

FACTORS AFFECTING FINANCIAL DISTRESS AND FIRM VALUE IN BANKING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE 2017-2021**Harry Patuan Panjaitan¹, Wenfi Anraini², Fitri Yani³, and Roza Sri Susanti⁴**^{1,2,3}Institut Bisnis dan Teknologi Pelita Indonesia⁴Universitas RiauEmail: harry.patuan@lecturer.pelitaindonesia.ac.idDOI: [10.35145/bilancia.v8i4.4548](https://doi.org/10.35145/bilancia.v8i4.4548)

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ABSTRACT

This research aims to determine the effect of institutional ownership, managerial ownership, current ratio and return on assets on financial distress and its effect on firm value in banking companies listed on the IDX for the 2017-2021 period. This study used secondary data. The sample technique in this study used purposive sampling. The number of samples obtained was 25 companies. This research analysis method uses descriptive analysis and several types of evaluation using the help of SmartPLS software. From this study, it was concluded that there is a significant influence between institutional ownership of financial distress and managerial ownership, ROA and financial distress on firm value. Managerial ownership, CR, ROA of financial distress as well as institutional ownership and CR of firm value have an insignificant influence.

Keywords: Financial Distress, Firm value, GCG, Liquidity, Profitability***FAKTOR-FAKTOR YANG MEMPENGARUHI FINANCIAL DISTRESS DAN NILAI PERUSAHAAN PADA PERUSAHAAN PERBANKAN YANG TERDAFTAR DI BURSA EFEK INDONESIA TAHUN 2017-2021*****ABSTRAK**

Penelitian ini bertujuan untuk mengetahui pengaruh kepemilikan institusional, kepemilikan manajerial, current ratio dan return on asset terhadap financial distress serta pengaruhnya terhadap nilai perusahaan pada perusahaan perbankan yang terdaftar di BEI periode 2017-2021. Penelitian ini menggunakan data sekunder. Teknik sampel pada penelitian ini menggunakan purposive sampling. Jumlah sampel yang diperoleh sebanyak 25 perusahaan. Metode analisis penelitian ini menggunakan analisis deskriptif serta beberapa jenis evaluasi dengan menggunakan bantuan software SmartPLS. Dari penelitian ini diperoleh kesimpulan bahwa adanya pengaruh signifikan antara kepemilikan institusional terhadap financial distress serta kepemilikan manajerial, ROA dan financial distress terhadap nilai perusahaan. Kepemilikan manajerial, CR, ROA terhadap financial distress serta kepemilikan institusional dan CR terhadap nilai perusahaan memiliki pengaruh yang tidak signifikan.

Kata Kunci: Financial Distress, Nilai Perusahaan, GCG, Likuiditas, Profitabilitas

INTRODUCTION

Indonesia is one of the developing countries that is actively developing in all aspects of life, one of which is in the economic sector. In the current era of globalization development, it requires companies to be able to survive and have good performance in facing business competition with other companies. With this competition, companies must constantly improve their performance. Various parties with an interest in or cooperation with a particular company will always monitor and demand an increase in the value of the company. So, this requires that each company can fulfill the wishes of these various parties.

Firm value is a reflection of the company's selling price which can affect investors' perceptions of buying and entrusting the company if an entity is offered to be purchased by prospective buyers. A high firm value will make the market believe about the current state of the company or the company's prospects in the future (Wijaya & Sedana 2015). Firm Value is often associated with share price.

The increase and decrease in firm value makes a benchmark for investors to see the performance of each banking company from data that wants to invest its capital and make a profit. The occurrence of intense competition between companies in improving the quality and maintaining the position of each company can result in companies retreating or tending to be exposed to financial distress. This can be seen from the delisting of banking companies from the Indonesia Stock Exchange.

The cause of delisting the company is the merger of several companies or has a tendency to be exposed to financial distress. This can be seen through the ability of low liquidity, low profit conditions, uncertainty of the continuity of the active business and shares that have not been traded (Damayanti et al 2020).

Financial distress is a broad concept where a company is experiencing financial difficulties (Alya 2019). Financial distress conditions can be seen from the following: the company's performance continues to decline, the company's inability to pay off its obligations, there is no dividend distribution to shareholders, there are cash flow problems in the company, difficulties in terms of liquidity, layoffs by the company's workforce, poor corporate governance, an increase in the composite stock price index, inflation and exchange rates (Hartianah & Sulasmiyati 2017).

In general, companies that have relatively large total assets can operate with a higher level of efficiency than companies with lower total assets (Sijabat 2018). This shows that companies that have larger assets can solve problems more mature than having lower assets.

There are several studies that have been conducted to measure financial distress on firm value conducted by several researchers and produce different results. According to research Saremi & Shorvarzi (2014), there is no influence between financial distress and firm value. As for other research conducted by Habib et al (2013) shows that financial distress in a company can increase in line with the high incidence of the global financial crisis as an external influence. Therefore, the company must balance its long-term obligations and short-term obligations because it also greatly affects the value of the company (Jannah 2021).

The success of a company can be seen through the characteristics and managerial performance of the company. One factor that can cause financial distress is the company's financial performance. Measurement of financial performance can be done with several ratios such as liquidity, leverage, and profitability. The company will be healthy if it has good corporate governance or is called Good Corporate Governance, while if the company has poor management or Bad Corporate Governance, it will cause company problems such as this Financial Distress (Satria 2013).

Institutional ownership is share ownership owned by institutions such as insurance companies, foreign investors and the government from the number of shares outstanding (Dewi dan Jati 2014). Several studies that have been conducted show differences in the influence between institutional ownership on financial distress where, the results of research conducted Adityaputra (2018) shows the results that share ownership by institutions has a significant positive effect on financial distress. While research Rahma (2014) which also examines the effect of institutional ownership on financial distress shows different results, namely a significant negative effect.

Managerial ownership is the percentage of shares owned by management of the company's outstanding shares (Deviacita & Achmad 2013). As for the research conducted Hanafi & Breliastiti (2016) shows that managerial ownership has a significant negative effect on financial distress. While research Adityaputra (2018) shows the opposite result which shows a positive significant effect on financial distress. While the results of research conducted by Rizqia et al. (2013) found that managerial ownership has a positive influence on firm value. Other research conducted by Nohuz et al. (2016) which proves that managerial ownership has a positive and significant effect on firm value. While research Suastini et al. (2016) shows different results that managerial ownership has an insignificant effect on firm value.

The financial statements issued by the company are one of the references to how the financial position, performance and changes in financial position occur. Financial ratios can be used to evaluate the company's financial condition and evaluate the company's performance (Jannah 2021).

Liquidity is one of the ratios used to determine the company's ability to meet short-term obligations. according to Hanafi (2016), Current Ratio (CR) Some studies have also been conducted by several researchers to see the effect between Current Ratio on financial distress, such as research conducted by Hapsari (2018), stating

that the liquidity ratio (current ratio) has no effect on financial distress. In contrast to research conducted by Ginting (2017) stated that the liquidity ratio (current ratio) that the liquidity ratio has a positive effect on financial distress. Meanwhile, research has also been conducted by several researchers to see the influence between the Current Ratio on the rise and fall of a company's value, namely research conducted by Putra & Lestari (2016) obtained the results that there is a positive and significant influence between liquidity on firm value, this means that investors will be interested in companies that have a good level of liquidity. Different research results were found by Wijaya and Sedana, 2015 who found that liquidity has a significant negative effect on firm value.

Profitability ratio is a ratio that aims to determine the company's ability to generate profits during a certain period and also provides an overview of the level of management effectiveness in carrying out its operating activities (Sanjaya & Rizky 2020) .

ROA is one of the tools to measure the company's ability to generate profits because this ratio represents all company activities. There are several studies that have been conducted for ROA on financial distress conducted by several researchers and produced different results. Research conducted by Anza (2020) states that there is an influence between profitability and financial distress. Meanwhile, research related to profitability on financial distress conducted by Hapsari (2018), states that profitability on financial distress has a negative influence. The research conducted to see the effect of ROA on firm value was also conducted by several researchers and there were differences in results, where Sucuahi & Cambarihan (2016) found that profitability can increase the firm value which can be seen from the test results which show that there is a significant positive effect between profitability on firm value. Different research results found by Beureukat (2019) found that profitability has a negative and significant effect on firm value.

LITERATURE REVIEW

Agency Theory, Signalling Theory, Stewardship Theory, Trade Off Theory

Agency theory explains the relationship between shareholders as principals and management as agents. Signaling Theory is a theory used to explain or encourage the publication of the company's financial statements to external users / investors so that they can find out positive signals (good news) and negative signals (bad news) in the company.

Signalling Theory is a theory used to explain or encourage the publication of the company's financial statements to external users / investors so that they can find out positive signals (good news) and negative signals (bad news) in the company.

Stewardship theory describes a situation where management is not motivated by individual goals but is more aimed at their main outcome goals for the benefit of the organization and assumes a strong relationship between satisfaction and organizational success (Sudaryo et al. 2017).

Trade off theory explains that the greater the funding through corporate debt, the greater the risk of difficulty paying debt due to paying too much fixed interest for debtholders every year with uncertain net income conditions.

Good Corporate Governance (GCG)

Good Corporate Governance is a set of policies or regulations that create or determine the relationship between the parties involved in a company in order to create the vision and mission expected by all parties involved and for the sustainability of a company.

Institutional Ownership (IO)

According to Pasaribu et al. (2016) institutional ownership is the percentage of shares owned by institutions. A large level of institutional ownership will result in greater supervisory efforts by institutional investors so that managers' opportunistic behavior can be reduced. The greater the institutional ownership, the greater the power to supervise management so as to encourage management to increase firm value, financial performance and align management interests with stakeholders.

Managerial Ownership (MO)

Based on agency theory, there can be conflicts arising from self-interest between shareholders and managers. One way to reduce conflicts that occur is to increase managerial ownership of a company. According to Pasaribu et al. (2016) managerial ownership is the owner / shareholder by the management of the company who actively participates in company decision making. Managerial ownership can encourage management to improve company performance because management also wants to increase their own interests, namely getting benefits as shareholders. The more the company's performance increases, the greater the company's financial performance and is directly proportional to the company's value.

Liquidity

Liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner. This means that if the company is billed, the company will be able to fulfill the debt, especially the debt that is due.

Current Ratio

Current ratio or current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed as a whole. In other words, how much current assets are available to cover short-term liabilities that are due soon. The current ratio can also be said to be a form of measuring the level of security (margin of safety) of a company.

Profitability

Profitability is a ratio to assess the company's ability to seek profit in providing a measure of the level of effectiveness of the company's management, this is indicated by the profit earned and investment income. Profitability ratios are ratios used to measure the company's ability to earn profits from each sale made.

Return On Asset

ROA is a ratio that shows how much the contribution of assets in creating net income. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets. This ratio is calculated by dividing net income by total assets.

Financial Distress

Financial distress is a broad concept consisting of several situations where a company faces financial difficulties, common terms to describe these situations are failure, bankruptcy, default, and bankruptcy. The condition of financial distress is a condition that stems from the absence or chaos of management and financial management in a company. This financial distress starts from liquidity pressures that are getting heavier and heavier, then continues in a condition of decreasing asset value so that it is unable to pay its various financial obligations.

Firm Value

Firm value is the investor's perception of the manager's success rate in managing the company's resources that are entrusted to him which is often related to the stock price. The market price of the company's shares reflects the investor's assessment of the overall equity owned. Firm value can basically be seen or measured from various aspects, one of which is through the increase and decrease in the company's stock price. Firm value can provide maximum profit and prosperity for shareholders if the company's share price increases. The higher the company's share price, the higher the profit earned by shareholders. This provokes investors to look at and invest in our company's share price. The more demand for share prices by investors causes an increase in firm value.

Hypothesis Formulation**The Effect of Institutional Ownership on Financial Distress**

Institutional ownership is a shareholder in the form of an agency or government that is not active in the company's operational activities.

Previous research, for example Udin et al (2017) and Widyasari (2015) showed that the greater the proportion of institutional ownership, the less likely financial distress will occur. Based on this argumentation and the findings in previous research, this thesis predicts the following hypothesis:

H1: Institutional Ownership has a negative influence on Financial Distress in banking companies listed on the IDX in the 2017-2021 period.

The Effect of Managerial Ownership on Financial Distress

Managerial ownership is defined as share ownership owned by management. Managerial ownership includes ownership by members of the board of directors.

Previous research, namely Udin et al (2017) and Widyasari (2015) shows that the greater the proportion of ownership by managerial cannot prove that managerial ownership has a major impact in determining decisions when the company is experiencing financial distress. Based on this argumentation and the findings in previous research, the following hypothesis can be predicted:

H2: Managerial Ownership has a negative influence on Financial Distress for banking companies listed on the IDX in the 2017-2021 period.

The Effect of Current Ratio on Financial Distress

Current ratio is a ratio to measure the company's ability to pay short-term obligations or debt that is due soon. The greater the company is able to fund and pay off its short-term obligations well, the less potential the company will experience financial distress. This is evidenced by research from Atika, et al (2013) showing that the smaller the

current ratio, the greater the company's financial distress condition. Haras et al (2022) and Pranita and Kristanti (2020) Based on the description above, the hypothesis of this study is:

H3: Current Ratio has a negative influence on Financial Distress for banking companies listed on the IDX in the 2017-2021 period.

Effect of Return on Asset on Financial Distress

Profitability shows the company's ability to generate profits, Return on assets (ROA) is one of the profitability ratios to determine the rate of return on shares of assets owned by the company. The higher the ROA of a company, the higher the profit the company has, the possibility and occurrence of financial distress will be low. This argument is supported by Chrissentia and Syarief (2018), Lisiantara and Febrina (2018) which state that profitability has a negative effect on financial distress. Masita and Purwohandoko (2020) and Nurhamidah dan Kosasih (2021) Based on the description above, the hypothesis of this study is:

H4: Return of Asset has a negative influence on Financial Distress for banking companies listed on the IDX in the 2017-2021 period.

The Effect of Institutional Ownership on Firm Value

Institutional ownership acts as a party that oversees the course of the company's activities. Research conducted by Nuryono et al (2019) states the results that institutional ownership affects firm value. The results of this study state that the ability of institutional ownership to control management performance has been carried out effectively. In line with previous research conducted by Fitriyani (2017) which concluded that there is a negative influence between institutional ownership and firm value. From the explanation above, the following hypothesis can be prepared:

H5: Institutional Ownership has a positive influence on the value of banking companies listed on the IDX in the 2017-2021 period.

The Effect of Managerial Ownership on Firm Value

According to research conducted by Maryam & Yuyetta (2019) the high value of the company is due to managerial ownership. A high ratio of managerial ownership will make management more diligent in prioritizing the interests of shareholders and managers will also be responsible for the decisions taken. Research conducted by Alfinur (2016) and Fitriyani (2017) says the managerial ownership variable has a negative influence on firm value. Based on the explanation that has been described, the hypothesis in this study is:

H6: Managerial Ownership has a positive influence on the value of banking companies listed on the IDX in the 2017-2021 period.

The Effect of Current Ratio on Firm value

Current ratio describes the ability of a company to pay short-term liabilities or debt that is due immediately, in other words, how much current assets are available to cover short-term liabilities that will soon be due when collected as a whole Utami and Welas (2019). The results of previous research by Muliana and Syamsuddin (2020) state that the current ratio has a positive effect on firm value as proxied by price to book value. According to Imanah et al (2021) CR has an effect on firm value.. Sofiani and Siregar (2022) and research Safira and Suci (2021) state that Current Ratio has a positive effect on firm value. Based on the explanation that has been described, the hypothesis in this study is:

H7: Current Ratio has a positive influence on the value of banking companies listed on the IDX in the 2017-2021 period.

The Effect of Return on Asset on Firm Value

Return on assets shows how the company's performance is seen from the use of all the company's assets in generating maximum profit. The higher the company's ability to earn profits, the greater the return expected by investors so that it makes the company's value better The results of previous research Imanah et al (2021), Return on assets (ROA) has a positive and significant effect on firm value. Based on the explanation that has been described, the hypothesis in this study is

H8: has a positive influence on the value of banking companies listed on the IDX in the 2017-2021 period.

The Effect of Financial Distress on Firm Value

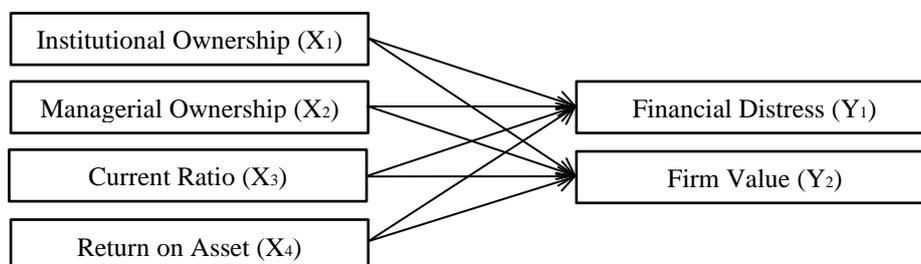
Financial distress is a situation when a company faces financial difficulties or has the potential to face bankruptcy. Connected to signal theory, companies that in their financial statements experience a decrease in profits or can be indicated as experiencing financial distress will result in investor hesitation in investing their capital because investors always want high returns. Therefore, it can be said that financial distress will greatly affect the value of

the company. This is the same as research by Mega (2019) and Sijabat (2018) which provides results that financial distress has a negative effect on firm value. Then the proposed hypothesis is:

H9: Financial Distress has a negative influence on the value of banking companies listed on the IDX in the 2017-2021 period.

Framework of Thought

Based on theory and previous research, the relationship between Institutional Ownership, Managerial Ownership, Current Ratio and Return on Asset on Financial Distress and its effect on Firm Value can be seen in Figure 1:



Source: Journal of Developed Research (2022)

Figure 1. Research Framework

RESEARCH METHODS

Place and Time of Research

This research takes data from several sources and sites, including the Indonesia Stock Exchange (IDX) known as www.idx.co.id, and other relevant sources using data from Banking Sector Companies. The time used during this research was from February 2022 to July 2022.

Population and Sample

The population in this study are banking sector companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2021 period. Based on the data obtained in 2022, there were 49 companies in the population. The sampling technique used in this study was purposive sampling. The sample selection criteria are as follows:

Table 1 Sampling Criteria

No	Sampling Criteria	Number of Companies
1	Banking companies listed on the IDX for the period 2017-2021	49
2	Companies that IPO after January 1, 2017	(5)
3	Companies that are delisted from the IDX	(2)
4	Banking companies that experienced losses in the 2017-2021 period	(17)
5.	Banking companies that do not have complete financial reports	(0)
Total Sample		25

Source: Processed Data (2022)

Operational Research Variables

In this study, the independent variables and dependent variables that will be used consist of:

Institutional Ownership (X₁)

Institutional ownership is the level of share ownership by institutions in the company, measured by the proportion of shares owned by institutions at the end of the year expressed as a percentage. Based on the research of Yuniati, Raharjo, & Oemar (2016) Institutional Ownership can be calculated using the following formula:

$$IO = \frac{\sum \text{Institutionally owned shares}}{\sum \text{Shares outstanding}} \times 100 \% \tag{1}$$

Managerial Ownership (X₂)

Based on research Hariyanto & Lestari (2015), managerial ownership can be calculated using the following formula:

$$MO = \frac{\sum \text{Shares owned by Directors, Commissioners and Managers}}{\sum \text{Shares outstanding}} \times 100 \% \quad (2)$$

Current Ratio (X₃)

Current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed as a whole. In other words, how much current assets are available to cover short-term liabilities that are due soon. The current ratio can also be said to be a form of measuring the level of security (margin of safety) of a company. Calculation of the current ratio is done by comparing total current assets with total current debt. Based on research by Muliana & Syamsuddin (2020) the formula for finding the current ratio can be used as follows.

$$CR = \frac{\text{current assets}}{\text{current liabilities}} \times 100 \% \quad (3)$$

Return On Asset (X₄)

This ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets. This ratio is calculated by dividing net income by total assets. Based on research Paninggiran et al. (2019), ROA can be calculated using the following formula:

$$ROA = \frac{\text{net profit after tax}}{\text{total assets}} \times 100 \% \quad (4)$$

Financial Distress (Y₁)

In this study using the Modified Altman formula. In its development, Altman then modified his model so that the equation he had created could be used in all companies (Hastuti, 2015). In this model, Altman eliminates the X₅ variable because this ratio varies greatly in industries with different asset sizes. The Modified Altman Model equation is as follows:

$$Z'' = 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4 \quad (5)$$

Firm Value (Y₂)

In this study the authors chose the indicator of firm value is Price Book Value (PBV) because price book value is widely used in making investment decisions. P that has good management, it is expected that the PBV of the company is at least 1 or above the book value (overvalued), and if the PBV number is below 1, it is certain that the stock market price is lower than its book value (undervalued). A low PBV indicates a decrease in the quality and fundamental performance of the issuer concerned.

According to Noor Salim and Prasetia (2022), PBV can be calculated using the formula:

$$PBV = \frac{\text{Stock price per share}}{\text{Book Value per share}} \times 100 \% \quad (6)$$

The book value of a share can be calculated

$$\text{Book Value Per Share} = \frac{\sum \text{Capital}}{\sum \text{Shares outstanding}} \times 100 \% \quad (7)$$

Data Analysis Technique

Descriptive Analysis

In this study using descriptive statistics, namely statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations. Descriptive statistical analysis used is mean, minimum, maximum and standard deviation.

Data Multicollinearity Test

The multicollinearity test is to see whether or not there is a high correlation between the independent variables in a multiple linear regression model. The multicollinearity test aims to test whether the regression model found a correlation between the independent variables. The multicollinearity test is seen from the tolerance value and Variance Inflation Factor (VIF). If the VIF value is not more than 10 and the Tolerance value is not less than 0.1,

then the model can be said to be free from multicollinearity. $VIF = 1 / \text{Tolerance}$, if $VIF = 10$, then Tolerance is $1/10$. The higher the VIF, the lower the Tolerance.

Goodness Fit Model

The coefficient of determination (R^2) essentially measures how far the mode's ability to explain the variation in the dependent variable. The coefficient of determination is between zero and one. A small R^2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. For every additional independent variable, R^2 must increase regardless of whether the variable has a significant effect on the dependent variable, so it is recommended to use the adjusted R^2 value when evaluating the regression model. The adjusted R^2 value can increase or decrease if one independent variable is added to the model.

Path Analysis

Path analysis is a technique for analyzing the causal relationship that occurs in multiple regression if the independent variable affects the dependent variable not only directly, but also indirectly. Path analysis will help in seeing the magnitude of the coefficient directly and indirectly from the dependent variable to the independent variable, by paying attention to the magnitude of the coefficient. Then the magnitude of the direct and indirect influence of the dependent variable on the independent variable can be compared, taking into account the magnitude of the coefficient. Then the magnitude of the direct and indirect influence can be compared, based on the coefficient value, it will be known which variable has the greatest influence from the smallest influence on the dependent variable.

Test t (Partial)

Hypothesis Testing The t test is conducted to determine the effect of each independent variable partially on the dependent variable. The t test is done by comparing t count against t table with the following conditions:

If $t \text{ count} > t \text{ table}$ then H_a is accepted and H_o is rejected, it means that there is a significant effect of each independent variable on the dependent variable partially.

If $t \text{ count} < t \text{ table}$ then H_o is accepted and H_a is rejected, it means that there is no significant effect of each independent variable on the dependent variable partially.

RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive analysis and frequency distribution of the research model can be seen in table 2 below.

Table 2. Descriptive Analysis

	Average	Minimum	Maximum	Standard Deviation
Institutional Ownership	0.801	0.334	0.987	0.157
Managerial Ownership	0.005	0.000	0.125	0.016
Current Ratio	0.103	0.026	0.390	0.040
Return On Asset	0.012	0.000	0.033	0.008
Financial Distress	2.833	1.379	3.469	0.500
Firm Value	1.437	0.378	4.987	1.076

Source: SmartPLS Processed Data (2022)

Institutional Ownership

From table 2, it can be seen that the minimum value of Institutional ownership of 25 companies or 125 banking samples on the Indonesia Stock Exchange for the 2017-2021 period is 0.334 held by Bank Capital Indonesia Tbk (BACA). Meanwhile, the maximum value of institutional ownership is 0.987 obtained by Bank Permata Tbk (BNLI). The average value of institutional ownership of banking companies is 0.801 or 80.1%. This shows that most of the sample companies are on average owned by institutions with a share ownership portion of 80.1% in the company. The amount of the standard deviation value of 0.157 or 15.7% means that the mean value is greater than the standard deviation, thus indicating that Institutional Ownership in 25 banking companies has fairly good results. This is because standard deviation is a very high reflection of deviation, so that the distribution of data shows normal results and does not cause bias.

Managerial Ownership

The minimum value of managerial ownership is 0.000. Companies that have institutional ownership are Bank Ganesha Tbk (BGTG), West Java Regional Development Bank Tbk (BJBR), Bank Bumi Arta Tbk (BNBA), Bank CIMB Niaga Tbk (BNGA), Bank Maybank Indonesia Tbk (BNII), Bank Permata Tbk (BNLI), Bank China Construction Bank Indonesia (MCOR), Bank Mega Tbk (MEGA), Bank Nationalnobu Tbk (NOBU).Meanwhile,

the maximum value of Managerial Ownership is 0.125 obtained by Bank Capital Indonesia Tbk (BACA). The average value of Managerial Ownership is 0.005 or 0.5%. This means that companies with ownership by outsiders, namely PT, CV, and insurance institutions, financial institutions, and so on are 0.005 or 0.5% of all shareholders. While the rest is owned by the government or institutions or the public. The amount of standard deviation value is 0.016 or 1.6%. This means that the mean value is smaller than the standard deviation, thus indicating that the results are not good. Because standard deviation is a reflection of deviation that is not high, so that the distribution of data shows abnormal results and causes bias.

Current Ratio

The minimum value obtained for the Current Ratio variable is 0.026 obtained by Bank OCBC NISP (NISP). As for the maximum value, the number 0.390 was obtained by Bank Ganesha Tbk (BGTG). The average obtained from the Current Ratio variable is 0.103 or 10.3% and the standard deviation is 0.040 or 4%. This means that the mean value is greater than the standard deviation, thus indicating that the results are quite good. This is because standard deviation is a very high reflection of deviation, so that the distribution of data shows normal results and does not cause bias.

Return On Asset

The minimum value obtained for the Return On Asset variable is 0.000 obtained by Bank Sinarmas Tbk (BSIM). As for the maximum value, the number 0.033 was obtained by Bank Mestika Dharma Tbk (BBMD). The average obtained from the Return On Asset variable is 0.012 or 1.2% and the standard deviation is 0.008 or 0.08%, meaning that the mean value is greater than the standard deviation, thus indicating quite good results.

Financial Distress

The minimum value obtained for the Financial Distress variable is 1.379 obtained by Bank Capital Indonesia (BACA). As for the maximum value, the number 3,469 is obtained by Bank Negara Indonesia (Persero) Tbk (BBNI). The average obtained from the Financial Distress variable is 2.833 or 283.3% and the standard deviation is 0.500 or 50%. This means that the mean value is greater than the standard deviation, thus indicating that the results are quite good. This is because standard deviation is a very high reflection of deviation, so that the distribution of data shows normal results and does not cause bias.

Firm Value

The minimum value obtained for the Firm value variable is 0.378 obtained by Bank Pan Indonesia Tbk (PNBN). As for the maximum value, the number 4,987 was obtained by Bank Mayapada Internasional Tbk (MAYA). The average obtained from the Firm value variable is 1.437 or 143.7% and the standard deviation is 1.076 or 107.6%, meaning that the mean value is greater than the standard deviation, thus indicating quite good results.

Data Multicollinearity Test

The multicollinearity test results show that the Tolerance value of the dependent variable in the form of financial distress (Y1) and firm value (Y2) on the independent variable consisting of Institutional Ownership, Managerial Ownership, Current Ratio and Return On Asset has a VIF value of 0.1 which indicates that there are no multicollinearity symptoms.

Test Coefficient of Determination (R²)

From the test results, the Adjusted R Square value on the Managerial Ownership, Institutional Ownership, Current Ratio and Return On Asset variables on Financial Distress is 0.066 or equal to 6.6%, where the remaining 93.4% is explained by other variables not examined in this study. As for the Managerial Ownership, Institutional Ownership, Current Ratio, Return On Asset and Financial Distress variables on Firm Value of 0.151 or equal to 15.1%. so it can be concluded that the remaining 84.9% is explained by other variables not examined in this study. Or each independent variable is completely unable to explain the variance of the dependent variable, namely the value of the company.

Path Analysis

Based on the results of the path analysis, the following data is obtained:

Table 3. Path Analysis

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Summary
IO → Altman	0.201	0.215	0.094	2.141	0.016	Significant
MO → PBV	0.273	0.266	0.101	2.698	0.004	Significant

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Summary
ROA→PBV	0.300	0.295	0.118	2.534	0.006	Significant
Altman→ PBV	-0.231	-0.218	0.106	2.187	0.015	Significant
IO→ PBV	-0.092	-0.099	0.074	1.250	0.106	Significant
MO → Altman	0.095	0.094	0.119	0.802	0.212	Not Significant
CR → PBV	-0.082	-0.081	0.068	1.214	0.113	Not Significant
CR→ Altman	-0.129	-0.108	0.111	1.160	0.123	Not Significant
ROA→ Altman	0.119	0.119	0.084	1.411	0.079	Not Significant

Source: SmartPLS Processed Data (2021)

Significant if P Value <0.05

Based on this data, the following equation is obtained:

$$Y_1 = 0,016X_1 + 0,212X_2 + 0,123X_3 + 0,079X_4$$

$$Y_2 = 0,106X_1 + 0,004X_2 + 0,113X_3 + 0,006X_4 + 0,015Y_1$$

Discussion

The Effect of Institutional Ownership on Financial Distress

Based on the tests that have been carried out, it can be concluded that Institutional Ownership has a significant positive effect on Financial Distress in banking sector companies listed on the Indonesia Stock Exchange (BEI). Significantly influenced indicates that a large percentage level of institutional share ownership can result in the company experiencing financial distress, because the company's management believes it cannot cover the losses incurred. And vice versa. The average amount of institutional ownership in this study is 0.801 (80.1%). This shows that the proportion of share ownership by institutional parties is quite high. With a high proportion, it is expected that institutional parties have the power to regulate and oversee company performance.

These results are in accordance with research conducted by Nuryono (2019), Mujiyati, Ariani & Pratama (2021) and Maryam & Yuyetta (2019) which state that Institutional Ownership affects Financial Distress. The results of this study are not in line with the research of Widiarsari (2017) and Masita & Purwohandoko (2020) which concluded that Institutional Ownership has no effect on Financial Distress.

The Effect of Managerial Ownership on Financial Distress

Based on the tests that have been carried out, it can be concluded that Managerial Ownership has no significant effect on Financial Distress. The insignificance of managerial ownership on financial distress is due to the healthy condition or not of a company, especially banking companies in Indonesia, is not caused by the size of the shares owned by the board of directors and the board of commissioners alone, but rather due to the ability of the board of directors to manage the company. Ownership is very small at 0.05% so that the manager's voice has no effect at the General Meeting of Shareholders (GMS). This is evidenced by the 25 banking companies sampled, there are 16 companies that do not have managerial ownership in their companies.

The results of this study are in line with Minanari (2022) and Pranita dan Kristanti (2020) which conclude that the size or size of the share ownership cannot affect financial distress for the company. This is because managerial share ownership is symbolic which is used to attract investors. The results of this study are not in line with Widiarsari (2017), Masita & Purwohandoko (2020) and Maryam & Yuyetta (2019).

Effect of Current Ratio on Financial Distress

Financial distress starts from the company's inability to meet its obligations, especially short-term obligations. Current ratio is a ratio that shows the level of ability of the company's current assets to cover short-term obligations.

Based on the tests that have been carried out, it can be concluded that the Current Ratio has no significant effect on Financial Distress. This is in accordance with research conducted by Wijaya & Sedana (2015) which states that no matter how much the company's liquidity value does not have a significant influence on the occurrence of financial distress. The level of liquidity does not guarantee that the company will experience financial distress in this study because the current ratio is a measure of long-term liquidity. The results of this study are not in line with Mashudi et al. (2021) and Poniwatie, Istanti & Prasta (2021).

The Effect of Return On Assets on Financial Distress

Return on assets (ROA) is one type of profitability ratio used to measure how much net profit the company gets when measured from the value of its assets. The greater the return on assets, the better the company generates profits so that the company will avoid Financial Distress conditions.

Based on the tests that have been carried out, it can be concluded that Return On Asset has no significant effect on Financial Distress. It can be concluded that the company is not able to manage financial statements,

especially in managing return on assets (ROA) and company size that is less effective and efficient because banking companies listed on the Indonesia Stock Exchange each year experience a decrease and fluctuation or up and down. So that it causes banking companies listed on the Indonesia Stock Exchange to experience operating losses and net losses for the current year. Therefore, good financial statement management is very important because it will avoid bankruptcy or financial distress. The results of this study are not in line with Maximillian & Septina (2022) dan Pranita and Kristanti (2020).

The Effect of Institutional Ownership on Firm Value

The results of this study reveal that institutional ownership has no effect on firm value. This contradicts agency theory which states that institutional ownership can be a good inter-internal monitoring mechanism in overcoming agency conflicts that pose a risk to firm value. The results of this study are also inconsistent with research conducted by Nuraina (2012) and Nuryono et al. (2019). The absence of influence by institutional ownership on firm value means that an increase or decrease in the percentage of institutional ownership has no effect on firm value so that it cannot be used to boost firm value. This can happen because institutional investors have not been able to carry out their role in monitoring manager performance properly. Whereas companies in the basic and chemical industry sector have a high average institutional ownership of 80.1% and if utilized optimally it can be a good supervisory mechanism because they have strong control over majority share ownership. Another cause is the possibility of an alliance between institutional investors and managers. The results of this study are in line with the research of Rahma (2014), Alfinur (2016) and Fitriyani (2017).

The Effect of Managerial Ownership on Firm Value

The results of this study reveal that managerial ownership has a positive effect on firm value. This is in accordance with agency theory which states that providing a share of share ownership for managers to have interests that are aligned with shareholders can resolve agency conflicts. The results of this study are in accordance with Rizqia et al (2013) and Tamarani (2015) which explain that managerial ownership has a positive effect on firm value.

Managerial ownership has a positive effect on firm value, meaning that an increase in the percentage of managerial ownership can increase firm value. Providing share ownership to managers makes managers have a role as shareholders and managers of company management. Managers will work in accordance with the interests of shareholders (external shareholders and managers), namely getting profits as a return on the investment made so that shareholders will have a good perception and increase the share price while increasing the company's value. The results of this study are not in line with the research of Nuryono et al. (2019), Fitriyani (2017) and Suastini et al. (2016).

Effect of Current Ratio on Firm Value

The results of this test show that there is no relationship or impact of current ratio on firm value. The higher the Current ratio, it can be indicated that there are idle funds, this also means that there is a decrease in profits because the assets obtained are mostly used to make short-term debt payments and cannot be used as a benchmark for investment decision making and has no influence on firm value.

The results of this study are in line with the research of Wijaya & Sedana (2015), Sofiani & Siregar (2022) and Utami & Welas (2019) which show that the current ratio has no effect on firm value. These results indicate that the current ratio cannot be used as an indicator to determine the amount of firm value, this is because current assets do not produce high returns compared to fixed assets. The results of this study are not in line with the research of Putra & Lestari (2016) and Safira & Suci (2021).

The Effect of Return on Asset on Firm Value

The results of this study reveal that managerial ownership has a positive effect on firm value. This means that Return on Asset has an effect on Price Book To Value. If the Return On Asset value increases, the PBV value of a company will also increase. Which means that the higher the ratio of the company in generating profits, the higher the value of a company. This is because high profits provide an indication of good prospects and can trigger investors to increase demand for shares. This research is in line with research conducted by Sucuahi & Cambarihan (2016) and Nurkhin et al. (2017). The results of this study are not in line with the Beureukat (2019) and Utami & Welas (2019).

The Effect of Financial Distress on Firm Value

The test results show that financial distress has a negative and significant effect on firm value. These results are in line with the research of Habib et al. (2013) and Dinasari & Herawati (2020). This shows that companies that are experiencing financial difficulties are less attractive to investors because investors need certainty regarding the risk and rate of return on the investment invested, while companies experiencing financial distress cannot provide these two things for investors so that if it is associated with signal theory investors will tend to refuse to invest in

companies that are experiencing financial difficulties, the lack of investor interest in investing will interfere with the company's funding activities so that the company cannot grow or even worse can go bankrupt if it does not immediately obtain funding from investors this will certainly have an impact on reducing the value of the company. The results of this study are not in line with the research of Saremi & Shorvarzi (2014), Melina & Husna (2020) and Hiekmah (2021).

CONCLUSION

Institutional Ownership has a significant positive effect on Financial Distress, indicating that the percentage level of large institutional share ownership can cause the company to experience financial distress, because the company's management believes it cannot cover the losses incurred. Vice versa. Managerial Ownership has no significant effect on Financial Distress due to the healthy condition or not of a company, especially banking companies in Indonesia, is not caused by the size of the shares owned by the board of directors and the board of commissioners alone, but rather due to the ability of the board of directors to manage the company. Current Ratio has no significant effect on Financial Distress. This means that the level of liquidity does not guarantee that the company will experience financial distress in this study because the current ratio is a measure of long-term liquidity. Return On Asset has no significant effect on Financial Distress. It can be concluded that the company is not able to manage financial statements, especially in managing return on assets (ROA) and the size of the company that is less effective and efficient because banking companies listed on the Indonesia Stock Exchange each year experience decreases and fluctuations or ups and downs. Institutional Ownership has no significant effect on Firm Value. The absence of influence by institutional ownership on firm value means that an increase or decrease in the percentage of institutional ownership has no effect on firm value so that it cannot be used to boost firm value. Managerial Ownership has a significant positive effect on Firm Value. means that an increase in the percentage of managerial ownership can increase firm value. Granting share ownership to managers makes managers have a role as shareholders and managers of company management. . Current Ratio has no significant effect on Firm Value. These results indicate that the current ratio cannot be used as an indicator to determine the amount of firm value, this is because current assets do not generate high returns compared to fixed assets. Return On Asset has a significant effect on Firm Value. Where it means that the higher the ratio of the company in generating profits, the higher the value of a company. This is because high profits indicate good prospects and can trigger investors to increase demand for shares. Financial Distress has a significant negative effect on Firm Value. This shows that companies that are experiencing financial difficulties are less attractive to investors because investors need certainty regarding the risk and rate of return on the investment invested, while companies experiencing financial distress cannot provide both of these things for investors so that if it is associated with signal theory investors will tend to refuse to invest in companies that are experiencing financial difficulties, the lack of investor interest in investing will interfere with the company's funding activities so that the company cannot grow or even worse can go bankrupt if it does not immediately obtain funding from investors this will certainly have an impact on reducing the value of the company.

Based on the research that has been done, there are still some limitations, including it is hoped that further research can add other variables, population and increase the time span of company data in order to find out what factors affect Financial Distress and Firm Value.

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