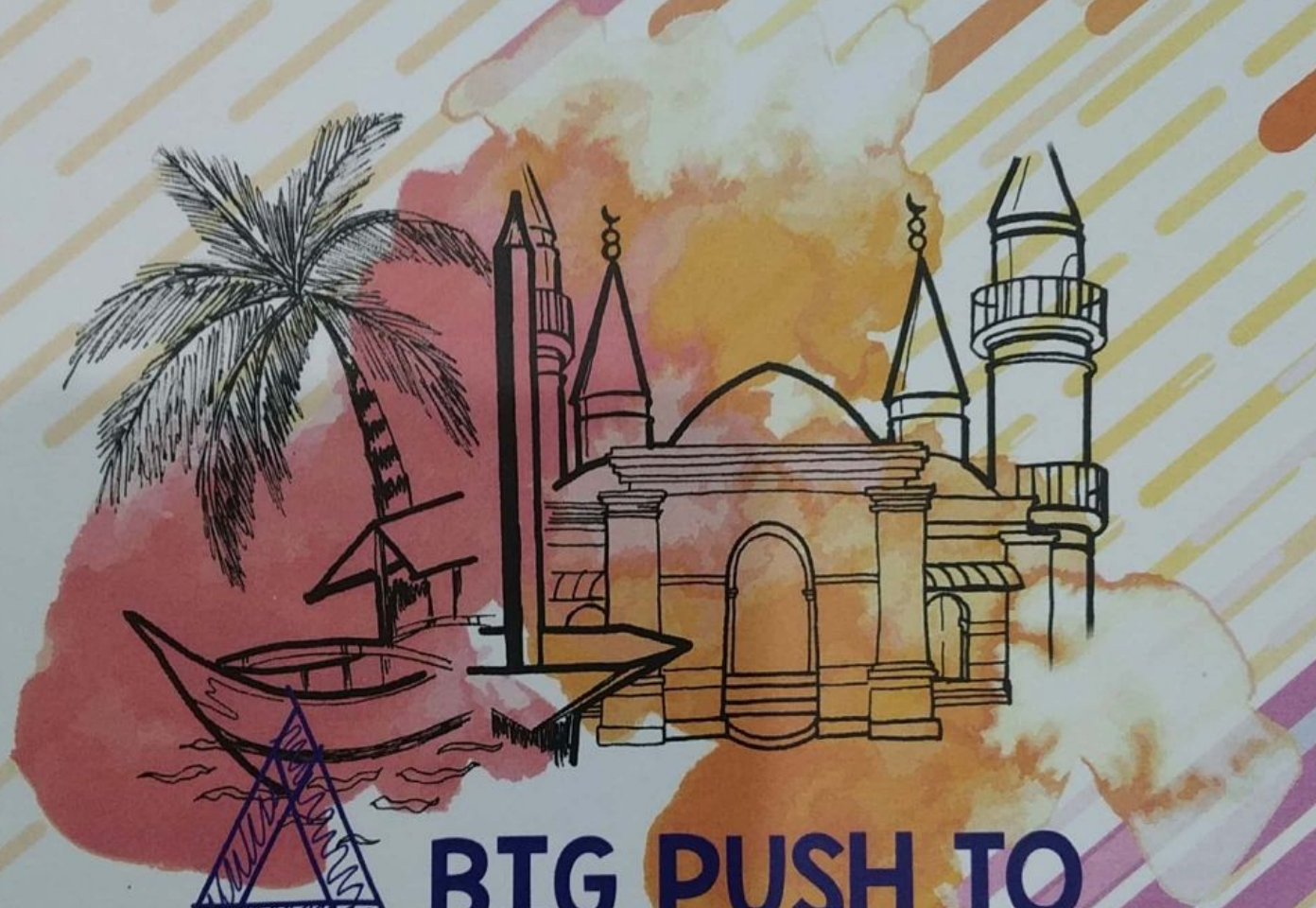




**UBAYA**  
UNIVERSITAS SURABAYA



**14<sup>th</sup> INSYMA**  
international annual  
symposium on  
management



**BIG PUSH TO  
WORLD-CLASS TOURISM:**  
Strategic Analysis & Opportunities

Proceeding 14th International Annual Symposium on Management  
Tanjung Pinang, Riau Islands, Indonesia | March 3rd - 4th, 2017

Co-host:



HINDU UNIVERSITY  
OF AMERICA



PROCEEDING

The 14<sup>th</sup> UBAYA International Annual Symposium on  
Management

**A BIG PUSH TO A WORLD-CLASS  
TOURISM: STRATEGIC ANALYSIS  
& OPPORTUNITIES**

Tanjung Pinang, Riau Islands, Indonesia  
3<sup>rd</sup>-4<sup>th</sup> March 2017

Department on Management  
Faculty of Business and Economics, Universitas Surabaya,  
Surabaya, Indonesia

**Proceeding**

**The 14<sup>th</sup> UBAYA International Annual Symposium on  
Management**

**A BIG PUSH TO A WORLD-CLASS TOURISM: STRATEGIC  
ANALYSIS & OPPORTUNITIES**

Editors:

Dudi Anandya, Dr.  
Arif Herlambang, M.Si.

Layout and Cover Designer:

Edithia Ajeng P, SE.

Reviewers:

Candra S. Chayadi, Ph.D. (School of Business, Eastern Illinois University)  
Dudi Anandya, Dr (Universitas Surabaya)  
Joniarto Parung, Ph.D, Prof. (Universitas Surabaya)  
Ning Gao, Ph.D. (Manchester Business School)  
Wahyu Soedarmono, Ph.D. (Research Analyst, The World Bank, Jakarta)  
Yuanto Kusnadi, Ph.D. (City of Hongkong University)

Published by:

Department Of Management, Faculty Of Business & Economics

Universitas Surabaya

Jl. Raya Kalirungkut

Surabaya, Indonesia 60293

Phone : +62-31-2981139

Fax : +62-31-2981239

ISBN: 978-602-73852-1-4

Copyright © 2017 Department of Management, Faculty of Business &  
Economics, Universitas Surabaya

## FOREWORD

We are delighted to welcome you to 14<sup>th</sup> International Symposium on Management (INSYMA) Tanjung Pinang, Riau, Indonesia. The high quality of the papers and the discussion represent the thinking and experience of researchers, academics and practitioners in the particular fields. Their contributions helped to make the conference as outstanding as it has been.

This proceeding is a compilation of papers submitted for the 14<sup>th</sup> International Symposium on Management (INSYMA) conducted by the Department of Management, the Faculty of Business and Economics, University of Surabaya (UBAYA) themed “**A BIG PUSH TO WORLD-CLASS TOURISM: STRATEGIC ANALYSIS AND OPPORTUNITIES**”. The conference organizers have put together both the latest research and provide an opportunity to make friendship and new acquaintances.

The 14<sup>th</sup> INSYMA is a means for participants consisting of researchers, academics and practitioners to have a discussion forum. The event is expected to enable participants in sharing initiatives, ideas and efforts from the results of research and discussion concerning how to create a Big Push in a strategy to deal with all the challenges and find opportunities in the tourism industry of each country to be a world-class tourism.

In this opportunity, we would like to say that we are greatly honored by all presenters and participants' presence both from Indonesia and from other country. We would like to share our grateful to the Sponsorship and partnership in this 14<sup>th</sup> INSYMA. This theme represents strategic analysis and opportunities of implementation that will extend far beyond the sector, as tourism enhances province's reputation as a premier destination to visit, invest, work-live, and integration with the global community. The strength of tourism destination product will be counted and will continue to find ways how economic integration in tourism

sector can achieve the sustainability of: growth of economic, prosperity and welfare to all countries.

Finally, we would like to thank the researchers for their willingness to share their research and ideas. Without their efforts, this proceeding would not possible. The committees and editors deserve special thanks for their outstanding effort in reviewing and preparing the event and manuscripts for publication. We hope that this compilation of papers can enrich our perspective in Tourism strategic analysis and opportunities.

Tanjung Pinang, March 3<sup>rd</sup>, 2017

Prita Ayu Kusumawardhany

Chairwoman of 14<sup>th</sup> INSYMA

## CONTENTS

FOREWORD	iii
CONTENTS	v

### *FINANCE & ACCOUNTING*

---

1. THE INFLUENCE  
OF FINANCIAL KNOWLEDGE,  
FINANCIAL CONFIDENCE, AND INCOM  
E ON FINANCIAL BEHAVIOR AMONG  
THE WORKFORCE IN JAKARTA  
Agus Zainul Arifin, Kevin, Halim Putera Siswanto 3
2. THE EFFECT OF PROFITABILITY,  
TANGIBILITY, SIZE, GROWTH AND  
LIQUIDITY TO LEVERAGE OF  
BUSINESS ENTITIES LISTED IN  
INDONESIA STOCK EXCHANGE ON  
PERIOD 2011-2015  
Ayrin Corina, Werner RiaMurhadi, Liliana Inggrit Wijaya 4
3. THE EFFECT OF FIRM FUNDAMENTAL  
FACTORS ON CAPITAL STRUCTURE  
OF CEMENT AND CHEMICAL  
INDUSTRIES LISTED IN INDONESIA  
STOCK EXCHANGE  
D. Agus Harjito, Robert Oktama 5
4. THE INFLUENCE OF CORPORATE  
GOVERNANCE, CAPITAL STRUCTURE

- AND FIRM SIZE ON FIRM VALUE WITH  
FIRM PERFORMANCE AS AN  
INTERVENING VARIABLE  
*Dedik Wahyudi, Abdul Hadi, Fifi Swandari* 6
5. THE IMPACT OF  
INTERNATIONALIZATION AND R&D  
ON FIRM PERFORMANCE  
*Elsandra Iuwana, Deddy Marciano* 8
6. TEST OF JANUARY EFFECT, DAY OF  
THE WEEK EFFECT, AND ROGALSKI  
EFFECT ON MANUFACTURING FIRMS  
LISTED IN INDONESIA STOCK  
EXCHANGE  
*Fauziah Wijayanti, Zaenal Arifin* 9
7. FACTORS AFFECTING THE VALUE OF  
THE COMPANY AND HEDGING ON  
INDUSTRY COMPANIES LISTED IN  
BEI  
*Firdaus AR, Suryadi, Hamdi Agustin, Emkhad Arif* 10
8. OWNERSHIP STRUCTURE AND BANK  
PERFORMANCE IN INDONESIA  
*Hamdi Agustin, Azmansyah, Kamar Zaman* 12
9. EFFICIENT OR OPPORTUNISTIC  
EARNINGS MANAGEMENT  
CONCERNING THE EFFECT OF FAMILY  
OWNERSHIP, FIRM SIZE, AND  
CORPORATE GOVERNANCE  
PRACTICES  
*Inez Devina, Hanna* 13

10. STOCK AND BOND CORRELATION IN TERM OF CONTAGION AND FLIGHTS REFER TO UNCONVENTIONAL MONETARY POLICY  
Isye Nur Isyroh, Zaäfri Ananto Husodo 14
11. STOCK RETURN PREDICTABILITY BY USING MARKET RATIO, TRADING VOLUME, AND STOCK VARIANCE  
Klaudia Fraulein Tejosaputro, Werner RiaMurhadi, Bertha Silvia Sutejo 15
12. CASH CONVERSION CYCLE AND FIRM PERFORMANCE: EVIDENCE FROM INDONESIA  
Lukas Purwoto, Caecilia Wahyu Estining Rahayu 17
13. MERGER OF PROVINCIAL AND DISTRICT OWNERSHIP SAVING AND LOAN (S&L) AND MARKET POTENTIAL IN TOURISM SECTORS  
Marijati Sangen, Fifi Swandari 18
14. ROLE OF SUSTAINABLE GROWTH RATE TO INCREASE COMPANY'S VALUE  
Rosemarie Sutjiati 20
15. FACTORS AFFECTING THE CAPITAL STRUCTURE AND EFFECT ON ITS PERFORMANCE  
Samuel Pramana Dwidjaja, Werner R. Murhadi, Mudji Utami 21
16. THE IMPACT OF FUNDAMENTAL FACTORS ON INDONESIA STOCK

- EXCHANGE COMPOSITE INDEX  
Sri Zaniarti 22
17. TOWARDS EXCELLENT HOSPITALITY  
INDUSTRY THROUGH MANAGEMENT  
CONTROL SYSTEM FRAMEWORK  
Stanislaus Adnanto Mastan, 23
18. THE EFFECT OF TUNNELING,  
PROFITABILITY, LEVERAGE AND SIZE  
TO THE FUTURE FIRM PERFORMANCE  
AND FINANCIAL DISTRESS ON THE  
CONSUMER GOODS SECTOR (ASEAN  
STOCK EXCHANGE 2011-2015 PERIOD)  
Steffi Felicia, Werner R. Murhadi, Arif Herlambang 25
19. ANALYSIS OF FINANCIAL LITERACY  
IN MICRO BUSINESS IN PEKANBARU  
INDONESIA  
Susie Suryani, Eka Nuraini, Evizal Abdul Kadir, Surya  
Ramadhan 27
20. ISLAMIC SHARE PRICES  
DETERMINANT EMPIRICAL STUDY ON  
ISLAMIC CAPITAL MARKET  
Sutrisno 28
21. HUMAN RESOURCES IN PERSPECTIVE  
ACCOUNTING SHARIA  
Zarah Puspitaningtyas 29
22. THE ROLE OF BUSINESS INCUBATOR  
IN DEVELOPING DIGITAL STARTUP IN  
INDONESIA  
Andy Saputra 30

23. THE INFLUENCE OF FUNDAMENTAL FACTORS TO FIRM'S SHARE PRICE INCLUDED IN 2015 KOMPAS 100 INDEX  
Ika Yanuarti, Helena Dewi 31

---

***HUMAN RESOURCES***

---

24. THE ROLE OF ENTREPRENEURSHIP CULTURE AND ENTREPRENEURSHIP COURSE TOWARD ENTREPRENEURSHIP INTENTION AMONG STUDENTS  
Ivana Krisantana, Noviaty Kresna Darmasetiawan, Elsy Tandelilin 35
25. GROUP ORGANIZATIONAL CITIZENSHIP BEHAVIOR INFLUENCES INDIVIDUAL-ORGANIZATIONAL CITIZENSHIP BEHAVIOR: A CROSS LEVEL ANALYSIS.  
Joseph L. Eko Nugroho 36
26. ORGANIZATIONAL CLIMATE, COUNTERPRODUCTIVE BEHAVIOR AND EMPLOYEE TURNOVER  
Meily Margaretha 37
27. COMPETENCE ENHANCEMENT OF HUMAN RESOURCES IN THE DEVELOPMENT OF TOURISM REGION BOJONEGORO AS AGROPOLITAN TOURISM AREA  
Noviaty Kresna Darmasetiawan 38

28. THE IMPACT OF WORK STRESS AND BURNOUT ON NURSE'S PERFORMANCE WITH JOB SATISFACTION AS AN INTERVENING VARIABLE  
Suhartini, Ramadhany Setyarini 39
29. STAY OR QUIT: ANALYZING FACTORS AFFECTING EMPLOYEE LOYALTY (EMPIRICAL STUDY OF HOTELS IN BALI)  
I Gusti Ayu Putu Wita Indrayani 40
30. INVESTIGATION FACTORS INTENTION AS A PUBLIC ACCOUNTANT AUDITOR AT THE BIG FOUR PUBLIC ACCOUNTANT FIRM  
Yohana F. Cahya Palupi Meilani, Herlina Lusmeida 41
31. MIDDLE MANAGERS' PULL FACTORS ON THE EFFECT OF TURNOVER INTENTIONS, BEHAVIORAL STUDY OF INDIVIDUAL WORK  
Honorata Dwi Ratnawati Putranti 43
32. FACTORS THAT INFLUENCING THE ADOPTION OF DIVERSITY MANAGEMENT: CASE OF MNC BANK  
Wolter Boeky, Lieli Suharti, Christantius Dwiatmadja 44

---

**MARKETING**

---

33. THE CONSUMER'S ATTITUDES  
TOWARDS WEB ADVERTISING ON  
TOURISM MALAYSIA WEB  
ADVERTISEMENT: LITERATURE  
REVIEW AND HYPOTHESIS  
Bahtiar Mohamad, Nur Syuhada Rahimi 49
34. THE INFLUENCE OF GOVERNMENT  
OFFICER AS AN AD ENDORSER  
TOWARD ADVERTISEMENT ATTITUDE  
AND PURCHASE INTENTION  
Brian Fredericka Supit, Muchsin Muthohar 50
35. GREEN PERCEPTION, GREEN VALUE  
AND GREEN AWARENESS ON GREEN  
PURCHASE OF TOYOTA AGYA IN  
SURABAYA  
Calvin Halim, Christina Rahardja Honantha, Liliana Inggrit  
Wijaya 51
36. UNDERSTANDING OF PERCEPTION  
QUALITY MANAGEMENT SYSTEM  
PROCEDURE AND THE  
IMPLEMENTATION OF THE TESTING  
HAVE ON SATISFACTION SERVICES  
Deni Surapto 52
37. THE IMPACT OF SOCIAL MEDIA  
CELEBRITY ENDORSER TO BRAND  
EQUITY AND PURCHASE INTENTION  
Nency, Dudi Anandya 53

38. THE EFFECT OF BRAND AUTHENTICITY TOWARD BRAND TRUST HATTEN WINES IN SURABAYA  
Ferdinandus Yohanes Nugraha Sutrisno, Silvia Margaretha, Christina R. Honantha 54
39. THE IMPACTS OF LENGTH OF STAY TO ROOM OCCUPANCY: A ROOM REVENUE MANAGEMENT PERSPECTIVE OF AMAN RESORTS  
Ida Bagus Made Wiyasha, I Ketut Surata 55
40. A STRATEGIC ANALYSIS OF DOMESTIC TOURISM MARKET IN INDONESIA  
Ike Janita Dewi, Lucia Kurniawati 56
41. INFLUENCE OF MALL PERSONALITY AND FASHION ORIENTATION TOWARD SHOPPING VALUE AND MALL PATRONAGE INTENTION  
Innocentia Sally Hartono, Indarini, Andhy Setyawan 57
42. THE TRANSFORMATION STRATEGY OF A FARM BASED VILLAGE INTO TOURISM VILLAGE: A CASE STUDY ON WESTERN PARTS OF SLEMAN REGENCY, YOGYAKARTA SPECIAL PROVINCE  
Lucia Kurniawati, V Mardi Widyadmono, Ike Janita Dewi, BR Diah Utari 58
43. MEASUREMENT OF THE DOMESTIC TOURISTS' ATTITUDE ON THE TOURIST DESTINATIONS IN

INDONESIA BY USING IDEAL POINT  
MODEL

Muhamad Ariza Eka Yusendra 59

44. DEVELOPING LOCAL POTENTIAL-  
BASED ENTREPRENEURSHIP MODEL  
IN KANGEAN ISLANDS

Uswatun Hasanah, Ahmad Arsyad Munir 60

45. IMPLEMENTASI UNCERTAINTY  
REDUCTION THEORY PADA KONTEKS  
CONSUMER ONLINE REVIEW: STUDI  
PADA DIGITAL NATIVE ANGGOTA  
THE URBAN MAMA

Anna Riana Putriya, Whony Rofianto 61

46. TRUST AS MEDIATION VARIABLE  
BETWEEN COMMUNICATION AND  
IMAGE AGAINST THE LOYALTY OF  
GOJEK'S USER IN JAKARTA AND  
SURROUNDING

Soekiyono 63

***OPERATION***

---

47. THE EFFECT OF EFFICIENCY, SERVICE  
QUALITY, AESTHETICS, AND PLAY  
AGAINST THE PERCEIVED VALUE,  
SATISFACTION, AND LOYALTY AT  
IBIS HOTELS INDONESIA

Andy Raymond Willyanto, Juliani Dyah Trisnawati, Prita  
Ayu Kusumawardani 67

48. PANEL THEME: CULTURAL  
EDUCATION AND TOURISM  
INTERFACE: VOICES FROM THE  
PHILIPPINES  
TOURISM AND ASEAN INTEGRATION:  
CHALLENGES OF SOCIOCULTURAL  
LITERACY AND COMMUNITY-  
BUILDING  
Levita A. Duhaylungsod 69
49. UPGRADING THE VALUE CHAIN FOR  
SPIRITUAL TOURISM IN CHAU DOC -  
AN GIANG – VIETNAM  
(THE STUDY IS SPONSORED BY  
NATIONAL UNIVERSITY HO CHI MINH  
CITY THROUGH PROJECT INDICATE  
ON NUMBER CODE B2016-18B-02 VÀ  
MSĐT: 373.2016.9)  
Duong Duc Minh, Ta Duy Linh 70
50. INTERNATIONAL TOURISTS'  
MOTIVATIONS AND REVISIT  
INTENTION TO INDONESIA  
Erna Andajani, Siti Rahayu, Fitri Novika W, Adi Prasetyo  
Tedjakusuma 71
51. CREATING CUSTOMER VALUE  
THROUGH TOURISM EXPERIENCE  
DESIGN IN BALI  
I Gusti Ketut Adi Winata, Ni Luh Putu Eka Yudi Prastiwi,  
Ni Made Wulan Sari Sanjaya, I Ketut Suardika 72
52. YIELD MANAGEMENT, AN EFFORT TO  
EARN PROFIT THROUGH DYNAMIC  
PRICING

- (CASE STUDY OF TRANSPORT  
INDUSTRY)  
Nining Purwatmini 73
53. CAT TIEN ARCHAEOLOGICAL SITE  
WITH TOURISM DEVELOPMENT OF  
LAM DONG PROVINCE - VIETNAM  
Prof.Dr. Dang Van Thang, Duong Hoang Loc (M.A) 74
54. THE IMPLEMENTATION OF FISH BONE  
ACTIVITIES TO ENSURE THE QUALITY  
OF UNIVERSITY  
Ratna Widiastuti 75
55. SOME FACTORS IN THE ADOPTION OF  
UBAYA LEARNING SPACE BASED ON  
TECHNOLOGY ACCEPTANCE MODELS  
Richard Changay, Stefanus Budy Widjaja Subali, Prita Ayu  
Kusumawardhani 76
56. ANALYZING THE DEVELOPMENT OF  
TOURISM INDUSTRY IN SEVERAL  
CULTURAL EVENTS AT BATAM  
REGENCY, RIAU ISLAND PROVINCE  
Syailendra Reza Irwansyah Rezeki, Siska Amelia Maldin 77
57. PAWON GENITRI AS A BUSINESS UNIT  
SUPPORTING UNIVERSITAS  
SURABAYA'S EDUCATIONAL  
TOURISM  
Veny Megawati 78
58. EWOM EFFECT ON INTENTION TO  
VISIT RAJA AMPAT PAPUA  
(THEORY OF PLANNED BEHAVIOR)  
Virginia Winarta, Siti Rahayu, Prita Ayu Kusumawardhani 79

59. TOURISM INDUSTRY DEVELOPMENT  
IN VIETNAM: A CONCEPTUAL  
SUGGESTION AS STRATEGY  
David Koh 80
60. COMMUNITY-BASED DISCERNING  
TOURISM  
Nguyen Ngoc Tho, Lu Nguyen Xuan Vu 81
61. CULTURAL TOUISM IN CAMBODIA  
(ANGKOR WAT)  
THUY Chanthourn 82

---

***STRATEGIC MANAGEMENT & ECONOMICS***

---

62. DEVELOPMENT OF TOURISM AND  
CREATIVE ECONOMY IN INDONESIA  
Ahmad Zafrullah Tayibnapis, Lucia E. Wuryaningsih 85
63. THE IMPEMEMNTATION OF  
CORPORATE SOCIAL RESPONSIBILITY  
IN INDONESIA: AN OBLIGATION OR  
STRATEGIC COMPETITIVE  
ADVANTAGE  
Andhy Setyawan, ME. Lanny Kusuma Widjaja 86
64. THE ROLE OF HIGHER EDUCATION TO  
DEVELOPMENT OF TOURISM SECTOR  
IN RIAU PROVINCE  
Detri Karya, Azmansyah, Desy Mardianti 87

65. BUDGETING PARTICIPATION,  
ORGANIZATIONAL COMMITMENT  
AND QUALITY OF SERVICE  
Candra Sinuraya 88
66. MALUKU'S TOURISM DEVELOPMENT:  
AN ANALYSIS OF TOURIST  
DESTINATION IN AMBON  
Charly Hongdiyanto 89
67. STUDENTS' CHALLENGES IN  
MAXIMIZING ENTREPRENEURSHIP  
CAPACITY  
Rachmasari Devi 90
68. LAMLIFEW: A CULTURAL  
COMMUNITY-INITIATED MUSEUM IN  
THE SOUTHERN EDGE OF THE  
PHILIPPINES  
Joan Christi Trocio 91
69. HEALTH AND WELLNESS TOURISM : A  
STRATEGIC PLAN FOR TOURISM  
ENTREPRENEURSHIP  
Leonardi Lucky Kurniawan 92
70. THE NGHINH ONG FESTIVAL IN GO  
CONG DISTRICT, TIEN GIANG  
PROVINCE  
(A PERSPECTIVE OF TOURISM  
CULTURE)  
Nguyen Thi Le Hang, Tran Thi Kim Anh, Cao Thanh Tam 93
71. SUSTAINABILITY DEVELOPMENT  
REPORTING: FIRMS'  
CHARACTERISTICS AND

- SHAREHOLDERS VALUE, INDONESIA  
CASE  
Fr. Ninik Yudianti 95
72. TRI HITA KARANA AS PHILOSOPHY  
OF PROPONENT SUSTAINABLE  
SPIRITUAL TOURISM IN BALI  
Ni Wayan Novi Budiasni, Ni Luh Eka Ayu Permoni, Ni  
Made Rianita, I Gusti Made Oka Astana 97
73. TOURISM INDUSTRY AS ECONOMIC  
DRIVER IN EAST JAVA  
nurul istifadah 99
74. COUNTING CULTURE: FLOWS AND  
FLAWS OF CULTURAL STATISTICS IN  
SOCIAL AND NON-MARKET  
CULTURAL PRODUCTIONS  
Assoc. Prof. Ricamela S. Palis 100
75. "WEEKEND TOURISM" - AN  
ORIENTATION OF TOURIST  
DEVELOPMENT IN VIETNAM ON THE  
CONTEXT OF ASEAN COMMUNITY  
(CASE STUDY OF BINH DUONG  
PROVINCE)  
Assoc Prof. Dr Phan Thi Hong Xuan 101
76. GLOBALIZATION TOURISM  
PROMOTION, CULTURE, NATURAL  
TOURISM OBJECTS, HOME INDUSTRY,  
LOCAL PRODUCTS,  
INFRASTRUCTURE, AND SERVICES.  
Seno H Putra 102

77. "CULTURAL TOURISM"  
THE RISK INVOLVED, POSSIBLE  
CONFLICTS AND CHALLENGES IN A  
MULTI-RELIGIOUS -  
MULTI CULTURAL COUNTRIES"

Yashwant Pathak, Adi Prasetyo Tedjakusuma

103

**THE EFFECT OF TUNNELING, PROFITABILITY,  
LEVERAGE AND SIZE TO THE FUTURE FIRM  
PERFORMANCE AND FINANCIAL DISTRESS ON THE  
CONSUMER GOODS SECTOR (ASEAN STOCK  
EXCHANGE 2011-2015 PERIOD)**

**Steffi Felicia**

Department of Management, Faculty of Business and Economics, Universitas  
Surabaya

**Werner R. Murhadi**

Department of Management, Faculty of Business and Economics, Universitas  
Surabaya

email: werner@ubaya.ac.id

**Arif Herlambang**

Department of Management, Faculty of Business and Economics, Universitas  
Surabaya

email: arif\_herlambang@staff.ubaya.ac.id

**Abstract**

The objective of this research is to examine the effect of tunneling, profitability, leverage and size as the independent variable to future firm performance as the dependent variable, also the effect of tunneling, profitability, asset turnover, leverage, sales growth and size to financial distress on the consumer goods sector that listed on the ASEAN Stock Exchange 2011-2015 period. This research uses quantitative perspective with linier regression and logit regression model in a panel data for all of the research's observation that used in this research. The number of observation in this research are 568 (linier regression) and 710 (logit regression) observations, consist of 142 firms (45 firms from Malaysia, 30 firms from Indonesia, 30 firms from Thailand, 24 firms from Singapore, 8 firms from Vietnam, 5 firms from Philippine) that enlisted for 2011-2015 period. The result shows that in the future firm performance model, tunneling and size have negative significant effect on future firm performance. Profitability have no significant effect on future firm performance. Leverage have positive significant effect on future firm performance In the financial distress model, tunneling and leverage have positive significant effect on financial distress. Profitability, asset turnover and size have negative significant effect on

The effect of tunneling, profitability, leverage and size to the future firm performance and financial distress on the consumer goods sector  
(ASEAN Stock Exchange 2011-2015 period)

**Steffi Felicia**

Fakultas Bisnis dan Ekonomika

**Werner R. Murhadi**

Fakultas Bisnis dan Ekonomika

[werner@ubaya.ac.id](mailto:werner@ubaya.ac.id)

**Arif Herlambang**

Fakultas Bisnis dan Ekonomika

[arif\\_herlambang@staff.ubaya.ac.id](mailto:arif_herlambang@staff.ubaya.ac.id)

**Abstract**

*The objective of this research is to examine the effect of tunneling, profitability, leverage and size as the independent variable to future firm performance as the dependent variable, also the effect of tunneling, profitability, asset turnover, leverage, sales growth and size to financial distress on the consumer goods sector that listed on the ASEAN Stock Exchange 2011-2015 period. This research uses quantitative perspective with linier regression and logit regression model in a panel data for all of the research's observation that used in this research. The number of observation in this research are 568 (linier regression) and 710 (logit regression) observations, consist of 142 firms (45 firms from Malaysia, 30 firms from Indonesia, 30 firms from Thailand, 24 firms from Singapore, 8 firms from Vietnam, 5 firms from Philippine) that enlisted for 2011-2015 period. The result shows that in the future firm performance model, tunneling and size have negative significant effect on future firm performance. Profitability have no significant effect on future firm performance. Leverage have positive significant effect on future firm performance. In the financial distress model, tunneling and leverage have positive significant effect on financial distress. Profitability, asset turnover and size have negative significant effect on financial distress. On the other hand, sales growth have no significant effect on financial distress.*

*Keywords: Future Firm Performance, Financial Distress, Tunneling, Financial Ratio*

**INTRODUCTION**

*Corporate governance* is a major issue in the modern financial world. Johnson *et al.* (2000) in Jiang *et al.* (2010) to measure *corporate governance* by *tunneling* (transfer of assets or income out company to the controlling shareholder). Jiang *et al.* (2010) showed that in countries with emerging economic conditions, the controlling shareholder has a greater possibility to expropriate the rights of minority shareholders through an aggressive *tunneling* activity due to a weak state rules protecting minority shareholders. The most common form

of *tunneling* is done by controlling shareholders is to perform asset or cash loan companies are recorded as other accounts receivable (*other receivable*).

Qian and Yeung (2014) conducted a study *inefficient bank financing to corporate governance* in all companies listed in *Shanghai Stock Exchange (SHSE)* and *Shenzhen Stock Exchange (SZSE)* in the period 1995-2009. Results from this study showed that the *tunneling* and *leverage* negatively affect *future firm performance*, while having an effect positive *profitability* and *size* of the *future firm performance*. Besides *size*, *asset turnover*, *sales growth*, *profitability* have a negative effect on the *financial distress*, while *tunneling* and *leverage* has a positive influence on the *financial distress*. The research was supported by several other researchers such as Jiang *et al.* (2010) conducted a study on the abuse of the company by doing *tunneling* through *intercorporate loan* activity that caused the problem takeover of minority shareholders. Ying and Wang (2013) conducts research on *propping* action (shareholders mayortitas inject funds into the company) and the behavior of companies through the transfer of wealth *tunneling* activities by the majority shareholders that affect the performance of the company. Zhang *et al.* (2007) conducted a study on the development of the model Z-score ( $Z_{China}$ ) to identify potential *financial distress* in China.

This study is limited only discuss about *tunneling*, *profitability*, *leverage* and *size* of the *future firm performance* as well as *tunneling*, *profitability*, *asset turnover*, *leverage sales growth* and *size* of the *financial distress* throughout the company *the consumer goods* sector listed on the Stock Exchange of ASEAN which consists of country Indonesia , Malaysia, Philippines, Singapore, Thailand, and Vietnam in the 2011-2015 period. Selection of studies in ASEAN due per January 1, 2016 has been enacted AEC (ASEAN Economic Community), where the MEA there is *free flow of goods, services and investment*.

## RESEARCH METHODS

This research included in this type of *basic research* is research to develop research that has been done before. Based on the purpose, this study include the type of causal research for this study was conducted to test the effect of independent variables (*tunneling*, *profitability*, *asset turnover*, *leverage*, *sales growth* and *size*) on the dependent variable (*future firm performance* and *financial distress*) sector enterprises *consumer goods* ASEAN is registered in the period 2011 - 2015. Based on the approach, this study used quantitative data involves a lot of time (*time series*) with a lot of samples (*cross section*) or the so-called panel data. The data used are secondary data obtained from the company's financial statements *consumer goods* sector enterprises registered in ASEAN the period 2011 - 2015. Aras measurement used in the study is the level ratio. Data collection procedures used in penelitian are as follows:

1. Assign the data - data that is required according to the variables measured in this study;
2. Secondary data from the data provider's site (www.idx.co.id);
3. Processing the raw data obtained from the data provider's website in accordance with the needs analysis;
4. Doing tabulation data into Microsoft Excel.

This study uses multiple linear regression data processing to measure *future firm performance* and analysis of multivariate discriminant analysis (MDA) to measure *financial distress* due to the direct knowledge of the independent variables affect related variables.

## RESULTS AND DISCUSSION

The regression equation in Table 4:12 until 4:18 table shows the *future firm performance* as the dependent variable, while *tunneling (tun)*, *profitability (prof)*, *leverage (lev)*, and the *size* is the independent variable.

**Table 1 Results of Regression Testing Future Firm Performance (ASEAN)**

ASEAN				
Independent variables	Coefficient	tS <i>tatistic</i>	probability	hypothesis
C	1.8375	3.5095	0.0005	
TUN	-0.4958	-2.2387	0.0257 **	Negative
PROF	-0.0863	-1.0342	0.3016	Positive
LEV	0.1598	2384	0.0176 **	Negative
SIZE	-0.1488	-3.4669	0.0006 ***	Positive
R-squared	0.588902			
Adjusted R-squared	0.477648			
SE of regression	0.123523			
F-statistic	4.169092 ***			

Description: \*: significant at 10%

\*\* : Significant at the 5%

\*\*\*: Significant at 1%

$$FFP_{ASEAN} = 1.8375 - 0,4958.Tun - 0,0863.Prof + 0,1598.Lev - 0,1488.Size$$

This equation has a constant value of 1.8375 This means that when the independent variable is 0, then the value of *future firm performance* will be at 1.8375%.

Variable *tunneling* has a regression coefficient of -0.4958. This value indicates that there is a significant negative effect *tunneling* between variables change with *future* changes in *firm performance* in ASEAN. This means that if there is an increase or decrease of 1% variable *tunneling*, the *future firm performance* variables will move in opposite amounting to 0.4958%, assuming other variables remain. In accordance with the *Agency Theory*, the information gap between majority and minority shareholders led to the majority shareholders can expropriate over minority shareholders. This expropriation action decrease the performance of the company.

Variable *profitability* has a coefficient by -0.0863. This value indicates that there is a negative effect but not significant between *profitability* variables change with *future* changes in *firm performance* in ASEAN. This means that if there is an increase or decrease of 1% variable *profitability*, the *future firm performance* variables will move in opposite of 0.08638%, assuming other variables remain. According to Horne and Wachowicz (2013) analysis and interpretation of the various financial ratios will provide a better understanding of the condition of the company. So financial ratios need to be recognized as a whole because there is no single ratio that can provide sufficient information to make an informed assessment of company performance. Murhadi (2013.56-66) classifies 5 groups, namely the ratio of *liquidity ratio*, *asset management ratio*, *debt management ratios*, *profitability ratios* and *market value ratio*. This shows that the company's performance is not affected by the *ratio of profitability* alone. Therefore it can be concluded that the *profitability* individually do not have a significant influence on *future firm performance*.

Variable *leverage* has a coefficient at 0.1598. This value indicates that there is a significant positive effect between changes in variables *leverage* with *future* changes in *firm performance* in ASEAN. This means that if there is an increase or decrease of 1% *leverage* variable, then the variable *firm future performance* will be increased or decreased by 0.1598%, assuming other variables remain. These findings are consistent with the *Signaling Theory* and *Agency Theory*, which according *Signaling Theory*, which increases the company's debt a positive signal that shows the *confidence* the company's performance is getting better. Meanwhile, according to *Agency Theory*, asymmetry of information between the majority shareholders of the minority shareholders will give rise to agency costs. Agency fees can be resolved by increasing the use of debt. Creditors as funders will conduct supervision to reduce the asymmetry of information between the majority shareholder with minority shareholders. Impact on the company that is the action of expropriation can be prevented and the performance of the company will increase. Therefore, it can be concluded that *leverage* variable has a significant positive effect on *future firm performance*.

Variable *size* has a coefficient by -0.1488. This value indicates that there is a negative influence of the change of variable *size* with *future* changes in *firm performance* in ASEAN. This means that if there is an increase or decrease of 1 unit of variable *size*, then the *future firm performance* variables will move in opposite of 0.1488 assuming other variables remain. These findings are consistent with the *Industry Competition* in the *Five Forces Model of Competition* by *Michael Porter*, who stated that the industry is in the *mature* or stagnant conditions that can cause performance degradation in the future when not doing *rejuvenation* (rejuvenation). The object of this study is the companies that are in *the consumer goods sector*, where many companies on a large scale followed by the number of competitors who

are in this sector caused the industry are in *mature condition*. In this condition, between companies will seek to take *market share* of other companies through price competition. The price competition caused a decline in sales impact on the performance of the company in the future. Therefore, it can be concluded that the *size* variable has a significant negative effect on the *future firm performance*.

The coefficient of determination ( $R^2$ ) in ASEAN amounted to 0.588902. This value indicates that the independent variable (*tunneling, profitability, leverage and size*) can explain the dependent variable (*future firm performance*) amounted to 58.89%, while the rest is explained by other variables not included in this study.

**table 2**  
**Logged Variables Model Financial Distress**

financial ratios	Coefficient	Significant
Tun	7.908	0,035 *
Prof	-13.496	0,000 ***
TATTOOS	-1.432	0.001 ***
Lev	2,163	0.001 ***
Sales Growth	-0.129	0545
size	-0.687	0.009 ***
Constant	6.330	0046

Description: \*: significant at 10%  
 \*\*: Significant at the 5%  
 \*\*\*: Significant at 1%

Table 4:23 shows the *profitability (prof)*, *asset turnover (TATO)*, *sales growth and size* have a negative influence by *financial distress*. The higher this ratio, the possibility of *financial distress* getting smaller. While *tunneling (tun)* and *leverage (lev)* has a positive influence on the *financial distress*. The higher this ratio, the possibility of greater *financial distress*. Model for *financial distress*:

If Prof, TATO, Lev, Sales Growth, Size Tun constant then increases the *financial distress* will increase by 7.908. This means that *tunneling* variables have a significant positive relationship to variable *financial distress*. The higher occurrence of *tunneling* activity in the company, the higher the likelihood of companies that are in *financial distress*. This is supported by research conducted by Qian and Yeung (2014) and Jiang *et al.* (2010) which states that the *tunneling* has a significant positive effect on *financial distress*.

If Tun, TATO, Lev, Sales Growth, Size constant then increases the Prof would reduce *financial distress* at 13.496. This means that *profitability* variables have a significant negative relation to variable *financial distress*. Horner and Wachowich (2013) states that the ROA shows the effectiveness of management in using assets to generate revenue, and assess the company's efficiency in utilizing its assets to the company's operations. The smaller the ratio is, the worse the effectiveness of companies utilize assets to generate earnings that may cause the company is in *financial distress*.

If Tun, Prof. Lev, Sales Growth, Size TATO constant then increases the *financial distress* will decrease by 1.432. In accordance with Murhadi (2013), which states that showed the effectiveness of the *company's asset turnover* in using its assets to generate *income*. The higher this ratio, the company will earn a high income with minimal use of assets. Revenue will decrease the risk of companies that are in *financial distress*.

If Tun, Prof, TATO, Sales Growth, Size Lev constant then increases the *financial distress* will increase by 2,163. This means that *leverage* variables have a significant positive relationship to variable *financial distress*. In accordance with the *Pecking Order Theory*, the company will tend to use funding from internal sources is through *retained earnings*. This is done to avoid the company through debt financing. The higher the debt the company, the higher the interest expense to be paid. High interest expense increased the risk of companies that are in *financial distress*.

If Tun, Prof, TATO, Lev, constant Size of the increase of the Sales Growth will reduce *financial distress* at 0.129. This means that the variable *sales growth* has a negative correlation but not significant to the variable *financial distress*. These findings are consistent with Fraser and Ormiston (2004: 104-109) in Yuliafitri (2011) which states that the company's *net income* is income after taking into account all income and expenses reported during the accounting period. These results indicate that the positive *sales* growth did not show that the *net income* as an indicator of *financial distress* also certainly is positive. This is due to the possibility of the accounts of the other (production costs, operating expenses, interest and taxes) that makes the *net income* to be negative.

If Tun, Prof, TATO, Lev, Sales Growth is constant then increases the Size will reduce *financial distress* at 0.6330. This means that the variable *size* has a significant negative relation to variable *financial distress*. Total assets of the company shows the company's ability to maintain its viability. When the size of the company grew, the company will achieve economies of scale which companies can produce more output with fixed input so it is likely the company is in *financial distress* is getting smaller.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the results of hypothesis testing using the *software* Eviews F 8, was obtained that showed statistical calculation results F count = 4.169092 with a probability of 0.000000 <0.05. This means jointly variable *tunneling*, *profitability*, *leverage* and *size* has a significant influence on *future firm performance*.

Based on the results of hypothesis testing by t-test, has obtained results that variable *tunneling*, *leverage* and *size* significantly influence the *future firm performance*. Variable *profitability* significant negative effect on the *future performane firm*.

Based on the results of multiple regression analysis, the variables *tunneling* has a significant negative effect on the *future firm performance*. Variable *profitability* have significant negative effect on the *future firm performance*. Variable *leverage* has a significant positive effect on *future firm performance*. Variable *size* has a significant negative effect on the *future firm performance*.

The value of  $R^2$  and *adjusted- R<sup>2</sup>* is 0.588902 and 0.477648. Thus, it can be concluded that the dependent variable (*future firm performance*) can be explained quite well by the independent variable (*tunneling*, *profitability*, *leverage* and *size*).

The results of *logistic regression* analysis to *financial distress* with SPSS18 software, available models capable of predicting *financial distress* with an accuracy of 94.1%. From this model, it can be seen that the *tunneling* and *leverage* variables have a positive influence on the *financial distress*, where it is indicated that an increase in *tunneling* and *leverage* increases the likelihood of *financial distress*. As for *profitability*, *asset turnover*, *sales growth* and *size* has a negative effect on the *financial distress*. This indicates that the increase in *profitability*, *asset turnover*, *sales growth* and *size* lowers the likelihood of *financial distress*.

For companies that are in *the consumer goods sector*, the study can be considered to make decisions on the company's performance in the future and avoid the company of the possibilities that are in *financial distress*. In addition, these factors can also be used to be taken into consideration for the company Malaysia, Thailand, Singapore, Vietnam and Philippine in predicting the performance of the company in the future appeared and the possibility of companies that are in *financial distress*.

For investors, this research can be a reference to consider the factors relating to *future firm performance* such as *tunneling*, *leverage* and *size*, or factors relating to *financial distress* such as *tunneling*, *profitability*, *asset turnover*, *leverage* and *size*. Consideration of investment decisions by investors restricted assuming normal conditions (no other factors other than those already mentioned). In addition, this study can also be used as consideration for investors who wish to invest in other ASEAN countries, such as Malaysia, Thailand, Singapore, Vietnam and the Philippines.

This research can be used as a recommendation for further research. This study has limitations, namely the number of observations slightly in each country, the results were less supportive on the *robustness test* and just focus on *the consumer goods* sector alone. For further research, is expected to increase the number of observations by examining other sectors listed on the stock exchanges in ASEAN countries.

## BIBLIOGRAPHY

- Atansil. L, 2011, Study Existence Dynamic Trade-Off Capital Structure in Non-Financial Enterprises in BEI Period 2002-2009, *Thesis*, University of Surabaya
- Brigham and Houston, 2006, *Fundamentals of Financial Management*, Jakarta: Four Salemba
- Brundy, Edwin P., 2014, Influence Mechanism of Control of Activities Tunneling, *Thesis*, University of Atma Jaya
- Dawar, Varun., 2014, Agency Theory, Capital Structure and Firm Performance: Some Indian Evidence, *Managerial Finance*, Vol. 40 Iss 12: 1190-1206.
- Fidyati. N 2003, Factors Affecting Corporate Debt Policy, *Journal of Economics, Management and Accounting*, Vol.1: 17-34
- Gamayuni, RR, 2011, Altman Model Accuracy Analysis as a Tool for Predicting Measure Kebnagkrutan, *Journal of Accounting and Finance*, Vol. 16
- Gujarati, Damodar N., and Porter, Dawn, 2012, *Fundamentals of Econometrics, Book 2*, Jakarta: Four Salemba.
- Horne, V., James, C. and Wachowicz, JM, 2013, *Principles of Financial Management*, Translated by Aria Farahmita, Amanugrani, and Taufik Lawrence, thirteenth edition, Jakarta: Four Salemba
- Jiang, G., Lee, MCC and Yue, H., 2010, Tunneling through intercorporate Loans: The China Experience, *Journal of Financial Economics*, Elsevier
- Jumangan 2006, *Financial Statement Analysis*, Jakarta: PT Earth Literacy
- Juwita, A, 2009, Prediction of Financial Condition Financial Ratios Against Distress in Property Company Listed on the Stock Exchange Inonesia, *Thesis*, University of March
- Murhadi, Werner R., 2008, Dividend Policy Studies: Antecedents and Impact on Stock Price, *Journal of Management and Entrepreneurship*, Vol.10: 1-17
- Murhadi, Werner R., 2011, Determinants of Capital Structure: Studies in Southeast Asia, *Journal of Management and Entrepreneurship*, Vol.13: 91-98
- Murhadi, Werner R., 2013, *Financial Statement Analysis: Projections and Valuation*, Jakarta: Four Salemba
- Megginson, William L., 1997, *Corporate Finance Theory*, Addison-Wesley Educational Publishers Inc.
- Qian, M. and Yeung, BY, 2014, Bank Financing and Corporate Governance, *Journal of Corporate Finance*, Elsevier
- Rajan, RG and Zingales, L., 1995, What Do We Know about Capotal Structure? Some Evidence from International Data, *Journal of Finance*, Vol.50: 1421-1460
- Ramlall, Indranarain 2009, Determinants of Capital Structure Among Non-Quoted Firms Under Mauritiains specificity of Leverage: Looking for a Modified Pecking Order Theory. *Research International Journal of Finance and Economics*, Vol. 31: 83-92.
- Sari, RC, Djajadikerta, HG, and Baridwan, Z., 2013, Asset Tunneling: doses Corporate Governance Matter? Evidence from Indonesia, *Dissertation*, University of Yogyakarta
- Sudarini, S 2005, Use of Financial Ratios Earnings In Predicting the future is Coming, *Journal of Accounting and Management*, Vol.16: 195-207.
- White, Halbert, and Xun, Lu., 2015, Robustness Checks and Robustness Tests in Applied Economics, University of California, San Diego.
- Widarjo. W and Setiawan. D., 2009, Effects of Financial Condition Financial Ratios Against Distress Automotive Company, *Business and Accounting Journal*, Vol.11: 107-119

Ying, Q. and Wang, W., 2013, by propping Controlling Shareholders, Wealth Transfer and Firm Performance: Evidence from Chinese Listed Companies, *China Journal of Accounting Research*, Elsevier

Yuliafitri, I., 2011, Analysis of Factors Affecting Earnings and Cash Flow Future at the Going Public Company, *Investment Journal*, Vol 7: 14-30

Zhang, L., Chen. S., Yen. J., Altman, EL and Heine, ML, 2007, Corporate Financial Distress Diagnosis in China, *Dissertation*, Hunan University

<http://finance.vietstock.vn/ABT/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/ACL/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/FMC/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/HVG/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/KDC/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/SSC/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/VHC/financials.htm> (Accessed on March 23, 2016)

<http://finance.vietstock.vn/VNM/financials.htm> (Accessed on March 23, 2016)

<https://wernermurhadi.wordpress.com> (Accessed on March 23, 2016) <http://www.idx.co.id> (Accessed on March 23, 2016) <http://www.bursamalaysia.com/market/listed-companies/list-of-companies/main-market> (Accessed on March 23, 2016)

<https://www.hsx.vn/Modules/Listed/> (Accessed on March 23, 2016)

<http://www.pse.com.ph/stockMarket/listedCompanyDirectory.html> (Accessed on March 23, 2016)

<http://www.set.or.th/set/> (Accessed on March 23, 2016)

<http://digilib.ubaya.ac.id/> (Accessed on March 23, 2016)

<http://www.sciencedirect.com.pustaka.ubaya.ac.id/> (Accessed on March 23, 2016)

[www.wikipedia.org](http://www.wikipedia.org) (Accessed on October 20, 2016)

**Department of Management  
Faculty of Business and Economics  
Universitas Surabaya**

EC Building 1st Floor  
Jl. Raya Kalirungkut, Surabaya, 60293  
Ph: +62 31 2981139 Fax: +62 31 2981231  
email: ubayainsyma@gmail.com

ISBN 978-602-73852-1-4

