of 0.861 so that it is more than 0.05 (5%) ($0.861 > 0.05$) thus indicating that partially the managerial ownership variable has no effect on earnings management. Because the increase or decrease in the value of managerial ownership does not affect changes in earnings management. In the sample data of this study, managerial ownership still cannot control the company because managerial ownership is very low, as reflected in the average yield on descriptive statistics of 3.1% so that management's share ownership tends to be small and does not affect earnings management. In accordance with research from (Maqfira et al., 2019) and (Pambudi, 2020) which states the results that managerial ownership has no effect on earnings management

3.3.2. Institutional ownership of earnings management

The institutional ownership variable has a significance value of 0.097 so that it is more than 0.10 (10%) ($0.097 < 0.05$) thus indicating that partially the institutional ownership variable has an effect on earnings management. Institutional ownership is the proportion of share ownership owned by someone in a company. Institutional ownership is said to be more capable of finding errors that occur, this happens because institutional investors have more experience than individual investors. These investors control the company using their voting rights for decision making. Therefore, if there is more institutional ownership, the company's performance will also be good and it can minimize earnings management actions. In accordance with research from (Mukti, 2018) which states the results that institutional ownership affects earnings management.

3.3.3. Deferred tax expense on earnings management

The deferred tax expense variable has a significance value of 0.001 so it is less than 0.01 (1%) ($0.001 < 0.01$) thus indicating that partially the deferred tax expense variable has an effect on earnings management. Deferred tax expense is an expense arising from temporary differences between accounting profit and taxable profit. Deferred tax expense is principally the impact of future income tax due to temporary (time) differences between accounting and taxation treatments as well as tax losses that are still compensated for in the future which need to be presented in the financial statements for a certain period. The recognition of deferred tax has an impact on reduced net (net) profit or loss as a result of the possibility of recognizing deferred tax expense or deferred tax benefits. Temporary differences arise from the components of accruals and operating cash flows because of the temporary differences that deferred tax expense has an effect in efforts to detect the effect of accruals engineering

to minimize taxes in earnings management. In accordance with research from (Agusto, 2021) which states the results that deferred tax expense has an effect on earnings management.

3.3.4. Managerial ownership, institutional ownership and deferred tax expense on earnings management

The variable managerial ownership, institutional ownership and deferred tax expense have a significance value of 0.000 so that it is less than 0.01 (1%) ($0.000 < 0.01$) thus indicating that simultaneously the variables managerial ownership, institutional ownership and deferred tax expense affect earnings management. According to Hery, (2015) Earnings management is carried out by managers (agents) or preparers of financial statements because they expect a reward or a benefit from the actions they have taken. Earnings management can provide an overview of agent behavior in reporting business activities that have been carried out in a certain period, with a certain desire or motivation that encourages them to manipulate financial reports. Earnings management like this has a negative impact on earnings quality. According to (Scott, 2015), earnings management is management's choice of accounting policies or concrete actions that affect earnings in order to achieve some profit objectives to be reported. There are several factors that can affect earnings management, namely Managerial Ownership, Institutional Ownership and Deferred Tax Expenses. In accordance with research from (Maqfira et al., 2019), (Mukti, 2018) and (Agusto, 2021) which states the results that managerial ownership, institutional ownership and deferred tax expense affect earnings management.

4. Conclusion

1. Managerial ownership has no effect on earnings management. Because the increase or decrease in the value of managerial ownership does not affect changes in earnings management. In the sample data of this study, managerial ownership still cannot control the company because managerial ownership is very low
2. Institutional ownership affects earnings management. The more institutional ownership, the better the company's performance and can minimize earnings management actions.
3. Deferred tax expense affects earnings management. Temporary differences arise from the components of accruals and operating cash flows because of the temporary differences that deferred tax expense has an effect in efforts to detect the effect of engineering accruals to minimize taxes in earnings management
4. Simultaneously the variables of managerial ownership, institutional ownership and deferred tax expense affect earnings management. earnings management is management's choice of accounting policies or concrete actions that affect earnings in order to achieve some profit objectives to be reported. There are several factors that can affect earnings management, namely Managerial Ownership, Institutional Ownership and Deferred Tax Expenses

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The Effect of Financial Performance on Market to Book Value of Equity (MBVE) in LQ45 Companies on the IDX Post Pandemi Covid 19

Lia Febriani, Agus Sukoco

Department of Management, Narotama University
 Jl. Arief Rachman Hakim, No. 51, 60117, Surabaya, Indonesia
lia.febriani@gmail.com, agus.sukoco@narotama.ac.id

Abstract

This study aims to test and prove whether financial performance affects the market to book value of equity (MBVE). The population in this study are all LQ45 companies listed on the IDX for the 2019-2021 period. Sampling was carried out by purposive sampling and 135 companies were selected. The data in this study come from secondary data obtained through documentation techniques. Data analysis with multiple regression partially using SPSS. The results showed that simultaneously there was a significant effect of CR, DER, and ROA on MBVE. Based on partial testing, it is concluded that CR, DER and ROA have a significant effect on MBVE.

Keywords :

Current Ratio (CR), Debt Equity Ratio (DER), Market to Book Value of Equity (MBVE), Return On Asset (ROA)

1. Introduction

With the first discovery of the Covid-19 virus in Wuhan City in December 2019, all countries in the world experienced dire economic developments, especially in 2020. Then the virus developed into a new type of virus called SARS-CoV-2. In general, this type of virus can spread by attacking the respiratory system, so of course this viral outbreak cannot be tolerated because through medical analysis it is stated that this virus can endanger a person's life even though the symptoms it causes are similar to the common cold which affects many ordinary people. Not aware of the dangers of this virus.

The mobilization of people from one country to another as well as intense activity through physical contact within the local scope caused the Covid-19 virus to spread massively from one person to another so that almost the entire world, from the Government to the public, had to face and overcome this virus outbreak by Spry. In Indonesia, through several regulations such as: the prohibition on going home, the prohibition on traveling to public places outside the city, the prohibition on holding KBM in schools and the implementation of WFH (Work Form Home), the Government has appealed to the public so that they reduce gathering activities outside the home by isolating yourself in the house. Of course this has an influence on the level of company performance to the employees. The outbreak of the COVID-19 virus which is external information, can indirectly have an impact on buying shares, especially in LQ45. LQ45 are 45 companies that have high financial conditions, growth prospects and transaction values, but with the COVID-19 outbreak, purchases of LQ45 have also decreased (Putri, 2020).

The LQ45 index is an index that contains 45 stocks. LQ45 issuers are companies that have a high level of liquidity with a large market capitalization, and are supported by good company fundamental performance. Issuers in the LQ45 index also vary, which includes sectors/subsectors, namely construction, coal mining, wholesale trading (durable and non-durable products), metal and mineral mining, automotive and components, banks, chemicals, property and housing, animal feed, production of crude oil and natural gas, retail trade, telecommunications, cigarette production, food and beverages, paper, cement, toll roads, airports, ports and similar products, chemicals, advertising, printing and media, energy, textiles, garments, as well as cosmetics and household needs. Martini et al. (2020) stated that the occurrence of the Covid-19 pandemic in Indonesia had an adverse impact because it caused losses from various interrelated parties. He also found significant differences in the performance of LQ45 shares on the company list on the Indonesia Stock Exchange before and after the Covid-19 pandemic, especially in Indonesia. This can affect stock performance, because major events significantly affect stock returns. The major event in question is a condition that has a global influence or an enormous impact such as the Covid-19 pandemic. From the background above, the following title can be drawn: "The Influence of Financial Performance on the Market to Book Value of Equity (MBVE) in LQ45 Companies on the IDX After the Covid 19 Pandemic"

1.1. Literature Review

1.1.1. Agency Theory

Agency theory views companies as a nexus of contracts, namely organizations that are bound by contracts with several parties, such as contracts with shareholders, suppliers, employees (including managers) and other related parties (Triyuwono, 2018). The company also has contractual ties with creditors if the company involves debt as one of its funding. Most companies use debt as a source of funding because it can improve manager performance, and if performance increases, shareholders will be willing to pay a higher price for company shares (Jensen and Meckling in Triyuwono, 2018).

1.1.2. Financial performance

An investor will make a careful assessment of the issuer before making a decision to invest in the capital market. This means that the information obtained by investors must be reliable in the stock exchange trading system and can be accounted for that there are no persons who falsify information in the trading system (Suseno & Nurazi, 2011). So it can be concluded that if a company is able to have good performance, the stock price of the company will automatically be higher, because financial performance in a company acts as a benchmark for evaluating the performance of a company. This proves that there is a good relationship between financial performance and stock prices (Suseno & Nurazi, 2011). Financial performance is measured by analyzing financial statements as the method that has been most frequently used so far because it is considered a method that produces factual information so that it can be trusted as well as consistent. Therefore, financial statements are a strong foundation in developing accountability and reward structures because they are in line with the company's main goal of generating profits for shareholders so that they are focused on measuring performance that is consistent with the company's main goals. In addition, financial performance can also be measured through financial ratios as an adequate predictive tool because it can be proven empirically (Suseno & Nurazi, 2011).

1.1.3. Liquidity

Liquidity is an indicator of a company's ability to pay or pay off its financial obligations at maturity by using available current assets (Kartikadarma et al., 2017). In general, the definition of liquidity is the ability to meet cash flow needs immediately and at an appropriate cost (Putra, 2010). Kasmir (2017:130) argues that the liquidity ratio has an important role as a benchmark for the amount of liquidity of a company. Meanwhile Sunyoto (2014:279) argues that the definition of the liquidity ratio is the ratio used in the process of measuring a company's ability to carry out its short-term financial obligations, which consist of: obligations to finance the production process and obligations to leave the company from a company. The conclusion from several theories regarding the definition of the liquidity ratio above is that liquidity is defined as the ability of a company to fulfill all of its short-term obligations.

$$CR = \frac{\text{Current asset}}{\text{Current liabilities}}$$

1.2. Leverage

Leverage (solvability) is a tool that serves to measure the extent to which a company's assets are obtained through debt and do not use personal capital (Copeland et al., 2014). While the definition of leverage according to Riyanto (1995) is the use of assets or funds used by a company, but afterwards the company is required to pay off fixed costs. In contrast to the previous definition, Copeland et al. (2014) describe financial leverage as a level in the use of debt which acts as a source of cost for a company. The conclusion from some of the definitions put forward by some of the figures above is that leverage is the use of debt by a company in order to obtain sources of financing in realizing the company's activities but after that the company is still required to pay fixed costs.

$$DER = \frac{\text{Total Amount of debt}}{\text{Total Equity}}$$

1.3. Profitability

The definition of profitability is a measure of the ability of a company to generate profits in a period. Profit is often used as a measure of company performance, a company will be considered to have good performance if it is able to generate high profits and vice versa. Apart from acting as an indicator of the ability of a company to fulfill the obligations of the company's funders, profit is also interpreted as one of the aspects contained in the assessment of a company for the future. Generally, profits are often compared through profitability ratios with other financial conditions, including: sales, assets and equity (Horne & John M. Wachowicz, 2013). So here profitability can be interpreted as a series of policies and decisions. In addition, profitability is also defined as a measure of a company's ability to generate net profit from the activities of the accounting period (Brigham & Houston, 2018).

$$ROA = \frac{\text{Profit After Tax}}{\text{Total assets}}$$

1.4. Investor Trust

In general, investment is defined as a form of commitment made at this time to a certain amount of money or other resources and aims to gain profits in the future. Before making a decision to invest in a company, investors use information about financial statements as the main basis for investing in the hope of finding stocks that are able to provide returns (profits) because if they do not analyze stock investments first, investors will potentially experience losses. The main factor in the company's operational activities is managerial decisions which are decisions made by investors (Afni et al., 2013).

$$MBVE = \frac{\text{Number of shares} \times \text{Closing Price}}{\text{Total Equity}}$$

1.5. Hypothesis

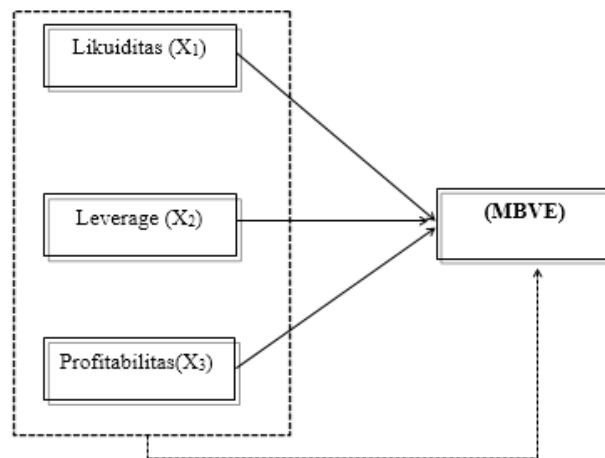


Figure 1. Hypothesis

H1: Liquidity ratios have a significant effect on MBVE

H2: Leverage ratio has a significant effect on MBVE

H3: Profitability ratios have a significant effect on MBVE

2. Research Methods

2.1. Types of research

The research approach used is a quantitative approach. The quantitative method is called the traditional method, because this method has been used for a long time, so it has become a tradition for research. This method is referred to as the positivistic method because it is based on the philosophy of positivism (Sugiyono, 2018:7).

2.2. Research Object

The object of research is something that is of concern in a study because the object of research is the target to be achieved in order to get answers or solutions to the problems that occur. The object of research in this research is the financial reports on the Indonesia Stock Exchange for the 2019-2021 period.

2.3. Population and Sample

The population is a unit on what basis the research is conducted and for whom the conclusions on the research results are applied (Sekaran & Bougie, 2017). The population in this study are all LQ45 companies listed on the IDX for the 2019-2021 period.

Samples were taken by purposive sampling method. Purposive sampling is sampling carried out in accordance with the stated research objectives (Sekaran & Bougie, 2017). This sample was determined based on the specified conditions and obtained 135 companies

2.4. Data Types

The type of data used in this study is quantitative data, namely data in the form of numbers. The data source in this study is secondary data from the Indonesian Stock Exchange data documentation, where the data used is data from LQ45 companies listed on the IDX in the 2019-2021 time period.

2.5. Data Resource

Secondary data sources, namely data directly collected by researchers as a support from the first source. It can also be said that data is arranged in the form of documents. In this study, the data source came from the idx web of the Indonesian Stock Exchange.

2.6. Data analysis technique

The analysis carried out in this study uses multiple regression analysis with the regression equation formula as follows:

$$MBVE = \alpha + \beta_1 CR + \beta_2 DER + \beta_3 ROA + \varepsilon_t$$

Where:

MBVE = Market to Book Value of Equity

α = koefisien intercept

CR = Current Ratio

DER = Debt to Equity Ratio

ROA = Return on Assets

β = koefisien regresi

ε = error

3. Results and Discussion

There are basic assumptions that can lead to the best unusual linear estimator from using the regression model derived from Ordinary Least Square (ordinary least squares method). The results obtained will be more accurate if the classical assumptions are met.

3.1. Normality test

The normality test is used to test whether or not a data distribution is normal. The Kolmogorov-Smirnov test is used to detect whether an abnormal distribution of data is found. If the error probability value or sig < 5% (0.05) it is concluded that the data is not normally distributed, whereas if the significance of the results of the data calculation (Sig) > 5% (0.05) it is concluded that the data is normally distributed.

Table 1. Normality test

| | Unstandardized Residual |
|------------------------|-------------------------|
| N | 135 |
| Kolmogorov- Smirnov- Z | 0,123 |
| Asymp.Sig.(2 tailed) | 0,200 |

Resource: Data SPSS (2023)

Based on the results of the normality test using the Kolmogorov-Smirnov in the table above, the data shows a normal distribution with a result of 0.05, which is 0.200 (Ghozali, 2016:77).

3.2. Multicollinearity Test

Based on the opinion of Ghozali (2016:43), the Variance Inflation Factor (VIF) value is used to detect the presence of multicollinearity. If the VIF value is stated to be >10, it means that in this variable there is multicollinearity. The table describes the results of the multicollinearity test which we can identify more clearly regarding the presence or absence of multicollinearity in the first and second regression models:

Table 2. Multicollinearity Test

| Variable | VIF | Information |
|----------|-------|-----------------------------|
| CR | 1,260 | No multicollinearity occurs |
| DER | 1,290 | No multicollinearity occurs |
| ROA | 1,049 | No multicollinearity occurs |

Resource: Data SPSS (2023)

Based on the test results in the table above, the results of the VIF value of all independent variables are <10, so the conclusion is that there are no signs of multicollinearity in the regression model.

3.3. Autocorrelation Test

The autocorrelation test is used by researchers to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the t₋₁ (previous) period. In this study, researchers used the Durbin Watson approach (DW test). The results of the Durbin Watson test can be seen in Table 3.

Table 3. Autocorrelation Test

| Type | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .829 ^a | .687 | .664 | 2.02648 | 2.178 |

Resource: Data SPSS (2023)

The regression analysis above yielded a Durbin-Watson test value of 2.178 (between 1.66 and 2.34), which means that there was no autocorrelation found in the regression model.

3.4. Heteroscedasticity Test

Heteroscedasticity means that the variation (variance) of the variable is not the same for all observations. In heteroscedasticity, the errors that occur are not random, but show a systematic relationship according to the magnitude of one or more independent variables.

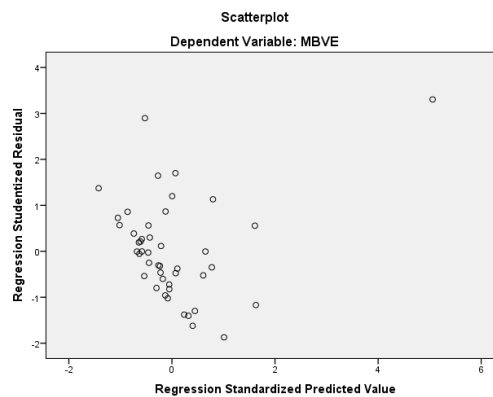


Figure 1. Heteroscedasticity Test

Resource: Data SPSS (2023)

From the picture above it can be seen that the points spread randomly and are spread both above and below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model. Thus the non-heteroscedasticity assumption is fulfilled.

3.5. Multiple Linear Regression Test

The analysis technique used is multiple regression using the dependent variable MBVE, and the independent variables consisting of CR, DER, and ROA. The results of multiple regression analysis can be seen in the table below

Table 4. Multiple Linear Regression Test

| Model | Unstandardized Coefficients | | Standardized Coefficients | |
|--------------|-----------------------------|------------|---------------------------|------|
| | B | Std. Error | Beta | |
| 1 (Constant) | -.652 | .861 | | |
| CR | .010 | .280 | | .003 |
| DER | -.505 | .210 | | .239 |
| ROA | 46.058 | 4.877 | | .845 |

Resource: Data SPSS (2023)

Based on the calculation of multiple linear regression, the results are as follows:
 MBVE = -0,652 + 0,010 CR - 0,505 DER + 46,058 ROA

3.6. Coefficient of Determination R²

The coefficient of determination test aims to determine how much the model's ability to explain the variation in the dependent variable. The results of the R² test in this study can be seen in Table 5.

Table 5. Coefficient of Determination Test R²

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .829 ^a | .687 | .664 | 2.02648 |

Resource: Data SPSS (2023)

The results of the regression analysis also show that the contribution of the independent variables, namely CR, DER, and ROA to MBVE, is indicated by the magnitude of R Square (R²) which is 0.687. This means that 68.7% of the MBVE level is determined by changes in CR, DER, and ROA included in the regression model. Thus the remaining 31.3%, the MBVE level is still determined by other variables not examined.

3.7. F Test (Simultaneous)

To first test the feasibility of the regression model for the effect of CR (X1), DER (X2) and ROA (X3) on MBVE (Y) the F test is used. If the statistical results of F are at a significant level (α) 5%, a significance value (p) is obtained. F is less than 0.05, meaning that the independent variables jointly have a significant influence on the dependent variable or the regression model is considered to have fulfilled eligibility.

Table 6. F Test (Simultaneous)

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|----|-------------|--------|-------------------|
| 1 Regression | 369.594 | 3 | 123.198 | 30.000 | .000 ^b |
| Residual | 168.371 | 41 | 4.107 | | |
| Total | 537.965 | 44 | | | |

Resource: Data SPSS (2023)

Based on the results of the regression analysis, it can be seen that the significance value (Sig) F is 0.000. Because the significance value of F is smaller than the significance level of 0.05, the independent variables, namely CR (X1), DER (X2) and ROA (X3), simultaneously have a significant influence on the dependent variable (Y), MBVE. This means that the regression model of the influence of the CR, DER and ROA variables on MBVE has feasibility.

3.8. T Test (Partial)

Based on the results of the t test analysis, it can be tested on the hypothesis previously proposed. The results of the t test analysis can be seen in the table below:

Table 7. T Test (Partial)

| Type | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Con) | -.652 | .861 | | -.757 | .453 |
| CR | .010 | .280 | .003 | .035 | .973 |
| DER | -.505 | .210 | -.239 | 2.408 | .021 |
| ROA | 46.058 | 4.877 | .845 | 9.444 | .000 |

Resource: Data SPSS (2023)

The results of testing the t hypothesis show the following conclusions:

The first hypothesis states that liquidity has a positive effect on investor confidence. To test the first hypothesis is done by using the t test. If the independent variable has a significant t value smaller than the 5% significance level, then it can be said that the independent variable has a partially significant effect. The results of the t-test analysis with a significant level of 5% explain that the current ratio variable has an insignificant effect on the investment opportunity set variable, because it has a significance level of 0.973 which is greater than a significance level of 5% or 0.05, and has a standardized beta value of 0.003. Therefore the first hypothesis which states that liquidity has a positive effect on investor confidence is rejected.

The second hypothesis states that leverage has a negative effect on investor confidence. The results of the t-test analysis with a significant level of 5% explain that the variable debt to equity ratio has a significant negative

effect on the investment opportunity set variable, because it has a significance level of 0.021 which is smaller than a significance level of 5% or 0.05, and has a value of unstandardized beta of -0.505 which indicates a negative effect. Therefore the second hypothesis which states that leverage has a negative effect on investor confidence, is accepted.

The third hypothesis states that profitability has a positive effect on investor confidence. The results of the t-test analysis with a significant level of 5% explain that the return on assets variable has a significant positive effect on the MBVE variable, because it has a significance level of 0.000 which is smaller than the 5% or 0.05 significance level, and has a standardized beta value of 0.845. Therefore the third hypothesis which states that profitability has a positive effect on investor confidence, is accepted.

4. Conclusions and Suggestions

4.1. Conclusions

Based on the results of the research, it can be concluded as follows:

The results showed that the current ratio variable had no significant positive effect on MBVE, because it had a significant t value of 0.973 which was greater than the 5% significance level, not in line with the first hypothesis proposed, namely CR had a significant positive effect on MBVE. This is caused by investors looking more at the other side than the liquidity of an entity. Where high liquidity is not a guarantee the company has high prospects for profitability.

The results showed that the variable debt to equity ratio has a regression coefficient of -.505. DER has a significant negative effect on MBVE, because it has a significant value of 0.021 which is less than the 5% significance level, which is in line with the second hypothesis proposed. This is caused by the risk of default if the company has high debt, so the higher the DER, the lower the MBVE.

The results showed that the variable return on assets has a significant positive effect on MBVE, because it has a significant t value of 0.000 which is smaller than the 5% significance level, which is in line with the third hypothesis proposed. This is because profitability is the main pillar of investors in considering investment decision making. The higher the profitability of the company will further increase the MBVE.

The results showed that the variables CR, DER, ROA had a significant positive effect on MBVE, because they had a significant t-test value of 0.000 which is smaller than the 5% significance level. This is because investors always look at the financial performance of an entity, with good financial performance it will increase investor confidence in investing.

4.2. Suggestions

Based on the research results that have been obtained, some suggestions can be given as follows:

The results showed that ROA has a dominant influence on MBVE, which can be seen from the highest standardized beta value when compared to the other two variables. That is, profitability largely determines investor confidence in investing compared to other things. Investors expect issuers to have good ROA performance, because profitability relates to company growth in the future.

Therefore, companies should be able to maintain their profitability, even though there were economic challenges in the past and possibly in the future, profitability can still be generated, because investors pay attention to company profitability information for indications of whether the company is still able to survive and can overcome pandemic conditions. or not. This means that if the company is still able to make a profit during the pandemic, investors will be more confident about investing and this will really help provide better funding for the company in the future.

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The Effect of Awareness, Level of Understanding, Income Level, Tax Environment and Quality of Tax Services on Taxpayer Compliance in Paying Land and Building Taxes During the Covid-19 Pandemic in Kapasari Village, Surabaya

Endah Zhery Devianti, Ariyani

Department of Management, Narotama University
Jl. Arief Rachman Hakim No 51, 60117, Surabaya, Indonesia
ariyani@narotama.ac.id

Abstract

For the purpose of this study is 1) to know and analyze the influence of taxpayer awareness on taxpayer compliance in paying the land tax and building, 2) to know and analyze the influence of taxpayer's level of understanding on taxpayer compliance in paying the land tax and building, 3) to know and analyze the influence of taxpayer's compliance with the land tax and building, 4) to know and analyze the influence of taxpayer's compliance with the land tax and building, 5) to know and analyze the influence of taxpayer's quality of taxpayer compliance on the land tax and building, 6) to know and analyze the influence of awareness variables, level of understanding, income level, income level, tax environment, and quality of tax service on the compliance of taxpayer's paying the land tax and building. The object of this study is Compliance of Taxpayers in paying Earth Taxes and Buildings in Kapasari Village, Surabaya. The research method used is quantitative method. The total population in the study was 3,062 taxpayers, the sample method used is simple random sampling that researchers took from a population of 97 respondents using the Slovin formula. The sample data analyzed is the primary data, which will be processed using the SPSS application. For the results of the study, the level of understanding, the level of tax environment and the quality of tax services are significant, while the level of income partially does not have significant effect. Simultaneously awareness, level of understanding, income level, tax environment, and quality of tax services are significant. For the limitation in this study, it focuses on taxpayer respondents who own land and buildings in Kapasari Village, Surabaya and the influence on taxpayer compliance both partially and simultaneously.

Keywords:

Awareness, Environment Tax, Quality Tax Service, Revenue Level, Taxpayer Compliance, Understanding Level.

1. Introduction

Indonesia is a developing country that will continue to develop by increasing development in various fields both in the economic, social, legal, cultural and political in order to improve the welfare of the Indonesian people. However, at the beginning of 2020 there was an outbreak of a disease in the form of a virus that is easily transmitted, commonly called the Covid-19 Pandemic. Initially, the disease outbreak originated in Wuhan, China at the end of 2019. Then in early 2020 it began to spread throughout the country, including Indonesia. And this epidemic has started to explode in various provinces in Indonesia, one of which is the city of Surabaya, which is in the province of East Java, and there has been a reduction in activities outside the home which has forced the people of Surabaya to work, school and other activities to be carried out at home and all done privately. virtual (online). However, there are several factors that affect taxpayer compliance in paying Land and Building Tax, including awareness, level of understanding, level of income, tax environment, and quality of tax services. The first factor, taxpayer awareness is the sincerity and willingness of taxpayers to carry out tax obligations without any coercion from other parties and is done voluntarily without expecting compensation from other parties. The second factor, the level of understanding of taxpayers is said to understand taxation if they are registered in the NPWP (Taxpayer Identification Number) because they are considered to have understood and understood the applicable tax regulations. However, there are some taxpayers who do not fully understand the tax regulations that will have an impact on tax revenues in Indonesia. A person is said to be obedient in taxation activities if he fully understands tax regulations, including: knowing and trying to understand tax laws, how to fill out tax forms, how to calculate taxes, how to report tax returns and always pay taxes on time (Agustingsih, 2016). The third

factor, the level of income is the amount of money generated by taxpayers originating from Indonesia and outside Indonesia, where the amount has a certain level that is obtained from the existence of a job and is used for consumption needs as well as increasing wealth. The fourth factor, the tax environment is defined as fees or contributions required to certain parties, whether individuals or certain entities related to the environment, whose implementation has been regulated in laws and regulations. The fifth factor, the quality of tax services is a factor causing low tax compliance which can be measured by the ability to provide satisfactory services. If this can be fulfilled by the tax officer, the taxpayer will feel comfortable in carrying out the obligations of taxation activities and the level of taxpayer compliance will increase (Siwi, 2020). However, for research on awareness it is in line with Rahman, (2018), for the level of understanding it is in line with (Wilestari, 2020), for income levels it is in line with Irfan & Mayar, (2021) , for the Tax Environment it is in line with Eni & Alief, (2022), and finally for the quality of tax services in line with Irfan & Mayar, (2021).

This research aims to:

1. To find out and analyze the effect of taxpayer awareness on taxpayer compliance in paying PBB
2. To find out and analyze the effect of the level of understanding of the taxpayer-on-taxpayer compliance in paying PBB
3. To find out and analyze the effect of the level of taxpayer income on taxpayer compliance in paying PBB
4. To find out and analyze the influence of the taxpayer's environment on taxpayer compliance in paying PBB
5. To find out and analyze the effect of the quality of tax services on taxpayer compliance in paying PBB
6. To find out and analyze the effect of the variables of awareness, level of understanding, level of income, tax environment, and quality of tax services on taxpayer compliance in paying PBB. The object of this research is the compliance of taxpayers in paying land and building taxes in the Kapasari Village, Surabaya.

1.1. Overview Of Theories and Hypotheses

1.1.1. Attribution Theory

Attribution theory in research (Salmah, 2018) was first discovered by Heider in 1958 and then developed by Weiner in 1974. This theory assumes about where someone determines and does what they want to do, namely attributes cause behavior. According to Robbins, (2017) in the journal (Salmah, 2018) put forward by the journal (Susliyanti, E. D., & Agustiyani, 2022) states that attribution theory explains individual behavior. If individuals observe a person's behavior, they will try to determine whether it is elicited internally or externally. So, the theory of attribution is very relevant to explain this intention. Behavior that is caused internally is behavior that is believed to be under the individual's own personal control, while behavior that is caused externally is behavior that is influenced from the outside, meaning that the individual will be forced to behave because of certain situations.

1.1.2. Theory of Reasoned Action

Theory of reasoned action is a theory that explains a person's interest in carrying out a behavior Jogiyanto, (2007) in the journal (Imelda, 2014) put forward by researchers (Susliyanti, E. D., & Agustiyani, 2022). This theory was developed by Fishbein & Ajzen, (1980) which is based on social psychology and they argue that the theory of Reasoned Action originates from the failure of previous studies regarding the theory of traditional behavioral attitudes. Based on the Theory of Reasoned Action model, a person's behavior is determined by the behavioral goals for doing so. Theory of Reasoned Action is very relevant to this research, because a person in determining compliance or non-compliance behavior in fulfilling his tax obligations is influenced by rationality and also environmental influences related to the formation of subjective norms that influence the decision of taxpayer behavior.

1.1.3. Humanistic Theory

Awareness is a person's awareness of events in their environment. This definition of awareness has two sides, namely, awareness includes an understanding of the surrounding environmental stimuli besides that, awareness also includes a person's recognition of his own mental events such as thoughts generated by memory and by personal awareness of his identity in research (Laughter Laughter, 2019). The humanistic theory is very relevant to this study, the variable part of taxpayer awareness is where a taxpayer is aware of paying taxes because someone who has self-awareness means that the responsibilities, he has will be carried out properly, so taxpayers who are aware will pay taxes to build Indonesia to be better.

1.1.4. Definition of Tax

The definition of tax according to Andriani is quoted in the book (Hidayat, N. & Purwana, 2017) but previously translated by Santoso Brotodiharjo in his book Waluyo, (2013) that taxes are contributions to the state (which can be forced) owed by those who are obliged to pay according to the regulations, by not getting the achievements back, which can be directly appointed and whose use is to finance general expenses related to the

duties of the state which organizes the government. Tax according to Law Number 28 of 2007 Article 1 paragraph 1 concerning General Provisions and Tax Procedures, explains that Tax is a mandatory contribution to the State that is owed by any person or entity that has a coercive nature, but is still based on the Law and does not receive compensation directly and is used for the needs of the state and the prosperity of the people.

1.1.5. Definition of Land and Building Tax (PBB)

Land and Building Tax according to the 1945 Constitution Article 23 paragraph (2) and Law no. 12 of 1994, what is meant by Land and Building Tax is the legal basis for imposing taxes in relation to land rights and/or obtaining benefits from land and/or ownership, control and/or obtaining benefits from buildings. Land and Building Tax (PBB) quoted in the book (Diana & Setiawati, 2018) is a tax that is material in nature in the sense that the amount of tax owed is determined by the condition of the object, namely land/land and/or buildings. In detail, the definition of land and buildings (Hidayat, N. & Purwana, 2017) is as follows:

1. Earth is the surface of the earth (soil and waters) and the body of the earth that is in the interior and seas of Indonesia.
2. Buildings are technical constructions planted or permanently attached to land and or waters.

1.1.6. Taxpayer Compliance

Meanwhile, according to Cahyonowati, (2011) in the journal (Sulviana, E., P, P. D., 2018) put forward by the journal (Hidayat & Wati, 2022) explains that tax compliance is a condition of taxpayers who must fulfill their tax obligations while simultaneously exercising their tax rights. According to the Big Indonesian Dictionary (KBBI), what is meant by obeying is obeying the rules. So, obedience is obedience in carrying out the rules that have been set.

1.1.7. Taxpayer Awareness

According to Suandy, (2011) in the journal (Hidayat & Wati, 2022a) Taxpayer awareness is that taxpayers want to carry out their tax obligations by themselves such as registering, calculating, paying and reporting the amount of tax owed. According to the Big Indonesian Dictionary (KBBI) awareness is being aware, feeling, knowing, and understanding. So, Consciousness is something that is felt or experienced by someone.

1.1.8. Understanding Level

Tax understanding in journals (Abdullah, S. W., Tuli, H., Pakaya, 2022) namely where a taxpayer can know and understand tax regulations so that a taxpayer has awareness and is able to increase compliance in paying taxes. Public understanding of regulations, as well as the tax system is very important. This will make people aware of their tax obligations. Taxes have a very important role in the life of the state, especially in the implementation of development because taxes are a source of state revenue that is used to finance all expenditures including regional development.

1.1.9. Income Level

In research (Isawati, T., K, H. E. S., Ruliana, 2022) Income is a dependent on the amount of money or value that a person earns during a calendar year from:

1. Effort and energy
2. Real estate
3. Movable property
4. The right to regular payments
5. Additional assets that turn out to be in a calendar year unless otherwise proven by the taxpayer.

1.1.10. Tax Environment

According to Cindy & Mangoting, (2013) in the journal (Andiko, 2018) the environment is something that exists in the natural environment that has a certain meaning or influence on individuals. The environment can influence a person's compliance and non-compliance cannot be seen from just one causal variable. According to Novitasari, (2016) in the journal (Pramesti, 2018) A non-conductive Taxpayer Environment is a Taxpayer environment where the community supports tax non-compliant behavior.

1.1.11. Tax Service Quality

According to Siwi, (2020) in the journal (Hidayat & Wati, 2022b) the quality of tax services is a value based on perceptions recognized by the public, whether they are satisfied or dissatisfied with the tax services provided. The services received are in accordance with even more than the expectations of the taxpayer, the service can be

said to be of high quality and vice versa if the service provided or received is lacking, the service can be said to be of low quality.

1.1.12. Framework of thinking

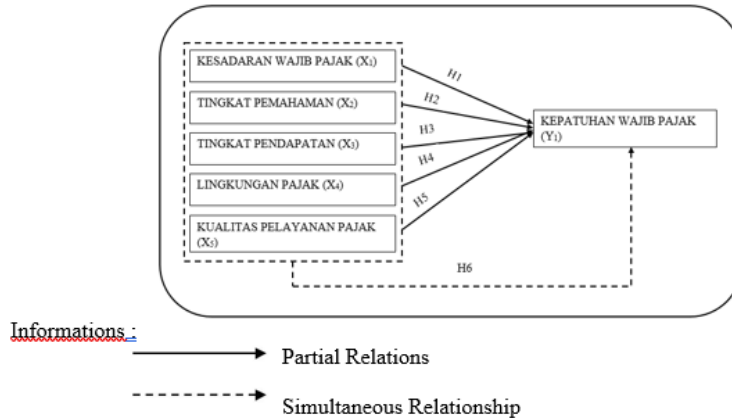


Figure 1. Thingking Framework

Hypothesis Development

Based on the framework above, the following hypothesis is made:

- H1: Awareness has a partial effect on taxpayer compliance in paying The United Nations during the Covid-19 pandemic
- H2: The level of understanding has a partial effect on taxpayer compliance in paying the PBB during the covid-19 pandemic
- H3: Income level has a partial effect on taxpayer compliance in paying the PBB during the covid-19 pandemics
- H4: The tax environment has a partial effect on taxpayer compliance in paying the PBB during the covid-19 pandemic
- H5: Quality of Tax Service affects taxpayer compliance in paying The United Nations during the Covid-19 pandemic
- H6: Awareness, Understanding Level, Income Level, Tax Environment and Quality Tax Services have an effect on taxpayer compliance in paying PBB on during the Covid-19 pandemic

2. Method

The method used is a quantitative method. For data analysis used in this study is multiple linear regression analysis. The total population is 3,062 taxpayers, the sample method used is simple random sampling taken from a population of 97 respondents using the Slovin formula. The sample data analyzed is primary data. Which is processed using the SPSS application version 26. For data collection by distributing questionnaires. Questionnaires were distributed by researchers using a Likert scale (points 1-5).

3. Results and Discussion

3.1. Validity Test Results

Table 1. Validity test

| Variable | Item Statement | Pearson Correlation | Validity test Significant Value | Information |
|-----------------------------|----------------|---------------------|---------------------------------|-------------|
| Taxpayer Compliance (Y) | Y1 | 0,680 | 0,000 | Valid |
| | Y2 | 0,587 | 0,000 | Valid |
| | Y3 | 0,816 | 0,000 | Valid |
| | Y4 | 0,839 | 0,000 | Valid |
| | Y5 | 0,723 | 0,000 | Valid |
| Consciousness (X1) | X1.1 | 0,643 | 0,000 | Valid |
| | X1.2 | 0,821 | 0,000 | Valid |
| | X1.3 | 0,813 | 0,000 | Valid |
| | X1.4 | 0,789 | 0,000 | Valid |
| | X1.5 | 0,798 | 0,000 | Valid |
| Understanding Level (X2) | X2.1 | 0,621 | 0,000 | Valid |
| | X2.2 | 0,694 | 0,000 | Valid |
| | X2.3 | 0,804 | 0,000 | Valid |
| | X2.4 | 0,471 | 0,000 | Valid |
| | X2.5 | 0,299 | 0,003 | Valid |
| Income Level (X3) | X3.1 | 0,594 | 0,000 | Valid |
| | X3.2 | 0,393 | 0,000 | Valid |
| | X3.3 | 0,301 | 0,003 | Valid |
| | X3.4 | 0,495 | 0,000 | Valid |
| | X3.5 | 0,635 | 0,000 | Valid |
| Tax Environment (X4) | X4.1 | 0,762 | 0,000 | Valid |
| | X4.2 | 0,627 | 0,000 | Valid |
| | X4.3 | 0,471 | 0,000 | Valid |
| | X4.4 | 0,343 | 0,001 | Valid |
| | X4.5 | 0,350 | 0,000 | Valid |
| Quality of Tax Service (X5) | X5.1 | 0,654 | 0,000 | Valid |
| | X5.2 | 0,337 | 0,001 | Valid |
| | X5.3 | 0,619 | 0,000 | Valid |
| | X5.4 | 0,380 | 0,000 | Valid |
| | X5.5 | 0,284 | 0,005 | Valid |

Source: SPSS output 26

The results of the validity test show that all data is declared valid because the Corrected Item – Significant as a whole has a value greater than the Limit value of 0.195. Therefore, all statement items on the questionnaire are valid or capable of expressing something that is measured by the questionnaire so that they can be used for further analysis.

3.2. Reliability Test Results

| Table 2. Reliability Test | |
|---------------------------|------------|
| Reliability Statistics | |
| Cronbach's Alpha | N of Items |
| ,855 | 30 |

Source: SPSS output 26

The results of the reliability test show that all items are reliable because the results of Cronbach's Alpha are stated to be greater than 0.6.

3.3. Multicollinearity Test Results

Table 3. Multicollinearity Test
Coefficients^a

| Type | Unstandardized Coefficients | | Standardized Coefficients Beta | t | Sig. | Collinearity Statistics | |
|------------------------------|-----------------------------|------------|-----------------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | | | | Tolerance | VIF |
| 1 (Constant) | 8,833 | 2,724 | | 3,243 | ,002 | | |
| Taxpayer Awareness | ,286 | ,069 | ,396 | 4,119 | ,000 | ,630 | 1,587 |
| Taxpayer Understanding Level | ,247 | ,099 | ,241 | 2,498 | ,014 | ,624 | 1,603 |
| Taxpayer Income Level | ,207 | ,127 | ,142 | 1,630 | ,107 | ,766 | 1,306 |
| Taxpayer Environment | -,546 | ,129 | -,425 | -4,224 | ,000 | ,576 | 1,738 |
| Tax Service Quality | ,458 | ,132 | ,350 | 3,481 | ,001 | ,575 | 1,740 |

a. Dependent Variable: Taxpayer Compliance
Source: SPSS output 26

The table above explains that the tolerance value of X1 is 0.630, X2 is 0.624, X3 is 0.766, X4 is 0.576, and X5 is 0.575. The VIF value of X1 is 1.587, X2 is 1.603, X3 is 1.306, X4 is 1.738, and X5 is 1.740. So that there is no multicollinearity between the independent variables in the regression model, because the tolerance value is greater than 0.10 and the VIF value is below 10.00. Heteroscedasticity Test Results

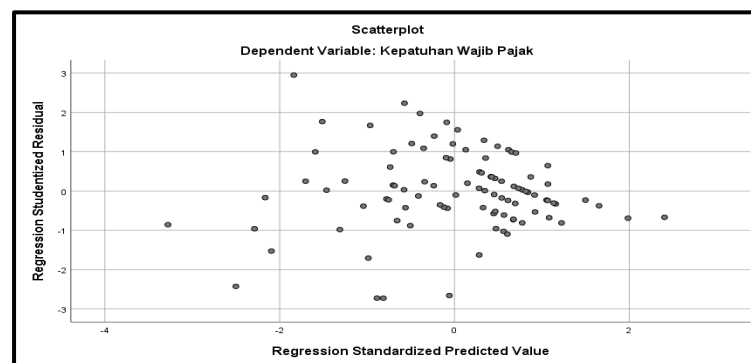


Figure 2. Heteroscedasticity Test

The results of the heteroscedasticity test in the figure above show that these points spread above and below the number 0 on the Y axis. So, for this research test, heteroscedasticity did not occur.

3.4. Normality Test Results

Table 4. Normality test

| One-Sample Kolmogorov-Smirnov Test | | Unstandardized Residual |
|------------------------------------|----------------|-------------------------|
| N | | 97 |
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | 2,35745268 |
| Most Extreme Differences | Absolute | ,089 |
| | Positive | ,089 |
| | Negative | -,073 |
| Test Statistic | | ,089 |
| Asymp. Sig. (2-tailed) | | ,400 ^c |
| Point Probability | | ,000 |

- Test distribution is Normal
 - Calculated from data
 - Lilliefors Significance Correction
- Source: SPSS output 26

Based on the results of the normality test in the table above it is known that Asymp. Sig (2 tailed) is 0.400 so that it can be interpreted that the residual data in this regression is normally distributed because the value of Sig. (2 tailed) greater than 0.05. So, it can be concluded that the data is normally distributed.

3.5. Multiple Linear Regression Test Results

Table 5. Multiple Linear Regression Test Coefficients^a

| Type | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|------------------------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | | | | Tolerance | VIF |
| 1 (Constant) | 8,833 | 2,724 | | 3,243 | ,002 | | |
| Taxpayer Awareness | ,286 | ,069 | ,396 | 4,119 | ,000 | ,630 | 1,587 |
| Taxpayer Understanding Level | ,247 | ,099 | ,241 | 2,498 | ,014 | ,624 | 1,603 |
| Taxpayer Income Level | ,207 | ,127 | ,142 | 1,630 | ,107 | ,766 | 1,306 |
| Taxpayer Environment | -,546 | ,129 | -,425 | -4,224 | ,000 | ,576 | 1,738 |
| Tax Service Quality | ,458 | ,132 | ,350 | 3,481 | ,001 | ,575 | 1,740 |

- d. Dependent Variable: Taxpayer Compliance
Source: SPSS output 26

$$Y = 8,833 + 0,286X_1 + 0,247X_2 + 0,207X_3 - 0,546X_4 + 0,458X_5$$

The regression equation above can be explained that the constant value is 8.833. This indicates that if all independent variables which include taxpayer awareness, level of understanding, level of income, tax environment, and quality of tax service are 0 or do not change, then the value of tax aggressiveness is 8,833. And the taxpayer awareness value is 0.286, this shows a positive direction, therefore if the taxpayer awareness increases, the taxpayer compliance variable will increase by 0.286, the understanding level value is 0.247, this shows a positive direction. Therefore, if the understanding level increases, the taxpayer compliance variable will increase by 0.247, the income level value is 0.207, this shows a positive direction, therefore if the income level increases, the taxpayer compliance variable will increase by 0.207, the tax environment value is -0.546, it is negative, meaning that if the tax environment decreases, the taxpayer compliance variable tends to decrease, while the last value is the value of the quality of tax services 0.458 this shows a positive direction, therefore if the quality of tax services increases then the variable taxpayer compliance will increase by 0.458.

3.6. Partial Test Results (T test)

Table 6. Partial Test (T test) Coefficients^a

| Type | t | Sig. |
|------------------------------|--------|------|
| 1 (Constant) | 3,243 | ,002 |
| Taxpayer Awareness | 4,119 | ,000 |
| Taxpayer Understanding Level | 2,498 | ,014 |
| Taxpayer Income Level | 1,630 | ,107 |
| Taxpayer Environment | -4,224 | ,000 |
| Tax Service Quality | 3,481 | ,001 |

- a. Dependent Variable: Taxpayer Compliance
Source: SPSS output 26

Based on the table above, it shows that the significance value for each variable: 1) H1 states that the taxpayer awareness variable is 0.039 which is less than 0.05, which means that it has a significant effect on the taxpayer compliance variable; 2) H2 states that the variable level of understanding is 0.014 which is less than 0.05 which means it has a significant effect on taxpayer compliance; 3) H3 states that the income level variable is 0.107 greater than 0.05, meaning that it has no significant effect on taxpayer compliance; 4) H4 states that the tax environment variable is 0.000, less than 0.05, which means it has a significant effect on taxpayer compliance; 5) H5 states that the variable quality of tax services is 0.001, which is less than 0.05, which means it has a significant effect on taxpayer compliance.

3.7. Simultaneous Test Results (Test F)

Table 7. Simultaneous Test (Test F)
ANOVA^a

| Type | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|----|-------------|--------|-------|
| 1 Regression | 474,348 | 5 | 94,870 | 16,181 | ,000b |
| Residual | 533,528 | 91 | 5,863 | | |
| Total | 1007,876 | 96 | | | |

b. Dependent Variable: Taxpayer Compliance

e. Predictors: (Constant), Tax Service Quality, Taxpayer Income Level, Taxpayer Awareness, Taxpayer Understanding Level, Taxpayer Environment

Source: SPSS output 26

The results of testing the hypothesis obtained a significant value of 0.000 < 0.05. Thus the test results show that H0 is rejected and H6 is accepted. The results of this analysis show that the variables Awareness, Understanding Level, Income Level, Tax Environment and Quality of Tax Service have a significant effect on Taxpayer Compliance in paying Land and Building Tax (Y).

3.8. Result Coefficient of Determination (R2)

Table 8. Determination Coefficient Test
Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | ,559a | ,312 | ,274 | 2,760 |

a. Predictors: (Constant), Tax Service Quality, Taxpayer Awareness, Taxpayer Environment, Taxpayer Understanding Level, Taxpayer Income Level

b. Dependent Variable: Taxpayer Compliance

Source: SPSS output 26

Based on the table above it is known that the value of R Square is 0.471 or 47.1%. In this study, the variable Taxpayer Awareness (X1), Taxpayer Understanding Level (X2), Taxpayer Income Level (X3), Taxpayer Environment (X4), and Tax Service Quality (X5) and the dependent variable is Taxpayer Compliance in paying Land and Building Tax (Y) has an effect of 47.1% and the remaining 52.9% is explained by variables that do not exist in this study.

3.9. Discussion

3.9.1. The Effect of Taxpayer Awareness on Taxpayer Compliance in Paying Land and Building Taxes

Taxpayer awareness in this study has a significant effect on taxpayer compliance. Based on the results of testing the hypothesis on the taxpayer awareness variable, the significance value obtained is not more than 5% (0.000 < 0.05). So, this means that people realize that paying land and building taxes means participating in developing the region, revenue from the land and building tax sector is very potential regional income. Taxpayers who have high awareness do not consider paying taxes a burden but they consider this an obligation and their responsibility as citizens so they don't mind and pay taxes voluntarily.

3.9.2. The Influence of Taxpayer Understanding Level on Taxpayer Compliance in Paying Land and Building Tax

The level of understanding of taxpayers in this study has a significant effect on taxpayer compliance. Based on the results of testing the hypothesis on the variable level of understanding of the taxpayer, the significance value obtained does not exceed 5% ($0.014 < 0.05$). So, it can be concluded that in this study the variable level of understanding of the taxpayer has a significant effect on taxpayer compliance with land and building taxes. With socialization to the public, knowledge and understanding from the government regarding tax laws and regulations, especially tax procedures, is suspected to be the cause of the results of this study which have a significant effect on taxpayer compliance.

3.9.3. The Effect of Taxpayer Income Level on Taxpayer Compliance in Paying Land and Building Tax

Taxpayer income level in this study has no significant effect on taxpayer compliance. based on the results of testing the hypothesis on the variable income level of the taxpayer, the significance value obtained is more than 5% ($0.107 > 0.05$). So, it can be concluded that in this study the variable level of taxpayer income has no significant effect on taxpayer compliance in paying land and building taxes. The results of this study provide evidence that attribution theory cannot explain the attitude of taxpayers originating from internal attributions, namely income levels and this theory supports that income levels affect taxpayer compliance.

3.9.4. Environmental Effects of Taxpayers on Taxpayer Compliance in Paying Land and Building Taxes

The taxpayer environment in this study has a significant effect on taxpayer compliance. Based on the results of hypothesis testing on the taxpayer's environmental variable, the significance value obtained does not exceed 5% ($0.000 < 0.05$). So, it can be concluded that in this study the environmental variable of the taxpayer has a significant effect on taxpayer compliance in paying land and building taxes. From the research results, it can be said that many people, especially in the Kapasari Village, Surabaya, are aware of the importance of paying taxes, where tax revenue will be used for infrastructure development.

3.9.5. The Effect of Tax Service Quality on Taxpayer Compliance in Paying Land and Building Taxes

The quality of tax services in this study has a significant effect on taxpayer compliance. based on the results of hypothesis testing on the tax service quality variable, the significant value obtained does not exceed 5% ($0.001 < 0.05$). So, it can be concluded that in this study the variable quality of tax service has a significant effect on taxpayer compliance in paying land and building taxes. This is because tax is an obligation that can be enforced according to law and is considered a debt if the taxpayer does not carry out his obligations and the quality of this tax service is only felt by taxpayers who have complied so that non-compliant taxpayers cannot feel the quality of tax services and cannot have an impact on taxpayer compliance.

3.9.6. The Influence of Awareness, Understanding Level, Income Level, Tax Environment, and Tax Service Quality on Taxpayer Compliance in Paying Land and Building Tax

Compliance can be achieved if there is a unidirectional relationship between awareness, level of understanding, level of income, tax environment and quality of tax services with taxpayer compliance or in other words there is a positive reciprocal relationship between the taxpayer and the tax office to create compliance, where awareness is high level of understanding, sufficient level of understanding, high level of income, adequate tax environment, and good quality of tax services will have a significant effect on taxpayer compliance. based on these results according to attribution theory, taxpayer compliance is related to the attitude of the taxpayer in making an assessment of the tax itself which is influenced by internal factors, namely the awareness of the taxpayer and the level of understanding of the taxpayer, as well as external factors, namely the income level of the taxpayer, the environment of the taxpayer and quality of tax services.

4. Conclusions, Recommendations and Limitations**4.1. Conclusions**

Based on the data analysis that has been done, a conclusion can be drawn as follows:

1. Based on the results of the t-test for the variable taxpayer awareness, the results showed that taxpayer awareness partially had a significant effect on taxpayer compliance in paying land and building tax in the Kapasari Village, Surabaya during the Covid-19 pandemic.

2. Based on the results of the t test for the variable level of understanding, it was found that the level of understanding partially had a significant effect on taxpayer compliance in paying Land and Building Tax during the Covid-19 pandemic.
3. Based on the results of the t-test for the income level variable, it was found that the partial income level had no significant effect on taxpayer compliance in paying Land and Building Tax during the Covid-19 pandemic.
4. Based on the results of the t test for the tax environment variable, it was found that the tax environment partially had a significant effect on taxpayer compliance in paying Land and Building Tax during the Covid-19 pandemic.
5. Based on the results of the t test for the variable quality of tax services, it was found that the quality of tax services partially had a significant effect on taxpayer compliance in paying Land and Building Tax during the Covid-19 pandemic.
6. Based on the results of the F (simultaneous) test of awareness, level of understanding, level of income, tax environment and quality of tax services, the results obtained simultaneously had a significant effect on taxpayer compliance in paying Land and Building Tax during the Covid-19 Pandemic.

4.2. Recommendations

This study uses objects in the Kapasari Village, Surabaya. For future researchers, it is better to use other sub-districts in the city of Surabaya for a more extensive comparison.

For future researchers to be able to add other variables that affect taxpayer compliance in paying land and building taxes such as tax sanctions, level of education, and others.

For local government officials to increase socialization regarding Taxation, especially Land and Building Tax so that people become more obedient and obedient in paying taxes which should be an obligation.

4.3. Limitations

Based on the results of the research that has been done, the researcher will describe some of the limitations, as follows:

1. In this study, the sampling was still focused on just one sub-district, namely Kapasari sub-district, Surabaya
2. The sample of respondents used in this study is still small, not more than one hundred respondents. This is due to the limited time, cost and available manpower.

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The Use of a Method of Du Pont to Assess Rentabilitas PT Unilever Indonesia Tbk a Period of the Year 2020 - 2021

Evi Kurniasari, Wahyudiono

Department of Management, Narotama University Surabaya
Jl. Arief Rahman Hakim No. 51, 60117, Surabaya, Indonesia
kurniaevi48@gmail.com

Abstrak

The du pont method is the approach that will be used in the process of analyzing financial statements. Activity ratio analysis for profit on sales margin is a key component of the du pont method, which is used to calculate the company's profit. The purpose of this study is to assess the level of rentability of PT Unilver Indonesia Tbk in the period 2020 – 2021. This research uses a descriptive approach with quantitative data types. The results of the study using du pont analysis showed that the return on equity decreased which was influenced by the return on assets and equity multiplier, but the decrease in return on equity of -8.16 was more dominantly influenced by the return on assets showing a decrease of -15.98%. The decrease in return on assets was influenced by asset turnover and net profit margin which decreased by -3.80% and -12.65%, respectively, indicating that the company was not optimal in managing its assets to generate sales and the company had not been optimal in reducing expenses to achieve optimal profits.

Keywords:

Asset Turnover, Du Pont Method, Equity Multiplier, Profit, Return on Assets, Sales Return on Equity.

1. Introduction

1.1. Background

The company is motivated to improve the company's performance as a result of industrial growth to maintain its existence in the face of fierce industry competition. Effectively and efficiently the company uses its resources to meet the goals set in order to achieve the highest level of profitability that can be measured by evaluating the capacity of the enterprise. Evaluating the company's capacity through financial statements provided by the company's management.

In this case, financial management is needed to take into account the company's operational results as well as financial analysis that has been carried out over a certain period of time. The ability to estimate the output of resource flows and effectiveness by requiring knowledge of financial performance. A review of the company's financial performance is very important because it helps in measuring efficiency with management working to improve the company's bottom line. Its purpose is to analyze the progress made in terms of the financial performance of the company. Therefore, financial statement analysis is very necessary when evaluating actual financial performance. PT Unilever Indonesia Tbk produces, sells and distributes consumer goods such as tea drinks, fruit juices, dairy products, soaps, detergents and ice cream. To effectively manage the company, PT Unilever Indonesia Tbk has divided it into detergent, food, ice cream and cosmetics divisions. From production to distribution to society, the division as a whole is responsible for everything. The operational activities of PT Unilever Indonesia Tbk cover the entire food production process.

By using the du pont method to measure the rate of return on company assets, the author conducted a study on PT Unilever Indonesia Tbk in accordance with the previous explanation. The following data calculates the return on assets during the period 2020 - 2021:

Table 1. Data return on equity (ROE)
PT Unilever Indonesia Tbk for the period of 2020 - 2021

| Year | ROE | Development (%) |
|------|----------|-----------------|
| 2020 | 145,09 % | - |
| 2021 | 133,25 % | -11,84 |

Source: processed author (2022)

To determine the return on equity (ROE) by dividing net profit by total equity. The growth of return on equity between 2020 - 2021 has decreased, in 2020 it showed a decline in the value of on equity by 145.09% and decreased by - 11.84% to 133.25%. Net profit decreases due to factors such as declining sales revenue, so there is a possibility that profits will also decrease, and the total equity that decreases then the amount of liabilities is greater than the number of assets. From this description, it shows that the financial performance of PT Unilever Indonesia Tbk has not been effective in its management so that the du pont method is used to determine the value of the company's rentability.

Based on this description, the author considers raising it in the final study entitled: "The Use of the Du Pont Method to Assess the Rentability of PT Unilever Indonesia Tbk for the Period of 2020 – 2021".

Some of the problem formulations in the following study are based on the background information presented earlier:

1. What is the level of economic rentability at PT Unilever Indonesia Tbk using the du pont method in the period 2020 - 2021?
2. How to analyze changes in the level of return on equity at PT Unilever Indonesia Tbk using the du pont method in the period 2020 – 2021?

1.2. Bibliography Review

1.2.1. Du Pont Method

The rate of return on equity is determined by profit margin, asset turnover, and equity multiplier, according to the du pont equation, as suggested by Brigham & Houston (2018:146). This equation describes the relationship between asset management, debt management, and profitability. Meanwhile, according to Anwar (2019:183), Dupont System Analysis is an analytical method that determines the relationship between various financial ratios.

Ratios in the du pont method:

1. Profitability Ratio

This ratio is used to measure the overall performance and efficiency of the company in managing capital and liabilities. (Sugiono & Untung, 2016:66).

- a. Net Profit Margin, shows how much profit margin the company makes. According to Whereas according to Sugiono & Untung (2016:67), displays the amount of the company's net profit. If a company has a below-average net income, this can be because the selling price of the product is lower than its competitors, or higher than its competitors, or a combination of the two. Anwar (2019:177) states that it shows the company's capacity to make a profit from its sales. With a higher ratio value, the company can make a profit, while if the ratio value is lower, the company fails to make a profit.
- b. Return on Asset, used to assess profitability compared to all assets of the company. According to Meanwhile, according to Sugiono & Untung (2016:68), this ratio is a measuring tool to find out the rate of return on existing assets. In addition, this ratio describes how the company uses the available funds for the goals that the company wants to achieve. Anwar (2019:177), Return on Asset shows the company's capacity to convert assets into net profit. The company becomes more profitable when this ratio is higher, and vice versa when this ratio is smaller the company is more unprofitable. Return on assets, it shows the company's capacity to get financial benefits from its assets. With a high value, the company is said to be able to make a profit, while if this ratio is low, then the company is said to be unable to manage assets to become a profit.
- c. Return On Equity, determines the return that the company earns from the current capital. According to Whereas according to Sugiono & Untung (2016:75), Return on equity (ROE) is a metric used to calculate the return on total available capital. A two-pound return on equity (ROE) is calculated using an equity multiplier and a return on assets. Hantono (2018), a ratio used to determine how much money a company invests to get a better return on its capital. Development of a ratio describing the rate of return on capital of the enterprise.

2. Activity Ratio

This ratio shows how much a company uses its assets or capital facilities with the aim of measuring the efficiency of using the operating funds that the company uses. (Sugiono & Untung, 2016:62).

- a. Asset Turnover, shows its capacity to effectively manage all assets to increase sales. This shows the company's capacity to maximize revenue through efficient asset and investment management, as suggested by Whereas according to Sugiono & Untung (2016:65). Hantono (2018), this shows that management has the ability to effectively manage all assets in order to maximize sales. In most cases, a higher ratio is better. This shows how effectively management utilizes the company's resources to generate sales.

3. Leverage Ratio

This ratio is aimed at determining the company's ability to pay interest and other fixed costs, capital structure, and borrowing costs. (Sugiono & Untung, 2016:59).

- a. Equity Multiplier, shows the existing capital against all assets in the company. According to Whereas according to findings from one part of the study Sugiono & Untung (2016:75), Equity Multiplier is a ratio that shows how much a company's assets are paid for with debt or how much of those assets are equity or capital. Muhlishoh (2022), equity multiplier is a ratio used to determine the level of capital turnover to total company assets.

1.2.2. Du Pont Formula

According to Sugiono & Untung (2016:76) the formula du pont is formulated as follows :

$$ROE = NPM \times ATO \times EM$$

$$\frac{\text{Net Profit}}{\text{Total Equity}} = \frac{\text{Net Profit}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Total Equity}}$$

2. Research Methods

2.1. Types of Research

Descriptive research was used in this study. Descriptive approach is an approach in which the phenomenon under study explains the results of the research presented without any manipulation. This study collects data in the form of income statements and balance sheets in accordance with quantitative research methods to explain the phenomenon. The data will be analyzed using ratio scale measurements using the du pont method. The aim is to assess the rentability of PT Unilever Indonesia Tbk for the period 2020 – 2021.

2.2. Data Type

The type of data used in this study is quantitative data. Quantitative data are presented with numbers on the ratio measurement scale. Data in the form of balance sheets and profit and loss are needed in quantitative data.

2.3. Data Sources

The preparation of this research requires appropriate and comprehensive data as a source of information for researchers. Secondary data were used as a data source in this study. The data is obtained through various documents that are secondary data, such as balance sheet and profit and loss statements analyzed using the du pont method. Secondary data obtained from PT Unilever Indonesia Tbk for the period 2020 - 2021 can be accessed through the website: www.unilever.ac.id.

2.4. Data Collection Techniques

In this study documentation techniques were used. What is meant by "documentation technique" is a way to research and compile data from existing documents related to the problem under study. This study used data from the income statement and balance sheet of PT Unilever Indonesia Tbk.

2.5. Data Management Techniques

In this study, quantitative data processing techniques were carried out manually using supporting paper or other methods. In addition, it can use computer programs, mainly through microsoft excel.

3. Results and Discussion

3.1. Asset Turnover

Asset Turnover is a ratio value that shows the extent to which a business can generate sales by utilizing all its resources. The term "sales assets used" refers to net sales, while the term "average total assets used" refers to the total assets over a period.

Formula used in determining Asset Turnover:

$$\text{Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

Table 2. Asset Turnover
PT Unilever Indonesia Tbk for the Period of 2020 – 2021

| Year | Sales | Total Assets | Asset Turnover | Development (%) |
|------|------------|--------------|----------------|-----------------|
| 2020 | 42.972.474 | 20.534.632 | 2,09 | - |
| 2021 | 39.545.959 | 19.644.635 | 2,01 | -3,80 |

Source: Processed Author (2022)

Based on the table data above, asset turnover in 2020 – 2021 has decreased. In 2020, it showed an asset turnover of 2.09 and a decrease of -3.80% in 2021 to 2.01. Asset turnover decreased due to total assets and sales, from sales data in 2021 showed a decrease of -7.97% to 39,545,959 and total assets data in 2021 showed a decrease of -4.33% to 19,644,635.

3.2. Net Profit Margin

Net Profit Margin is a ratio increase that allows how much profit from its sales. If the profit margin is lower than average, it could be because the company's products are cheaper or more expensive than those of its competitors. If the ratio value is low, it means that the company cannot effectively manage sales to make a profit. If the ratio is high, it means that the company is successful in making a profit.

Formula used in finding Net Profit Margin:

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

Table 3. Net Profit Margin
PT Unilever Indonesia Tbk for the Period of 2020 – 2021

| Year | Net Income | Sales | Net Profit Margin | Development (%) |
|------|------------|------------|-------------------|-----------------|
| 2020 | 7.163.536 | 42.972.474 | 16,67 % | - |
| 2021 | 5.758.148 | 39.545.959 | 14,56 % | 12,65 |

Source: Author's Preparation (2022)

Data in the table above, the net profit margin of PT Unilever Indonesia Tbk decreased between 2020 - 2021. In 2020 the net profit margin was 16.67% and decreased by -12.65% in 2021 to 14.56%. The decline in net profit and sales resulted in a decrease in net profit margin, from 2021 net profit data showing a decrease of -19.62% to 5,758,148 and sales data in 2021 showing a decrease of -7.97% to 39,545,959.

3.3. Return on Asset

Return on Asset is to determine the company's capacity to get sales profits from existing assets. This value proves the company's ability to pay off debts to creditors by utilizing investments made by shareholders. High value, proving the company's potential of existing assets to generate company profits.

The formula of the du pont method to calculate the return on assets:

$$\text{Return on Asset} = \text{Asset Turnover} \times \text{Net Profit Margin}$$

Table 4. Return on Asset
PT Unilever Indonesia Tbk for the Period of 2020 – 2021

| Year | Asset Turnover | Net Profit Margin | Return On Asset | Development (%) |
|------|----------------|-------------------|-----------------|-----------------|
| 2020 | 2,09 | 16,67 % | 34,84 % | - |
| 2021 | 2,01 | 14,56 % | 29,31 % | -15,98% |

Source: Author's Preparation (2022)

Based on the table data above, the decrease in return on assets occurred during the research period. Return on assets in 2020 showed a ratio of 34.84% and decreased by -15.98% in 2021 to 29.31%. Return on assets decreased as a result of a decrease in asset turnover and net profit margin, in 2021 asset turnover decreased by -3.80% to 2.01 and net profit margin data showed a decrease of -12.65% to 14.56%.

3.4. Equity Multiplier

The Equity Multiplier is used to measure the turnover rate of debt-financed assets and compare assets with the equity of a company. A high ratio indicates that less equity is used to finance assets.

The formula used in finding the Equity Multiplier:

$$\text{Equity Multiplier} = \frac{\text{Total Aktiva}}{\text{Total Ekuitas}}$$

Table 5. Equity Multiplier
PT Unilever Indonesia Tbk for the Period of 2020 – 2021

| Year | Total Assets | Total Equity | Equity Multiplier | Development (%) |
|------|--------------|--------------|-------------------|-----------------|
| 2020 | 20.534.632 | 4.937.368 | 4,16 | - |
| 2021 | 19.644.635 | 4.321.269 | 4,55 | 9,31% |

Source: Processed Author

Based on the table data above, the equity multiplier in the 2020 – 2021 period has increased. The equity multiplier in 2020 showed a ratio of 4.16 and increased by 9.31% in 2021 to 4.55. Equity multipliers have increased due to the division between total assets and total equity, from the data on total assets in 2021 it showed a decrease of -4.33% to 19,644,635 and the data on total equity in 2021 showed a decrease of -12.48% to 4,321,269.

3.5. Calculation of Return on Equity Du Pont

Return on Equity is a company's ability to return investors' money invested in its shares, excluding debtors. To keep existing investors happy and attracting new ones, this ratio should ideally be higher than the benchmark interest rate and inflation. To calculate the return on equity by multiplying the return on assets and the equity multiplier, with the intention of determining the rate of return on equity used by the company to finance assets.

Table 6. Return on Equity Du Pont
PT Unilever Indonesia Tbk for the Period of 2020 – 2021

| Year | Return on Asset | Equity Multiplier | Return On Equity | Development (%) |
|------|-----------------|-------------------|------------------|-----------------|
| 2020 | 34,84% | 4,16 | 145,09% | - |
| 2021 | 29,27% | 4,55 | 133,25% | -8,16% |

Source: Processed Author (2022)

Based on the table data above, the return on equity du pont decreased between 2020 - 2021. The du pont method resulted in a return on equity of 144.93% and decreased by -8.11% in 2021 to 133.18%. Return on equity du pont decreased due to the return on assets which decreased in 2021 by -15.99% to 29.27% and the equity multiplier ratio showed an increase of 9.37% in 2021 to 4.55.

4. Discussion

Some analysis and discussion of the results of the study can be inferred from the du pont chart. The du pont method is modified by multiplying the return on assets and the equity multiplier. From the results of the du pont chart, it shows that the value of return on equity du pont in 2020 shows a value of 145.09% and in 2021 it shows a decrease of - 8.16% to 133.25% the decrease in return on equity is caused by two factors, namely return on asset and equity multiplier, the value of return on asset in 2020 it showed a value of 34.84% and in 2021 it showed a decrease of - 15.98% to 29.31%, and the value of the equity multiplier in 2020 showed a value of 4.16 and in 2021 it showed an increase of 9.31% to 4.55. Return on assets greatly affects the decrease in the value of return on equity.

The ROA value is obtained from the value of asset turnover and net profit margin that decreases. The value of asset turnover in 2020 showed a value of 2.09 and decreased by - 3.80% to 2.01, asset turnover decreased due to total assets and sales, from sales data in 2021 showed a decrease of -7.97% to 39,545,959 and data on total assets in 2021 showed a decrease of -4.33% to 19,644,635. The net profit margin value in 2020 showed a value of 16.67% and decreased by - 12.65% to 14.56%, a decrease in net profit and sales resulted in a decrease in net profit margin, from 2021 net profit data showed a decrease of -19.62% to 5,758,148 and sales data in 2021 showed

a decrease of -7.97% to 39,545,959. This shows that the company has not managed its assets optimally to generate sales and the company has not been optimal in reducing expenses to achieve optimal profits.

With the management of company assets that have not been optimal, the results of this study show that the company seeks to increase the value of return on equity in the du pont method during the research period by increasing the value of return on assets. Increasing return on assets can be done by increasing asset turnover or net profit margin or by increasing both. Companies can increase net profit by reducing or reducing their operating expenses by a certain amount or increase sales. Improving, optimizing all assets to generate net sales is the goal of efforts to increase asset turnover.

Financial performance analysis has been carried out based on research showing that the expected results are able to increase sales and reduce operational costs that are burdened by PT Unilever Indonesia Tbk, so that profits can continue to increase and it is hoped that the company will be able to prosper stakeholder stakeholders. The company must also be able to improve the company's financial performance by increasing revenue on the total assets owned. The improvement of the company's financial performance is an important factor because the annual report containing the company's financial performance will be published at the end of each period. Investors can be confident in investing their capital by considering the company's financial performance statements. Because healthy financial performance is a benchmark for risk in investing in the company.

5. Conclusions and Suggestions

5.1. Conclusion

1. Analysis of the du pont method revealed a decline in the financial performance of PT Unilever Indonesia Tbk in 2020-2021. During the research period, the equity multiplier increased while the ratio of asset turnover, net profit margin, and return on assets decreased. The return on equity du pont method is influenced by the equity multiplier and return on assets, but the main factor is a decrease in return on assets. Asset turnover and net profit margin are factors that contribute to a decrease in asset returns.
2. The company's asset turnover decreased along with the decline in sales and total assets, sales data showed a decrease of -7.97% and total assets data showed a decrease of -4.33%. Declining sales due to poorly managed assets. This shows that the company is still unable to maximize asset management to generate sales profits.
3. The company's net profit margin decreased along with the decline in net profit and sales, net profit data showed a decrease of -19.62% and sales data showed a decrease of -7.97%. Net profit decreased due to the company's inefficiency in managing sales. This illustrates that the company cannot effectively manage sales to generate profits for the company.
4. The company's equity multiplier increased due to total assets and total equity, data on total assets showed a decrease of -4.33% and data on total equity showed a decrease of -12.48%. High total assets compared to total equity will result in a high equity multiplier. The increase in equity multiplier is influenced by the use of debt to finance its total assets, the higher the use of debt to finance assets, the lower the total equity used so that the equity multiplier increases.

5.2. Suggestion

1. To increase net profit by increasing sales and reducing operating costs and other cost expenses, so that the profit obtained can continue to increase. Profits that increase every year can generate high profits so that financial performance can be said to be good in obtaining profits.
2. In reducing debt in financing assets so as to reduce some of the risks that occur. With a small risk, it will be able to increase investor confidence in making investments, so it is expected that the equity held in financing assets will be higher.

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The Impact of Financial Ratios on Profit Growth in Companies in the Hotel, Restaurant and Tourism Subsector Listed on the Indonesia Stock Exchange During the COVID-19 Pandemic (Period 2019-2021)

Alda Mei Fanesia, Agus Baktiono

Department of Management, Narotama University
Jl. Arief Rachman Hakim, No. 51, 60117, Surabaya, Indonesia
fanesiaalda@gmail.com, agusbaktiono@narotama.ac.id

Abstract

This research aims to determine the extent of the influence of the Current Ratio, Net Profit Margin, and Debt to Equity ratio on the growth of earnings in the Hotel, Restaurant, and Tourism sub-sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2019-2021. This research uses a quantitative research method, the technique used in this research is the documentation technique, which is sourced from secondary data, obtained by taking data published by the Indonesia Stock Exchange (BEI). The analysis technique used in this research is multiple linear regression analysis. The significance value for the Current Ratio (CR) variable = $(0.013) < (0.05)$, so the Current Ratio (CR) has a significant effect on earnings growth. The significance value of the Net Profit Margin (NPM) = (2.048) and significance $(0.000) < (0.05)$, so the Net Profit Margin (NPM) has a significant effect on earnings growth. Meanwhile, the Debt equity Ratio (DER) variable + (-2.048) and significance $(0.667) > (0.05)$ so the Debt equity ratio (DER) does not have an effect on earnings growth.

Keywords:

Current Ratio (CR), Debt to Equity Ratio (DER), Net Profit Margin (NPM)

1. Introduction

The year 2020 marks the emergence of the Coronavirus Disease (COVID-19) outbreak in Wuhan, China in 2019. Due to the rapid spread of the virus, many other countries were also affected by COVID-19, including Indonesia in 2020. The first reported case of COVID-19 in Indonesia was on March 2, 2020, with the discovery of 2 people confirmed to have contracted the virus from a Japanese national (based on data from WHO, ECDC, CDC-US, NHC-PRC).

The rapid development of COVID-19 in Indonesia greatly impacted the economy, especially with the implementation of the PPKM (restriction of community activities) program, which requires all activities to be carried out at home. This had a significant impact on various economic sectors, as this policy led to businesses being forced to carry out layoffs. Based on COVID-19 data, Indonesia is ranked 16th in the world in terms of positive cases of the coronavirus, with 2,379,397 confirmed cases, 62,908 deaths, and 1,973,388 recoveries.

1.1. Literature Review

1.1.1. Definition of Financial Management

Financial management is an area that can be used to increase the value of the company through the policies taken. The three main policies in financial management are funding policy, investment policy and dividend policy (Murtini, 2008).

From the definition above, it can be concluded that financial management is an adjustment result of science and art based on the activities of the company by mobilizing human resources to obtain and manage funds or assets according to the expected targets.

1.1.2. Financial Statement Analysis

Financial Statement Analysis should be carried out carefully using the appropriate methods and techniques to make the right decisions. According to (Sari & Hidayat, 2022).

According to Sari & Hidayat (2022) Financial statement analysis is an analysis of the financial condition of a company that involves the balance sheet and income statement.

Financial statement analysis is a process of studying financial statements and their elements with the aim of evaluating and predicting the financial condition of the company or business entity and evaluating the results achieved by the company or business entity in the past and present.

1.1.3. Liquidity Ratio

According to Kasmir (2016:112), "The liquidity ratio is a ratio that describes a company's ability to fulfill short-term obligations (debt). This means that if the company is asked to pay, it will be able to fulfill the debt, especially the overdue debt."

According to Kasmir (2016:121), the Current Ratio (CR) is formulated as follows:

$$\text{Current Ratio} = \frac{(\text{current assets})}{(\text{current liability})}$$

1.1.4. Profitability Ratio

According to Kasmir (2016:196), the profitability ratio is a ratio for assessing a company's ability to generate profit. This ratio also gives a measure of the effectiveness of a company's management. This is indicated by the profits generated from sales and investment income. In essence, the use of this ratio shows the efficiency of the company.

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

1.1.5. Solvability Ratio

According to Sugiono & Untung (2016:57), "Solvency ratio is a ratio that measures the extent to which expenditures are made by debt compared to capital, and the ability to pay interest and other liabilities."

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

1.1.6. Profit Growth

According to Hery in Handayani et al., (2018:39)"Profit is an increase in equity (net assets) from non-main operational transactions that rarely occur or transactions that affect the entity, but not from expenses or distributions to the owners."

$$Y = \frac{Y_t - (Y_{t-1})}{(Y_{t-1})} \times 100\%$$

1.1.7. Conceptual Framework of Research

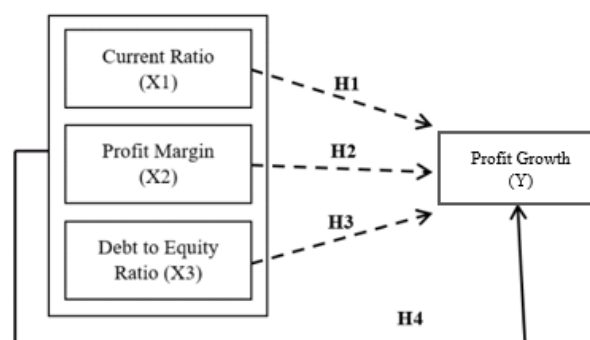
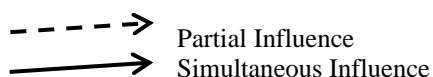


Figure 1. Conceptual Framework of Research

Source: The Author Himself



2. Research Method

2.1. Research Approach

This research uses a quantitative approach. According to Hamdi & Bahruddin (2015:5) "Quantitative research emphasizes the objective phenomena of the research design by using numbers, statistical processing, structure, and controlled experiments".

2.2. Research Object

The object in this research explains the influence of financial ratios on profit growth in the sub-sector of hotels, restaurants and tourism companies listed on the Indonesia Stock Exchange during the COVID-19 pandemic period 2019-2021. The scope of the research in this study discusses the influence of financial ratios on profit growth.

2.3. Data Type

The type of data used for this research is quantitative data and secondary data. According to Suryani & Hendryadi (2016:172) "secondary data is data obtained in the form of ready-made, collected and processed by others, usually in the form of publications".

2.4. Data Source

The data source comes from the Indonesia Stock Exchange, consisting of annual financial reports of sub-sector hotel, restaurant and tourism companies listed on the Indonesia Stock Exchange for the period of 2019-2021. The data obtained from the annual reports of the company can be found through www.idx.co.id and www.idnfinancials.com

2.5. Population and Sample

The definition of population according to Firdaus & Zamzam (2018:99) says that "Population is a group of subjects or data with certain characteristics". The population in this study uses all companies in the hotel, restaurant and tourism subsector registered in the Indonesian Stock Exchange for the period 2019-2021.

The definition of sample according to Firdaus & Zamzam (2018:99) says that "a sample is part of the amount and characteristics possessed by the population". The sample in this study focuses on 10 companies in the hotel, restaurant and tourism subsector registered in the Indonesian Stock Exchange for the period of 2019-2021.

2.6. Data Analysis Technique

This study uses multiple regression analysis to describe the effect on the dependent variable with the independent variable, so this multiple analysis test is able to explain the relationship between one variable with another variable, especially the dependent variable with the independent variable.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

3. Research Results and Discussion

3.1. Normality Test

This test is used to determine whether the data in each variable is normally distributed or not. The researcher used the Kolmogorov Smirnov normality test, which can be seen in the following table:

Table 1. Kolmogorov Smirnov Test
One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N | | 30 |
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | ,46486919 |
| Most Extreme Differences | Absolute | ,124 |
| | Positive | ,124 |
| | Negative | -,068 |
| Test Statistic | | ,124 |
| Asymp. Sig. (2-tailed) | | ,200 ^{c,d} |

- Test distribution is Normal.
- Calculated from data.
- Calculated from data.
- This is a lower bound of the true significance.

Source: SPSS data processing

3.2. Multicollinearity Test

The purpose of the multicollinearity test is to see if there is an inconsistency of residual variance from one observation to another in the regression equation. A useful regression model has a limit of tolerance value ≤ 0.1 and VIF value ≥ 10 . The multicollinearity test can be seen in the following table:

Table 2. Multicollinearity Test

| Variabel | Collinearity Statistics | |
|----------|-------------------------|-------|
| | Tolerance | VIF |
| CR | .878 | 1.139 |
| NPM | .999 | 1.001 |
| DER | .879 | 1.138 |

Source: SPSS data processing

In the above table, it can be seen that the data meets the criteria for the multicollinearity test because the tolerance value of each variable is ≤ 0.10 and the VIF value of each variable is ≥ 10 which means that there is no multicollinearity

3.3. Autocorrelation Test

Regression analysis aims to see the effect of independent variables on the dependent variable, so there should not be any relationship between one variable and another. In this study, the researcher uses the Durbin Watson (DW test). The results of the Durbin Watson test can be seen in the following table:

Table 3. Autocorrelation Test

| Durbin-Watson | Information |
|---------------|------------------------|
| 1.904 | Has no autocorrelation |

Source: SPSS data Processing

The results of the testing using the Durbin Watson table can be seen in the following table:

Table 4. Durbin Watson Test

| D | dL | dU | 4-dL | 4-dU |
|-------|-------|-------|-------|-------|
| 1.904 | 1.214 | 1.650 | 2.786 | 2.350 |

Source: SPSS data Processing

Based on the DW table, the result of the DW number is located between dU and (4-dU), $1,650 < 1,904 < 2,350$. Thus, it is concluded that the regression equation in this study does not have autocorrelation.

3.4. Heteroscedasticity Test

It can be seen that if the points do not have a specific pattern and do not spread above and below zero on the y-axis, then there is no heteroscedasticity. The heteroscedasticity test can be seen in the following figure:

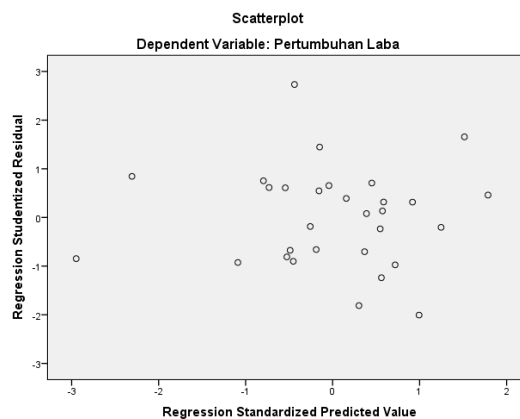


Figure 2. Heteroscedasticity Test

Soure: SPSS Data Processing

It can be seen that the points spread randomly and are spread both above and below 0 on the Y-axis, and there is no specific pattern, this concludes that there is no heteroscedasticity."

3.5. Multiple Linear Regression Analysis

This analysis aims to examine the effect of independent variables on the dependent variable, indicating a one-way relationship.

Table 5. Multiple Linear Regression Analysis Test

| Type | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | T | Sig. |
| 1 (Constant) | ,316 | ,177 | | 2,787 | ,006 |
| CR | ,474 | ,085 | ,475 | 2,670 | ,013 |
| NPM | ,703 | ,003 | ,758 | 4,833 | ,000 |
| DER | -,017 | ,08 | -,088 | -,436 | ,667 |

Source: SPSS Data Processing

Based on the analysis results in Table 4 the linear regression equation is obtained as follows: $Y = 0,316 + 0,474X_1 + 0,703X_2 - 0,017X_3 + e$

Based on the multiple linear equation, it can be described as follows:

- The regression coefficient value of the CR variable (β_1) is 0.474, which means that if CR is increased by one unit with the assumption that the NPM and DER variables are constant, it will increase profit by 0.474.
- The regression coefficient value of the NPM variable (β_2) is 0.703, which means that if NPM is increased by one unit with the assumption that the CR and DER variables are constant, it will increase profit by 0.703.
- The regression coefficient value of the DER variable (β_3) is -0.017, which means that if DER is increased by one unit with the assumption that the CR and NPM variables are constant, it will decrease profit by -0.017.

3.6. Partial Test (t-Test)

The partial hypothesis test aims to determine the effect of the independent variables CR, NPM, and DER partially (individually) on the dependent variable, which is the growth of profit in the sub-sector of Hotels, Restaurants, and Tourism in Indonesia.

Table 6. Partial Test (t-Test)

| Type | Unstandardized Coefficients | | Standardized Coefficients | | |
|--------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | T | Sig. |
| 1 (Constant) | ,316 | ,177 | | 2,787 | ,006 |
| CR | ,474 | ,085 | ,475 | 2,670 | ,013 |
| NPM | ,703 | ,003 | ,758 | 4,833 | ,000 |
| DER | -,017 | ,08 | -,088 | -,436 | ,667 |

Source: SPSS Data Processing

The t test for the CR indicator, the regression coefficient is 0.474 (positive), with t_{count} (2.670) and sig (0.013), when compared to t_{table} (2.048), then $t_{count} > t_{table}$ and sig. $< \alpha$ (0.05), Current Ratio has a significant effect on profit growth.

The t test on the NPM indicator, the regression coefficient is 0.703 (positive), with t_{count} (4.803) and sig (0.000), when compared to t_{table} (2.048), then $t_{count} > t_{table}$ and sig. $< \alpha$ (0.05), the conclusion is that Net Profit Margin has a significant effect on profit growth.

The t test on the DER indicator, the regression coefficient is -0.017 (negative), with t_{count} (-0.436) and sig (0.667), when compared to t_{table} (-2.048), then $-t_{count} < [-t]_{table}$ and sig. $> \alpha$ (0.05), the Debt Equity Ratio has no significant effect on profit growth.

3.7. Simultaneous Test (F-Test)

Tests were carried out using a significance level of α 0.05 (5%). The results of the f test in this study can be seen in the following table:

Table 7. Simultaneous Test (F-Test)

| Type | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|----|-------------|--------|-------------------|
| 1 Regression | ,493 | 3 | ,164 | 11,682 | ,000 ^b |
| Residual | 6,267 | 26 | ,241 | | |
| Total | 6,760 | 29 | | | |

- Dependent Variable: Profit Growth
- Predictors: (Constant), DER, NPM, CR

Source: SPSS Data Processing

It can be concluded that the model is significant. Based on this analysis, it can be obtained that the hypothesis stating that Current Ratio, Net Profit Margin, and Debt Equity Ratio have a significant effect on profit growth is accepted.

3.8. Determination Coefficient Test (R^2)

The coefficient of determination test aims to determine how much the model's ability to explain the variation in the dependent variable. The results of the R^2 test in this study can be seen in the following table:

Table 8. Determination Coefficient Test (R^2)
Model Summary^b

| Type | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | ,470 ^a | ,44 | ,384 | ,49096 | 1,904 |

a. Predictors: (Constant), DER, NPM, CR

b. Dependent Variable: Profit Growth

Source: SPSS Data Processing

The test results for the coefficient of determination (R^2) show that the Adjusted R Square value is 0.384 or 38.4%. This means that the profit growth rate that can be explained by the independent variables (CR, NPM, and DER) is 38.4%, while the remaining 61.6% is influenced by other variables not examined.

4. Conclusions and Suggestion

4.1. Conclusions

Based on the data analysis and discussion that has been put forward regarding "The Effect of Financial Ratios on Profit Growth in the Hotel, Restaurant and Tourism Subsectors Listed on the Indonesian Stock Exchange During the Covid-19 Pandemic for the 2019-2021 Period", the researchers obtained the conclusion that is.

1. Current Ratio has a positive effect on profit growth.
2. Net Profit Margin has a positive effect on profit growth.
3. Debt Equity Ratio has a negative effect on profit growth.

4.2. Suggestions

For potential investors, it is recommended to invest in companies that have high CR and NPM ratios, because they have a large effect on profit growth, because the right liquidity policy and the profit that the company gets will be related to the amount of return in the form of dividends on the investment to be made.

For future researchers, the influence of the three variables is still sufficient, as evidenced by the coefficient of determination, Adjusted R Square of 0.384 or 38.4%. This means that the rate of profit growth that can be explained by the independent variables (CR, NPM, and DER) is 38.4%, while the remaining 61.6% is influenced by other variables not examined. For other researchers who use time series data with the same theme, it is better to increase the number of independent variables so that the research results can be even better.

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The Effect of Tax Planning, Profitability and Leverage on Firm Value in Food and Beverage Companies on the Indonesia Stock Exchange from 2017 To 2021

Tri Aryantara Saputra, Ibnu Fajarudin

Department of Accounting, Narotama University

Jl. Arief Rachman Hakim, No.51, 601171, Surabaya, Indonesia

triaryantara@gmail.com, Ibnu.Fajarudin@narotama.ac.id

Abstract

This study aims to analyze the influence of tax planning, profitability and leverage on firm value. This study uses a quantitative approach in the form of financial statements of food and beverage companies listed on the Indonesia Stock Exchange from 2017 to 2021. The sampling technique used in this study used a purposive sampling approach, the number of samples used in this study were 90 samples. The results of testing the first hypothesis (H1) show that tax planning has no effect on firm value. The results of testing the second hypothesis (H2) show that profitability has an effect on firm value. The results of testing the third hypothesis (H3) show that leverage has an effect on firm value. The results of testing the fourth hypothesis (H4) show that Tax Planning, Profitability and Leverage have an effect simultaneously on Firm Value. In the following, there are some research limitations found in this study, namely in this study, the limitation of the problem lies in tax planning, profitability and leverage on firm value. In this study, researchers used food and beverage companies on the Indonesia Stock Exchange from 2017 to 2021. The results of this study can be used as one of the considerations in making decisions to invest. As for the company, the results of this study are expected to be able to evaluate and increase the value of the company.

Keyword:

Firm Value, Leverage, Profitability and Tax Planning.

1. Introduction

According to Muslim & Junaidi (2020) A company is established with the main mission to maximize corporate value through added value from shareholder investment. This maximum company value can be achieved through a financial management process with one financial policy that can have an impact on other financial decisions which ultimately affect the value of the company. Every company is required to increase the value of its company, because the higher the value of the company, the more interested investors will be to invest. The value of the company will be reflected in the stock price of the company. Corporate value is a very important aspect for the sustainability of a company.

In the long term, the company always tries to maintain its business excellence to increase the value of the company. Firm value is an investor's perception of a company which is often associated with stock prices. High corporate value is the desire of company owners, because a high value indicates high shareholder prosperity. Optimization of company value which is the company's goal can be achieved through the implementation of the financial management function, where every financial decision taken will affect other financial decisions and have an impact on company value. Firm value is the company's ability as shown by the share price formed by the demand and supply of the capital market which reflects society's assessment of the company's ability (Harmono, 2017:233).

The first factor that can affect company value is tax planning. Tax planning is a method of fulfilling tax obligations in accordance with applicable laws, but the tax burden payable can be kept to a minimum in order to obtain the desired profit and liquidity (Suandy, 2017). Companies that carry out tax planning have a lower tax rate. Tax planning is done to increase the value of the company, so that management looks good in the eyes of shareholders.

The second factor that can affect company value is profitability, according to Kasmir (2021) that the profitability ratio is a ratio for assessing a company's ability to make a profit. This ratio is also a measure of the level of effectiveness for the management of a company. Companies that succeed in increasing profitability every year will attract the interest of many investors. The increasing profitability will make the value of the company will also increase.

The third factor that can affect company value is leverage. Leverage is a ratio that calculates the extent to which funds are provided by creditors, as well as a ratio that compares total debt to the total assets of a company, so if investors see a company with high assets but also high risk of leverage, they will think twice about investing in the company. Because it is feared that these high assets will be obtained from debt which will increase investment risk if the company cannot pay off its obligations on time so that it can reduce the value of the company.

This study uses a food and beverage company because there is a phenomenon that has occurred in Indonesia related to a decrease in revenue so that it can reduce the value of the company, namely PT. Garudafood Putra Putri Jaya Tbk (GOOD), for example, experienced a significant decline in profit. There was a decrease in profits of 20.17%, causing a decrease in the value of the company because it indicated that the company would contain bad news information, this was also experienced by the issuer PT. Mayora Indah Tbk (MYOR) for the first three months of 2019. During this period, the company's profit slightly decreased by 0.5% to IDR 466.34 billion. Meanwhile, in the first quarter of last year, the company's profit was IDR 468.71 billion (www.investasi.kontan.co.id).

1.1. Signal Theory

According to Brigham & Houston (2018:150) a signal is an action taken by a company to provide guidance to investors about how management views the company's prospects. This signal is in the form of information about what has been done by management to realize the wishes of the owner. Signals can be in the form of information stating that the company is better than other companies. The main focus of signal theory is to communicate actions taken by internal companies that cannot be directly observed by parties outside the company. This information can be useful for outsiders, especially investors when they are able to capture and interpret these signals as positive or negative signals.

1.2. Firm Value

The main goal of the company is to maximize the value of the company is very important for a company, because by maximizing the value of the company it also means maximizing the prosperity of shareholders which is the main goal of the company. The higher the stock price, the higher the firm value, high firm value will make the market believe not only in the company's current performance but also in the company's prospects in the future. According to Sudana (2015:23) Firm value is the perception of investors towards the company, the purpose of increasing the value of the company cannot be separated from the motivation to maximize profits obtained by shareholders, who are also the owners of the company. The higher the stock price, the company value and prosperity of the shareholders also increases. According to Hanafi & Halim (2018:4) The value of the company consists of the value of debt and shares. maximize shareholder prosperity, constant debt value, the company value will be maximum. shareholder prosperity often translates into an increase in stock market prices, increasing the value of the company is an achievement that is in accordance with the wishes of the owners, because by increasing the value of the company, the welfare of the owners will also increase.

Firm value in this study uses Price to Book Value (PBV). According to Welly et al. (2019), companies that grow in good conditions have a Price to Book Value (PBV) of more than one, meaning that the stock price is greater than the company's book value. , the higher the Price to Book Value (PBV), it means that the market believes in the company's prospects. Price to Book Value (PBV) also shows how far a company is able to create company value relative to the amount of capital invested. For companies that are running well, this ratio generally reaches above one, indicating that the company's stock value is greater than company book value. A high Price to Book Value reflects a good level of affluence of shareholders. According to Husnan (2015:84) Price to Book Value This ratio describes how much the market appreciates the book value of a company's shares. Price To Book Value describes how much the market values the book value of a company's shares.

1.3. Tax Planning

According to Suandy (2017) Tax planning is a process of organizing the business of taxpayers or groups of taxpayers in such a way that their tax debts, both income tax and other taxes, are in the minimum position, as long as this is possible either by statutory provisions. taxation. In addition, tax planning is the first step in tax management. In each stage, the collection and research of tax regulations is carried out so that the types of tax-saving measures that can be carried out can be selected. Christiani et al. (2022) The tax burden borne by corporate or corporate tax subjects requires good planning, therefore a tax strategy is absolutely necessary to achieve an optimal company. Good tax strategy and planning and of course it must be legal, will be able to encourage companies to be able to compete with other companies.

1.4. Profitability

According to Hery (2018:104) the profitability ratio is the ratio used to measure a company's ability to generate profits from its normal business activities. Profitability ratios are also known as profitability ratios. Besides aiming to determine a company's ability to generate profits over a certain period, this ratio also aims to measure the effectiveness of management in carrying out company operations. The profitability ratio is a ratio that describes a company's ability to generate profits through all its capabilities and resources, namely those derived from sales activities, use of assets and use of capital. A company that always earns profits, from one period to the next is a guarantee that the company have managed resources efficiently. According to Kasmir (2021:327) profitability is used to measure the level of business efficiency and profitability achieved by the company concerned to determine the extent to which the company's ability to manage assets to gain profit or profit as a whole. The definition of profitability ratio according to Fahmi (2016:116) is a profitability ratio, namely to show the company's success in generating profits. Potential investors will carefully analyze the smooth running of a company and its ability to make a profit. The better the profitability ratio, the better it describes the company's ability to achieve high profits.

1.5. Leverage

According to Kasmir (2021:150) a company always needs funds to finance various needs, both short term and long term. To cover the shortage of funding needs, companies have a wide selection of funding sources that can be used. Broadly speaking, sources of funds can be obtained from own capital and loans (banks or other financial institutions). Kasmir (2021:151-152) Leverage is a company's ability to finance companies with debt. In a broad sense it is said that leverage is used to see a company's ability to pay all of its obligations, both short term and long term if the company is dissolved (liquidation). If the results of the company's calculations turn out to have high leverage, it will pose a greater risk of loss, but there is a chance of getting a bigger profit. Conversely, if a company has lower leverage, it certainly has a smaller risk of loss, especially when the economy is down. This impact also results in a lower rate of return when the economy is high.

1.6. Research Framework

The following will explain the research framework, namely:

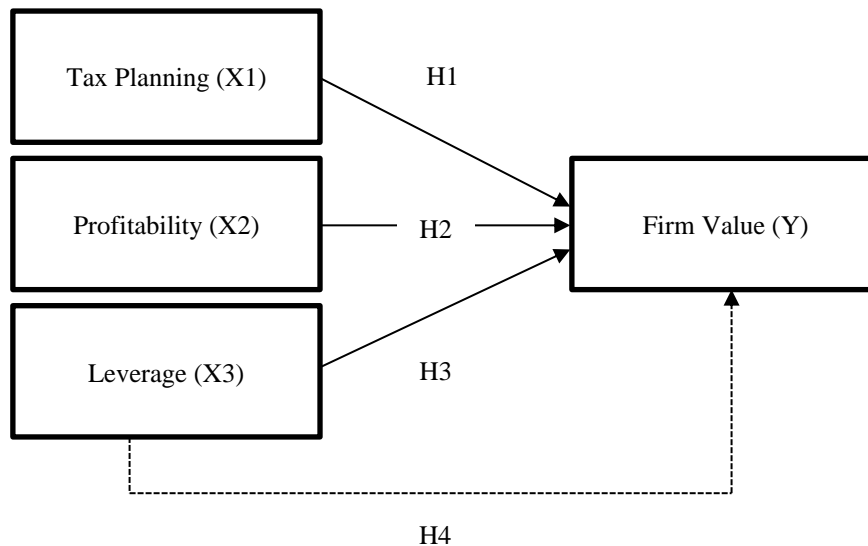


Figure 1: Research Framework

From the model above, the research hypothesis is arranged as follows:

H1: Tax planning has an effect on Firm value

H2: Profitability Affects Firm Value

H3: Leverage Affects Firm Value

H4: Tax Planning, Profitability and Leverage Affect Firm Value

2. Methodology

2.1. Types Of Research

This study uses a type of quantitative research. Quantitative research is an approach that uses research data in the form of numbers and analysis using statistics (Sugiyono, 2015). This research has a goal so that this research has a goal to find out the relationship between one or more variables, namely the independent/free variable (X) to the dependent/bound variable (Y).

The population studied in this study are food and beverage companies that have gone public on the Indonesia Stock Exchange during the 2017–2021 period. From this population, the researcher chose a sample using purposive sampling method. In this study the sampling technique used was purposive sampling, namely the selection of non-random samples whose information was obtained with certain considerations or criteria. The criteria for companies that were sampled in this study were:

1. Food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the period 2017 – 2021.
2. Food and beverage companies listed on the Indonesia Stock Exchange (IDX) which issued audited financial reports for the period 2017 – 2021.
3. Food and beverage companies listed on the Indonesia Stock Exchange (IDX) using the rupiah currency during the 2017 – 2021 period.

2.2. Data Types and Sources

The type of data used is quantitative data and the data source used is secondary data. Secondary data is the source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study is in the form of data on the financial reports of food and beverage companies published on the Indonesia Stock Exchange for the period 2017 to 2021.

2.3. Variable Operational Definition

The variables in this study consist of independent variables and dependent variables. The variables involved in this study include:

2.3.1. Dependent Variable

This study uses the dependent variable, namely firm value. Firm value in this study uses Price to Book Value (PBV). According to Welly et al. (2019), companies that grow in good conditions have a Price to Book Value (PBV) of more than one, meaning that the stock price is greater than the company's book value. , the higher the Price to Book Value (PBV), it means that the market believes in the company's prospects. According to Husnan (2015:84) Price to Book Value This ratio describes how much the market appreciates the book value of a company's shares. Price To Book Value describes how much the market values the book value of a company's shares. The formula in this study refers to Welly et al. (2019), namely:

$$PBV = \frac{\text{Price Per Share}}{\text{Book Value Per Share}}$$

2.3.2. Independent Variable

2.3.2.1. Tax Planning

According to Suandy (2017) Tax planning is a process of organizing the business of taxpayers or groups of taxpayers in such a way that their tax debts, both income tax and other taxes, are in the minimum position, as long as this is possible either by statutory provisions. taxation. In this study, tax planning is measured by the Effective Tax Rate (ETR), according to Hery (2018:87) the effective tax rate is basically a percentage of the tax rate borne by the company. The effective tax rate is calculated and evaluated based on the financial information issued by the company, so the effective tax rate is the calculation of the company's tax rate. Actual tax rates are used to reflect the difference between the calculation of taxable profit and accounting profit. The formula in this study refers to Nugraha & Sofianty (2021), namely:

$$ETR = \frac{\text{Tax Burden}}{\text{Profit before tax}}$$

2.3.2.2. Profitability

According to Hery (2018:104) the profitability ratio is the ratio used to measure a company's ability to generate profits from its normal business activities. Profitability in this study uses Return on Assets (ROA). According to Hery (2018:106) reveals Return On Assets is the result of return on assets (Return On Assets) is a ratio that shows how much the contribution of assets is in creating net income. The formula in this study refers to Muslim & Junaidi (2020), namely:

$$Roa = \frac{\text{Net Profit}}{\text{Total Assets}}$$

2.3.2.3. Leverage

Kasmir (2021:151-152) Leverage is a company's ability to finance companies with debt. This study uses the Debt-to-Equity Ratio (DER) measurement. According to Kasmir (2021:157) the Debt to Equity Ratio is the ratio used to assess debt to equity. The formula in this study refers to Welly et al. (2019), namely:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

3. Results and Discussion

3.1. Descriptive statistics

Descriptive statistics can provide an overview or description in a data obtained from the average value (mean), standard deviation, variance, maximum and minimum (Ghozali Imam, 2016).

Table 1. Descriptive statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|----|---------|----------|-----------|----------------|
| ETR | 90 | -2.0097 | 6.9346 | .230618 | .7872198 |
| ROA | 90 | -.1544 | 2.6410 | .117660 | .2978162 |
| DER | 90 | -2.1273 | 13.5511 | .940826 | 1.6124976 |
| PBV | 90 | -.4576 | 832.2746 | 23.177644 | 96.2200970 |
| Valid N (listwise) | 90 | | | | |

Based on the statistical descriptive table, it can be described that the ETR obtained a sample size of 90 and obtained the lowest value of -2.0097 and the highest value of 6.9346 with an average value of 0.230618 and a standard deviation of 0.7872198.

For the ROA variable, the number of samples is 90 and the lowest value is -0.1544 and the highest value is 2.6410 with an average value of 0.117660 and a standard deviation of 0.2978162.

For the DER size variable, the number of samples is 90 and the lowest value is -2.1273 and the highest value is 13.5511 with an average value of 0.940826 and a standard deviation of 1.6124976.

For the PBV variable, the number of samples is 90 and the lowest value is -0.4576 and the highest value is 832.2746 with an average value of 23.177644 and a standard deviation of 96.2200970.

3.2. Significant test (F test / Simultaneous test)

The F test (Simultaneous Test) is to test how the independent variables jointly influence the dependent variable. In testing the hypothesis, the first step that must be taken by researchers is to know the basis for making decisions in the F Test (simultaneous). There are methods used in the basis of decision making, namely as follows:

1. If the Significance value (Sig.), <0.05 then there is a joint effect of the independent variable (X) on the dependent variable (Y). Hypothesis accepted.
2. If the Significance value (Sig.), > 0.05 then there is no joint effect of the independent variable (X) on the dependent variable (Y). The hypothesis is rejected.

Table 2. Significant test (F test / Simultaneous test)

| ANOVA ^a | | | | | | |
|--------------------|----------------|----|-------------|-------|-------|--|
| Type | Sum of Squares | df | Mean Square | F | Sig. | |
| 1 Regression | 6.433 | 3 | 2.144 | 5.528 | .002b | |
| Residual | 27.153 | 70 | .388 | | | |
| Total | 33.586 | 73 | | | | |

Based on the results of the F test table, it can be seen that the simultaneous test results (F test) have a significance value of 0.002 so that it is less than 0.05 (5%) (0.002 <0.05) thus indicating that simultaneously tax planning, profitability and leverage affect the firm value.

3.3. Significant test (T test / Partial test)

According to Astuti et al. (2018) Partial test (t test) is carried out to find out whether the independent variables partially have an influence on the dependent variable. This test is carried out by determining the significant level (α) which is 5%.

Table 3. Multiple Regression Analysis

| Type | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|----------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| | Tax Planning | .250 | .389 | | | | |
| Profitabilitas | .437 | .154 | .319 | 2.842 | .006 | .920 | 1.087 |
| Leverage | -.502 | .220 | -.250 | -2.278 | .026 | .958 | 1.044 |

Based on table 3 the results of the t test on the independent variables can be explained in detail as follows:

3.3.1. Tax planning has no effect on firm value

The results of testing the first hypothesis (H1) show that tax planning has no effect on firm value because a significance value of 0.532 is obtained. It can be concluded that H1 is rejected, this is supported by the acquisition of a significant value for the tax planning variable greater than 0.05 or $0.532 > 0.05$. This is because the size of the tax planning carried out by a company will not affect the value of the company, this is because almost every company will carry out tax planning to reduce its tax burden, so that investors in making decisions to invest their capital do not only look at the tax side of a company, but rather look at the profit side of the company. This research supports Lestari (2020) and Muslim & Junaidi (2020) who obtain the result that tax planning has no effect on firm value.

3.3.2. Profitability Affects Firm Value

The results of testing the second hypothesis (H2) show that Profitability Influences Firm Value because it obtains a significance value of 0.006. It can be concluded that H2 is accepted, this is supported by the acquisition of a significance value for the Profitability variable smaller than 0.05 or $0.006 < 0.05$. This is because the profitability ratio is the ratio to assess the company's ability to make a profit. This ratio is also a measure of the level of effectiveness for the management of a company. Companies that succeed in increasing profitability every year will attract the interest of many investors. The increasing profitability will make the value of the company will also increase. This research supports Muslim & Junaidi (2020) and Iman et al., (2021) who obtained the result that profitability affects firm value.

3.3.3. Leverage Affects Firm Value

The results of testing the third hypothesis (H3) show that leverage has an effect on firm value because a significance value of 0.006 is obtained. It can be concluded that H3 is accepted, this is supported by the acquisition of a significance value of the leverage variable less than 0.05 or $0.026 < 0.05$. This is because leverage is a company's ability to finance companies with debt. In a broad sense it is said that leverage is used to see a company's ability to pay all of its obligations, both short and long term, so if investors see a company with high assets but also high leverage risk, they will think twice about investing in that company. Because it is feared that these high assets will be obtained from debt which will increase investment risk if the company cannot pay off its obligations on time so that it can reduce the value of the company. This research supports Lestari (2020) who obtains the result that leverage affects firm value.

3.3.4. Tax Planning, Profitability and Leverage Affect Firm Value

The results of testing the fourth hypothesis (H4) show that Tax Planning, Profitability and Leverage have an effect simultaneously on Firm Value because a significance value of 0.006 is obtained. It can be concluded that H3 is accepted, this is supported by the acquisition of a significance value of the Leverage variable less than 0, 05 or $0.026 < 0.05$. This is because a company was founded with the main mission to maximize the value of the company through added value from the investment of shareholders. This maximum company value can be achieved through a financial management process with one financial policy that can have an impact on other financial decisions which ultimately affect the value of the company. Every company is required to increase the value of its company, because the higher the value of the company, investors will be more interested in investing, so the factors that can influence the value of the company are Tax Planning, Profitability and Leverage. This research supports Christiani et al. (2022), Nugraha & Sofianty (2021), Muslim & Junaidi (2020), Iman et al. (2021) and Lestari (2020) which obtained the result that Tax Planning, Profitability and leverage have an effect on firm value .

4. Conclusion

1. The results of testing the first hypothesis (H1) show that tax planning has no effect on firm value because a significance value of 0.532 is obtained. It can be concluded that H1 is rejected, this is supported by the results of the significance value of the tax planning variable being greater than 0.05 or $0.532 > 0.05$
2. The results of testing the second hypothesis (H2) show that Profitability Influences Firm Value because it obtains a significance value of 0.006. It can be concluded that H2 is accepted, this is supported by the acquisition of a significance value for the Profitability variable smaller than 0.05 or $0.006 < 0.05$.
3. The results of testing the third hypothesis (H3) show that leverage has an effect on firm value because a significance value of 0.006 is obtained. It can be concluded that H3 is accepted, this is supported by the acquisition of a significance value of the leverage variable less than 0.05 or $0.026 < 0.05$.
4. The results of testing the fourth hypothesis (H4) show that Tax Planning, Profitability and Leverage have an effect simultaneously on Firm Value because a significance value of 0.006 is obtained. It can be concluded that H3 is accepted, this is supported by the acquisition of a significance value of the Leverage variable less than 0,05 or $0.026 < 0.05$.

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The Influence of Managerial Ownership, Institutional Ownership, Independent Commissioners and Company Size on Tax Aggressiveness in Food and Beverage Companies on the Indonesia Stock Exchange

Novi Duwi Lestari, Ariyani

Department of Accounting, Narotama University
Jl. Arif Rachman Hakim, No. 51, 60117, Surabaya, Indonesia
noviduwi47@gmail.com, ariyani@narotama.ac.id

Abstract

This study aims to analyze the Effect of Managerial Ownership, Institutional Ownership, Independent Commissioners and Company Size on Tax Aggressiveness in Food and Beverage Sector Companies on the Indonesia Stock Exchange 2017 – 2021. This research uses a quantitative approach. The sampling technique uses purposive sampling which is a technique for determining samples with certain criteria. Source of data used in this research is secondary data. Secondary data, namely data obtained from existing data in the company as an object of research and supported by literature consisting of the internet, articles, and books that are related to research. Secondary data in this study is data on food and beverage companies listed on the IDX for 2017-2021. The results of testing the first hypothesis (H1) show that Managerial Ownership Has an Effect on Tax Aggressiveness. The results of testing the second hypothesis (H2) show that Institutional Ownership Has an Effect on Tax Aggressiveness. The results of testing the third hypothesis (H3) show that Independent Commissioners have an Influence on Tax Aggressiveness, the results of testing the fourth hypothesis (H4) show that company size has an effect on tax aggressiveness. The results of testing the fifth hypothesis (H5) show that managerial ownership, institutional ownership, independent commissioners and company size have a simultaneous effect on tax aggressiveness. This research is still limited to several independent variables, namely managerial ownership, institutional ownership, independent commissioners and company size and this research is still limited in using food and beverage companies on the Indonesia Stock Exchange from 2017 to 2021. This research is expected to provide inputs and contributions of ideas regarding the understanding of taxation related to tax aggressiveness.

Keyword:

Firm Size, Independent Commissioners, Institutional Ownership, Managerial Ownership, Tax Aggressiveness.

1. Introduction

In general, profit-oriented companies will have the motivation to generate maximum profits and reduce expenses as low as possible. One way to reduce the burden is to make a tax plan so that taxes can be paid efficiently and effectively. Tax planning can be done with a strategy, namely tax saving and tax avoidance. According to Pohan (2016:10) in Makarim & Asalam (2021) Tax saving is an effort to increase the efficiency of the tax burden through choosing alternative tax impositions at lower rates. For example, companies can change in-kind gifts to employees into benefits in the form of money. According to Pohan (2016:23) in Makarim & Asalam (2021) Tax avoidance is an effort to avoid taxes that are carried out legally and safely for taxpayers because they do not conflict with tax provisions, where the methods and techniques used tend to take advantage of weaknesses (gray) area contained in the laws and tax regulations themselves, to minimize the amount of tax payable. Gray area is a relaxation in the regulations that apply. For example, a company makes a large loan so that it can be used as a tax deduction. In practice tax planning sometimes experience irregularities. companies carry out tax planning and implement strategies aggressively that lead to tax aggressiveness. This tax aggressiveness impacts tax revenues which can be detrimental to the state. Corporations as taxpayers and governments as tax collectors have different interests. For companies, tax is a burden that can reduce the income of the company because increasing income can make the tax burden paid by the company also higher, so the company will look for ways to minimize the amount of tax payments in the company which makes the company more aggressive to reduce the amount tax to be paid. According to Prabowo & Sahlan (2021) Tax is one of the largest state revenues. Maximum tax revenue can optimally help a country's economic growth, one of which is through adequate infrastructure development. Therefore, the compliance of taxpayers greatly affects the level of state revenue from taxation. Taxpayers generally report tax obligations voluntarily through self-reporting in accordance with applicable tax regulations.

Education about tax regulations and the importance of taxes must be disseminated as widely as possible to be able to provide knowledge about the importance of taxes for development. Low taxation education can be said to reduce the level of taxpayers.

1.1. Agency Theory

Jensen & Meckling (1976) define an agency relationship as a contract, in which one or more people (principals) ask another party (agent) to carry out a number of jobs on behalf of the principal, which involves delegating some decision-making authority to the agent. If both parties to the contract seek to maximize their utility, then it is possible that the agent will not always act in the principal's best interest. With the aim of motivating the agent, the principal designs the contract in such a way as to accommodate the interests of the parties involved in the agency contract. In this case the agent has all the information contained in the company when compared to the principals. Actually, this information must be conveyed to the capital owner, so that the capital owner knows what the company is facing. The link with tax aggressiveness is the existence of information asymmetry between managers and owners of capital. Thus, investors do not have sufficient information about the current state of the company. Prabowo & Sahlan (2021) Information asymmetry itself is a discontinuity of information that is owned by the principal and the agent, when the principal does not have sufficient information about the agent's performance, conversely, the agent has more information about self-capacity, work environment and the company as a whole. Information asymmetry between the principal (tax director general) and agents (corporate/company taxpayers) creates a conflict of interest and gives rise to agency theory. The relationship between agency theory and tax aggressiveness is that there is a conflict over the interests of corporate profits between taxpayers (company management) and tax collectors (tax collectors), that the tax authorities expect large amounts of income from tax collection but agents expect companies to earn significant profits with low tax burdens. This is caused by the principal giving authority to the agent to minimize corporate tax so that the company pays a lower tax burden than it really is.

1.2. Tax

The definition of tax according to Law Number 16 of 2009 concerning General Provisions and Tax Procedures (Article 1 paragraph 1) in Nugraheni & Murtin (2019) is a mandatory contribution to the state owed by individuals or entities that are coercive under the Act, by not getting compensation directly and used for the needs of the State for the greatest prosperity of the people.

1.3. Tax Aggressiveness

Tax aggressiveness is an action that is prone to be carried out by large and small companies throughout the world and is an interesting issue among the public. This action aims to minimize corporate tax which is now a public concern because it is not in accordance with the expectations of society and is also detrimental to the government. For companies, tax is considered as a burden that will reduce company profits, so they will carry out strategies to reduce their taxes. Efforts and strategies to reduce taxes are called aggressive actions on taxes or tax aggressiveness. According to Frank, (2009) in Fadli (2016) Tax aggressiveness is an act of manipulating planned taxable income through tax planning, both using legal methods by carrying out tax avoidance and illegally by committing tax evasion. not all actions taken violate the rules, there are many methods used by companies that make companies assumed to be more aggressive towards taxes.

1.4. Managerial Ownership

According to Subagyo et al., (2018) in Makarim & Asalam (2021) managerial ownership is share ownership by management in the company and is measured by the percentage of how many shares owned by management. Its structure can be clarified through two perspectives, namely the imbalance approach and the agency approach. The amount of managerial share ownership is considered to be able to overcome agency conflicts, because it can align the interests of shareholders with managers. This can happen because management will directly benefit from the decisions taken, as well as bear the risk of making the wrong decisions they make. Increased managerial ownership, managers will be motivated to improve their performance so that in this case it will have a good impact on the company and fulfill the wishes of the shareholders. The greater the managerial ownership in the company, the more active management will be to improve its performance because management has a responsibility to fulfill the wishes of shareholders who are none other than themselves. Management will be more careful in making a decision, because management will directly benefit from the decisions taken. In addition, management also bears the loss if the decisions they make are wrong (Jensen & Meckling, 1976).

1.5. Institutional Ownership

According to Jensen & Meckling (1976) stated that institutional ownership has a very important role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by managers. According to Hery (2018) in Siswanto et al. (2021) institutional ownership is the proportion of company shares owned by institutions such as insurance, banks, investment companies and other institutional ownership. Therefore, institutional ownership in the ownership structure has a monitoring management role, institutional ownership is the most influential party in decision making because of its nature as the majority shareholder, besides that institutional ownership is the party that provides control over management in the company's financial policies. Increased institutional ownership led to tight monitoring of management performance. The greater the institutional ownership, the stronger the control exercised by external parties over the company

1.6. Independent Commissioner

According to Hidayat & Muliarsi (2020) an independent commissioner is someone who has no affiliation with shareholders, directors or the board of commissioners, and does not have the position of director in the company concerned. Independent commissioners have an important role in the company, namely as a supervisor and directing the company to operate in accordance with applicable regulations.

1.7. Company Size

According to Fadli (2016) the board of commissioners plays an important role in monitoring the performance of the directors in running the company and in providing advice on policies implemented by management. The more the number of independent commissioners, the tighter the supervision of agents will be. With the strict control carried out by independent commissioners, it is predicted that the corporate tax aggressiveness carried out by agents will decrease. So, it can be concluded that independent commissioners are members of the Board of Commissioners who come from outside Issuers or public companies. Basically, an independent commissioner has the same position as other members of the board of commissioners, namely as a supervisory body and adviser to the directors.

1.8. Research Framework

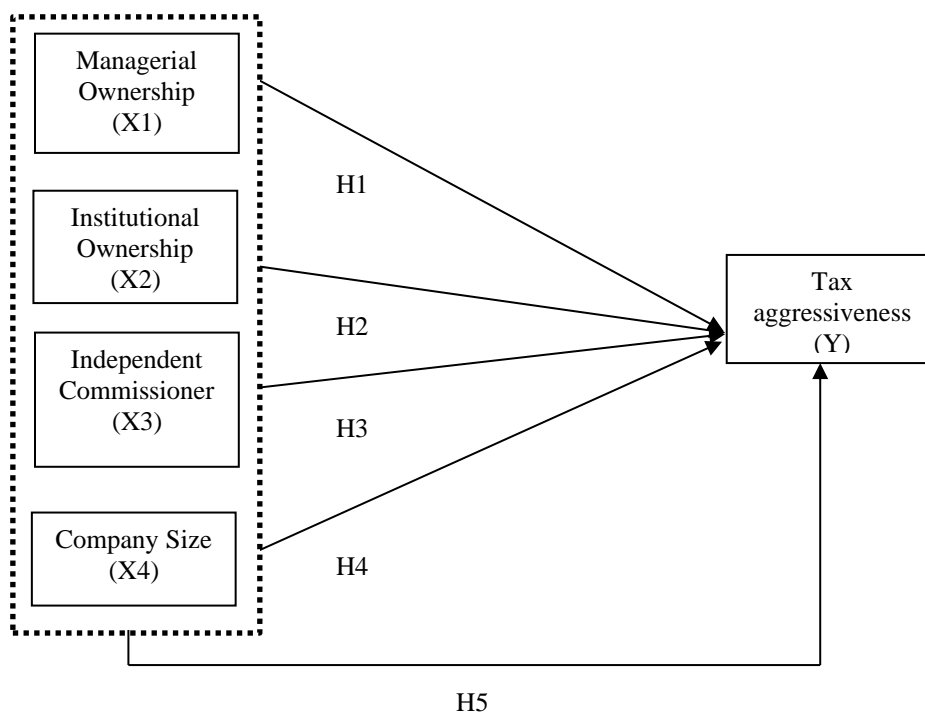


Figure 1: Research Framework

From the model above, the research hypothesis is arranged as follows:

H1: Managerial Ownership Influences Tax Aggressiveness
 H2: Institutional Ownership Influences Tax Aggressiveness
 H3: Independent Commissioner Influences Tax Aggressiveness
 H4: Company Size Influences Tax Aggressiveness
 H5: Managerial Ownership, Institutional Ownership, Independent Commissioner and Company Size Influence Tax Aggressiveness

2. Methodology

2.1. Types of Research

This study uses a quantitative approach, according to Sugiyono (2015) in Siswanto et al. (2021). The quantitative method can be interpreted as a method used to research certain populations or samples with quantitative data analysis. This research is causal research that aims to test the influence between an independent variable and a dependent variable. This research uses the annual reports of food and beverage companies listed on the IDX from 2017 to 2021 to then draw a conclusion.

The population of this study is all food and beverage companies registered on the IDX from 2017 to 2021. The sampling technique uses purposive sampling which is a technique for determining samples with certain criteria. The determination of the sample criteria is:

1. Food and beverage companies that have been listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021.
2. Food and beverage companies that publish audited financial reports from 2017 to 2021.
3. Food and beverage companies using the rupiah currency from 2017 to 2021.

2.2. Data Types and Sources

This research uses quantitative, quantitative is hypothesis testing and explains the results of calculations that have been done, because the variables studied can be identified and measured clearly to determine the relationship between two or more variables. Source of data used in this research is secondary data. Secondary data, namely data obtained from existing data in the company as an object of research and supported by literature consisting of the internet, articles, and books that are related to research. Secondary data in this study is data on food and beverage companies listed on the IDX for 2017-2021

2.3. Variable Operational Definition

The variables in this study consist of independent variables and dependent variables. The variables involved in this study include:

2.3.1. Dependent Variable

The variable in this study is Tax Aggressiveness. According to Lubis et al. (2018) Tax aggressiveness is an action designed to reduce taxable income (PKP) with appropriate tax planning. In this study, tax aggressiveness is proxied by the Effective Tax Rate (ETR). ETR can be calculated by the following formula:

$$\text{Effective Tax Rate} = \frac{\text{Income Tax Expense}}{\text{Total Profit Before Tax}}$$

2.3.2. Independent Variable

1. Managerial ownership

According to Lubis et al. (2018) Managerial ownership is a condition in which there is a dual role between the manager as the manager of the company and the shareholders as the owner of the company or in other words a manager is also a person who owns company shares. In this study, managerial ownership can be calculated using the following formula:

$$\text{Managerial Ownership} = \frac{\text{Total Manager Shares}}{\text{Total Outstanding Shares}}$$

2. Institutional Ownership

According to Hery (2018) in Siswanto et al. (2021), institutional ownership is the proportion of company shares owned by institutions such as insurance, banks, investment companies and other institutional ownership. Fadli (2016) institutional ownership will be measured using the proportion of share ownership by institutions to the number of outstanding shares. In this study, institutional ownership can be calculated using the following formula:

$$\text{Institutional Ownership} = \frac{\text{Total Institutional Shares}}{\text{Total Outstanding Shares}}$$

3. Independent Commissioner

Fadli (2016) Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners, and controlling shareholders, as well as expenses from business relationships or other relationships that may affect their ability to act solely in the interests of the company. In this study, independent commissioners can be calculated using the following formula:

$$\text{Independent Commissioners} = \frac{\text{Total Independent Commissioners}}{\text{Total Commissioners}}$$

4. Company Size

According to Prabowo & Sahlan (2021) Company size is a very important company characteristic. Company size is a measurement that is grouped based on the size of the assets and can describe the activities and income of the company. In this study, company size can be calculated using the following formula:

$$\text{Company Size} = \text{Ln}(\text{Total Assets})$$

3. Results and Discussion

3.1. Descriptive Statistics

Descriptive statistics can provide an overview or description in a data obtained from the average value (mean), standard deviation, variance, maximum and minimum (Ghozali Imam, 2016).

Table 1. Descriptive statistics

| | Descriptive Statistics | | | | |
|--------------------|------------------------|---------|---------|-----------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| KM | 91 | -5.8129 | .0000 | -1.190321 | 1.5384395 |
| KI | 91 | -.5208 | .0000 | -.168458 | .1315074 |
| KOMIND | 91 | -.4771 | -.3010 | -.423233 | .0726658 |
| UKPERUSH | 91 | 1.4042 | 1.5161 | 1.453542 | .0257882 |
| ETR | 91 | -1.2885 | .8410 | -.489526 | .3129221 |
| Valid N (listwise) | 91 | | | | |

Based on the statistical descriptive table, it can be described that managerial ownership obtains a sample size of 91 and obtains the lowest value of -5.8129 and the highest value of 0.000 with an average value of -1.190321 and a standard deviation of 1.5384395.

For the institutional ownership variable, the number of samples is 91 and the lowest value is -0.5208 and the highest value is 0.000 with an average value of -0.168458 and a standard deviation of 0.1315074.

For independent commissioner variables, the number of samples is 91 and the lowest value is -0.4771 and the highest value is -0.3010 with an average value of -0.423233 and a standard deviation of 0.0726658.

For the company size variable, the number of samples is 91 and the lowest value is 1.4042 and the highest value is 1.5161 with an average value of 1.453542 and a standard deviation of 0.0257882.

For the Effective Tax Rate variable, the number of samples is 91 and the lowest value is -1.2885 and the highest value is 0.8410 with an average value of -0.489526 and a standard deviation of 0.3129221.

3.2. Significant test (F test / Simultaneous test)

The F test (Simultaneous Test) is to test how the independent variables jointly influence the dependent variable. In testing the hypothesis, the first step that must be taken by researchers is to know the basis for making decisions in the F Test (simultaneous). There are methods used in the basis of decision making, namely as follows:

1. If the Significance value (Sig.), < 0.01, 0,05 and 0,10 then there is a joint effect of the independent variable (X) on the dependent variable (Y). Hypothesis accepted.
2. If the Significance value (Sig.), > 0.10 then there is no joint effect of the independent variable (X) on the dependent variable (Y). The hypothesis is rejected.

Table 2. Significant test (F test / Simultaneous test)

| | | ANOVAa | | | | |
|------|------------|----------------|----|-------------|-------|-------|
| Type | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 2.271 | 4 | .568 | 7.464 | .000b |
| | Residual | 6.542 | 86 | .076 | | |
| | Total | 8.813 | 90 | | | |

Based on the results of the F test table, it can be seen that the simultaneous test results (F test) have a significance value of 0.000 so that it is less than 0.01 (1%) (0.000 < 0.01) thus indicating that simultaneously

managerial ownership, institutional ownership, independent commissioners and company size has an effect on tax aggressiveness.

3.3. Significant test (t test / Partial test)

According to Partial test (t test) is carried out to find out whether the independent variables partially have an influence on the dependent variable. This test is carried out by determining the significant level (α) which is 1%, 5% and 10%.

Table 3: Multiple Regression Analysis

| Type | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|----------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| KM | -.032 | .019 | -.159 | -1.673 | .098 | .956 | 1.046 |
| KI | -.497 | .237 | -.209 | -2.100 | .039 | .874 | 1.145 |
| KOMIND | 1.041 | .445 | .242 | 2.339 | .022 | .808 | 1.237 |
| UKPERUSH | -4.509 | 1.164 | -.372 | -3.874 | .000 | .938 | 1.066 |

Based on table 3 the results of the t test on the independent variables can be explained in detail as follows:

3.3.1. Managerial Ownership Influences Tax Aggressiveness

The results of testing the first hypothesis (H1) show that Managerial Ownership has an Influence on Tax Aggressiveness because a significance value of 0.10 (10%) is obtained. It can be concluded that H1 is accepted, this is supported by the acquisition of a significant value for the managerial ownership variable which is less than 0.10 or $0.098 < 0.10$. This is because managerial ownership takes a large enough role in company activities so that it greatly influences the policies in making company decisions which will then have a big influence on the taxation side. The tighter the supervision carried out by managerial parties, the less the level of tax aggressiveness carried out by companies. This result is in accordance with research conducted by Lubis et al. (2018) which stated that managerial ownership affects tax aggressiveness.

3.3.2. Institutional Ownership Influences Tax Aggressiveness

The results of testing the second hypothesis (H2) show that Institutional Ownership has an Influence on Tax Aggressiveness because a significance value of 0.05 (5%) is obtained. It can be concluded that H2 is accepted, this is supported by the acquisition of a significant value for the institutional ownership variable which is less than 0.05 or $0.039 < 0.05$. This is because institutional ownership is the party that provides control over management in the company's financial policies. The existence of institutional investors is considered capable of optimizing management performance monitoring by monitoring every decision taken by management as the manager of the company. The tighter the supervision carried out by institutions, the less the level of tax aggressiveness carried out by companies. This result is in accordance with research conducted by Prabowo & Sahlan (2021) which stated that institutional ownership affects tax aggressiveness.

3.3.3. Independent Commissioners Influence Tax Aggressiveness

The results of testing the third hypothesis (H3) show that the Independent Commissioner has an Influence on Tax Aggressiveness because a significance value of 0.05 (5%) is obtained. It can be concluded that H3 is accepted, this is supported by the acquisition of the significance value of the Independent Commissioner variable less than 0.05 or $0.022 < 0.05$. This is because an independent commissioner is someone who has no affiliation with shareholders, directors or the board of commissioners, and does not have a directorship position in the company concerned. Independent commissioners have an important role in the company, namely as a supervisor and directing the company to operate in accordance with applicable regulations. Independent commissioners act as intermediaries between company management and company owners in making strategic or policy decisions so as not to violate applicable regulations. The tighter the supervision carried out by the independent commissioner, the less the level of tax aggressiveness carried out by the company. This result is in accordance with research conducted by Fadli (2016) which stated that the independent commissioner has an effect on tax aggressiveness.

3.3.4. Company Size Influences Tax Aggressiveness

The results of testing the fourth hypothesis (H4) show that company size has an effect on tax aggressiveness because a significance value of 0.01 (1%) is obtained. It can be concluded that H4 is accepted, this is supported

by the acquisition of a significant value for the variable company size which is smaller than 0.01 or $0.000 < 0.01$. This is because company size is one of the most important company characteristics. Company size is a measurement that is grouped based on the size of the assets and can describe the activities and income of the company. The greater the total assets owned by the company indicates the larger the size of the company and the transactions that occur at the company will be more complex so as to make the company increase the level of tax aggressiveness carried out by the company. These results are in accordance with research conducted by Prabowo & Sahlan (2021) said the result that company size has an effect on tax aggressiveness.

3.3.5. Managerial Ownership, Institutional Ownership, Independent Commissioner and Company Size Influence Tax Aggressiveness

The results of testing the fifth hypothesis (H5) show that Managerial Ownership, Institutional Ownership, Independent Commissioners and Company Size Simultaneously Influence Tax Aggressiveness because a significance value of 0.01 (1%) is obtained. It can be concluded that H5 is accepted, this is supported by the acquisition of a significance value of less than 0.01 or $0.000 < 0.01$. This is because the Company as a taxpayer and the government as a tax collector have different interests. For companies, tax is a burden that can reduce the income of the company because increasing income can make the tax burden paid by the company also higher, so the company will look for ways to minimize the amount of tax payments in the company which makes the company more aggressive to reduce the amount tax to be paid. Tax aggressiveness is to make the tax burden obtained lower. Companies can be said to be more aggressive when using various loopholes or opportunities to take actions aimed at minimizing the company's tax burden. Tax aggressiveness is influenced by several factors in this study, namely managerial ownership, institutional ownership, independent commissioners and company size. These results are in accordance with research conducted by Lubis et al. (2018), Prabowo & Sahlan (2021), and (Fadli, 2016) which state that managerial ownership, institutional ownership, independent commissioners and company size affect tax aggressiveness.

Conclusion

1. Based on the results of the F test table, it can be seen that the simultaneous test results (F test) have a significance value of 0.000 so that it is less than 0.01 (1%) ($0.000 < 0.01$) thus indicating that simultaneously managerial ownership, institutional ownership, commissioners independent and company size has an effect on Tax Aggressiveness.
2. Based on the results of the t test table, it can be seen that the managerial ownership variable has a significance value of 0.098 so that it is more than 0.10 (10%) ($0.098 < 0.10$) indicating that partially the managerial ownership variable has an effect on tax aggressiveness.
3. Based on the results of the t test table, it can be seen that the institutional ownership variable has a significance value of 0.039 so that it is less than 0.05 (5%) ($0.039 < 0.05$) thus indicating that partially the institutional ownership variable has an effect on tax aggressiveness.
4. Based on the results of the t test table, it can be seen that the independent commissioner variable has a significance value of 0.022 so that it is less than 0.05 (5%) ($0.022 < 0.05$) thus indicating that partially the independent commissioner variable has an effect on tax aggressiveness.
5. Based on the results of the t test table, it can be seen that the company size variable has a significance value of 0.000 so that it is less than 0.01 (1%) ($0.000 < 0.01$) thus indicating that partially the company size variable has an effect on tax aggressiveness.

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