The Influence of Executive Compensation, Board of Directors Compensation and Share Ownership on Tax Aggressivity

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This study aims to examine the effect of executive compensation, directors compensation and share ownership on tax aggressiveness. This study uses the dependent variable tax aggressiveness and independent variable executive compensation, directors compensation and share ownership. Tax aggressiveness is an effort made by companies to reduce tax payments. The population in this study are energy sector companies listed on the Indonesian stock exchange for the period 2017 – 2021. The total population or banking sector companies are 66 companies. From the total population, a purposive sampling technique was used with several criteria to determine the sample, so that a sample of 23 companies was obtained. The data analysis technique used in this study uses eviews 10 which includes descriptive statistical tests, panel data model analysis, classical assumption tests and hypothesis testing. Based on the test results above, it proves that executive compensation, directors compensation and share ownership have a simultaneous effect on tax aggressiveness. However, partially only directors’ compensation has an effect on tax aggressiveness, while executive compensation and share ownership have no effect on tax aggressiveness.

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INTRODUCTION

Tax aggressiveness is an action taken by a company to reduce profits by carrying out tax planning so that the tax that should be paid is relatively lower, either in a legal way (tax avoidance) or illegally (tax evasion). Tax aggressiveness is a common thing among large companies around the world, although it is still being debated until now. Actions of tax aggressiveness carried out through a tax planning strategy generally seek to avoid sanctions as a result of applying taxes that violate tax laws and regulations in Indonesia, but tax planning is the application of company activities to applicable tax laws and regulations to minimize corporate tax burden (Sumarsan: 2013: 115) in (Rini, 2020).

As quoted from metadata.co.id, tax revenue from several main sectors fell dramatically in 2020. The biggest decline came from the mining sector, which was up to 43.72% on an annual basis. This can be seen from the financial data of several energy companies listed on the Indonesia Stock Exchange, which have decreased or reduced their tax payments in 2020. The PTRO company (Petrosea Tbk) in 2019 made tax payments of USD 9,257 and in 2020 made tax payment of USD 3,038 decrease of 67% from the previous year, TOBA (TBS Energi Utama Tbk) also paid tax of USD 19,123,468 in 2019 and 2020 paid tax of USD 6,279,048 decreased by 67% from the previous year. In addition, TCPI (Transcoal Pacific Tbk), ITMG (Indo Tambangraya Megah Tbk), ELSA (Elnusa Tbk) and HRUM (Harum Energi Tbk) also experienced a decrease in tax payments. The decline in tax payments for several companies in the energy sector is suspected to have been due to aggressive taxation measures for these companies.

The factor that influences tax aggressiveness is executive compensation where compensation is a reward for services received by employees for their effort, energy and thoughts received in the form of payment. With compensation which is a cost for the company, management can make the best use of it (Sunardi, 2015; 175) (Pakpahan, 2020). Executive compensation will help align the interests of managers and the interests of shareholders. The greater the compensation given to the executive, the lower the level of tax evasion by Desai (2006) (Zulaikha, 2018)

Board of directors compensation will help align the interests of managers and the interests of shareholders. Armstrong et al. (2015) (Husin 2020) found empirical evidence that tax aggressiveness is associated with a higher level of compensation. In addition to executive compensation and directors' compensation, the ownership of an entity's shares will also influence management's attitude in determining whether to take tax avoidance measures or not. Managerial ownership is share ownership by company management consisting of directors and managers. Directors or usually called managers are company organs that are in charge and responsible collegially in managing the company. The existence of this share ownership can motivate managers to improve performance and be responsible for increasing the prosperity of shareholders to increase the value of the company while maintaining the viability of the company.
Measurement of executive compensation uses the natural logarithm of the total executive compensation, in this case, the commission and compensation of directors are measured by the natural logarithm of the total compensation of directors divided by the number of directors in the current year. The difference between this research and previous research is in the object and research period. Researchers conducted research in 2022 with research objects in energy sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

LITERATURE REVIEW

Theoretical Basis

Agency theory is used as the rationale in this research. This theory states the relationship between the owner (principal) in this case the shareholders (investors) and the agent represented by management. The assumption that the management involved in the company will always maximize the value of the company is not always fulfilled, management has personal interests that conflict with the interests of the company owner so a problem arises called the agency problem. The relationship between agency theory and this research is that there are differences in interests between shareholders and management. Shareholders have expectations that the company's performance will get better so that the rate of return on profits given is also higher, while management has expectations for high bonus compensation. Of course, these different interests affect the company's performance, one of which is regarding tax policy.

Armstrong, et al, 2015) (Fuad, 2019) "mentioned, the occurrence of agency problems between principals and agents in companies is caused by the desire of principals to maximize profits by reducing the tax burden”. (Desai, 2006) states that shareholders (principals) want the creation of tax aggressiveness at an appropriate size, not less (can reduce profits), and not more (threats of sanctions and defamation of reputation). Meanwhile, agents also have personal interests related to company resources.

Tax aggressiveness

Tax aggressiveness is a more specific activity, which includes transactions whose main purpose is to reduce the company's tax liability. Aggressive companies are characterized by low transparency (Septanta, 2015). The company will be considered more aggressive if the company uses many ways to reduce taxes, even if the method is done legally. Mustika (2017) in (Wardoyo, 2019). There are advantages that companies get by carrying out tax aggressiveness, namely by reducing the tax burden, the profits obtained by company owners will be greater and the savings made can be used as investment funds for the company Amril et al (2015) (Wardoyo, 2021).

Executive Compensation

According to Rosidy 2019 explained that "Companies that impose bonuses will encourage managers to prefer accounting methods that benefit them. If the reward is determined based on the company's pre-tax profit, the
manager will think that increasing this year's profit will result in an even bigger bonus. This situation is caused by the manager being able to obtain the time value of money through his actions. High compensation for executives is one of the best ways to implement corporate tax efficiency. By receiving high compensation, executives will benefit so that they will improve company performance even better, one of which is through efforts to

**Directors Compensation**

The definition of compensation for directors includes salaries, bonuses, allowances, and other payments received by company directors for one year according to research according to Blouin and Larcker (2012) (Muhammad Reza Asqolani, 2022). The company's profit itself is used to measure the company's performance in addition to being a reference for the amount of bonuses that will be received by management. Meanwhile, according to Chalmers et al (2006) in (Asqolani, 2022), to determine the quality of performance and alignment of interests between owners and management one of which can be measured by the optimal level of compensation for directors. increase tax payment efficiency (Pratin, 2022).

**Shareholding**

Managerial ownership is the proportion of share ownership owned by insiders (Sugiarto, 2009:59) (Santoso, 2021). Ownership of company shares owned by members of the board of directors will seek the potential to increase bonuses and dividends rather than decisions taken by the directors for the benefit of the company which then increases the level of tax aggressiveness. According to Herdianti and Husaini (2018) in (Murtin, 2019) managerial ownership is the proportion of shares owned by the directors and the board of commissioners as top management.

**Hypothesis Development**

**The simultaneous influence of Executive Compensation, Board of Directors Compensation, and Share Ownership on Tax Aggressiveness**

According to (Hanafi, 2014) tax avoidance is the result of company policy and is not a coincidence. In other words, the company plans well in planning efforts to minimize the tax burden it bears. Tax avoidance is a way to increase the profits expected by shareholders, but the implementation is carried out by managers. In agency theory, it is explained that agency conflicts arise as a result of a misalignment between the interests of the owner (principal) and the interests of the manager (agent). Regarding tax aggressiveness, the owner does not want this if the benefits obtained are not proportional to the costs to be incurred. Thus the owner provides high compensation so that managers can manage the company according to their wishes. The greater the compensation given by the company will affect the performance of the executives themselves, some of the compensation provided by the company includes Long-Term Incentives given so that top management can be motivated to continue to increase the long-term growth and prosperity of the company even more.
The definition of compensation for directors includes salaries, bonuses, allowances and other payments received by company directors for one year. About agency theory, the purpose of compensation is to align the interests of shareholders (principals) with the interests of asset managers (agents). Research conducted by Asqolani (2022) and Fatahurrazak (2018) revealed that directors' compensation has a significant positive effect on tax aggressiveness. The directors' compensation scheme is a tool used by company owners to exercise price protection so that directors do not act operatively or take advantage of themselves, including in tax aggressiveness. Managerial ownership is the proportion of shares owned by the directors and the board of commissioners as the top management. Managerial ownership is the proportion of ordinary shares owned by management who are involved in making company decisions. In managerial ownership, the manager does not only act as a manager but also as a shareholder. Managers and shareholders want the company to earn high profits. In addition, if the manager succeeds in managing the company so that he earns a high enough profit, then the manager will also receive a bonus. This is in line with the agency theory where the more shares owned by management, the more aggressive the management's actions in taxation.

Executive compensation is related to compensation for directors and managerial ownership, where the company can increase the level of compensation and management share ownership will reduce the level of tax aggressiveness, this is because management does not want to take risks that can cause additional costs for the company. These additional costs can be in the form of sanctions and fines if the tax aggressiveness carried out is known to the local tax authorities. This is in line with agency theory where the difference in interests between management (agent) and shareholders (principal) can be aligned with the level of compensation given to management, both financial and share ownership in the company.

Research conducted by Dwimulyani (2019) shows that share ownership influences directors' influence on tax aggressiveness. Based on previous descriptions and theories then:

H1: Allegedly simultaneous Executive Compensation, Board of Directors Compensation, and Share Ownership on Tax Aggressiveness

Effect of Executive Compensation on Tax Aggressiveness

Executive compensation is compensation given to executives which can be in the form of bonuses, incentives and salary increases or even those that are non-financial such as facilities for achievements that have been determined by management. According to (Sunardi, 2015; 175) executive compensation is a remuneration for services received by employees for the effort, energy and thoughts received in the form of payment. Watts and Zimmerman (1986) (Rosidy, 2019) explain that companies that apply bonuses will encourage managers to prefer accounting methods that benefit them. If the reward is determined based on the company’s pre-tax profit, the manager will think that...
increasing this year's profit will result in an even bigger bonus. This situation is caused by the manager being able to obtain the time value of money through his actions.

In agency theory, it is explained that agency conflicts arise as a result of a misalignment between the interests of the owner (principal) and the interests of the manager (agent). Regarding tax aggressiveness, the owner does not want this if the benefits obtained are not proportional to the costs to be incurred. Thus the owner provides high compensation so that managers can manage the company according to their wishes. The greater the compensation given by the company will affect the performance of the executives themselves, some of the compensation provided by the company includes Long-Term Incentives given so that top management can be motivated to continue to increase the long-term growth and prosperity of the company even more. Furthermore, the annual bonus is a plan designed to motivate the short-term performance of a manager and an executive which will later be linked to the company’s profitability. To align management interests between agents and principals.

Several researchers have examined the effect of executive compensation on the level of tax aggressiveness. Zulaikha (2018) in her researched that executive compensation has a positive effect on tax aggressiveness. Where the higher the compensation received by the executive, the higher the level of tax aggressiveness. Based on the description of the theory and previous research, then:

H2: Allegedly Executive Compensation Has an Effect on Tax Aggressiveness.

**Effect of Directors' Compensation on Tax Aggressiveness**

The definition of compensation for directors includes salaries, bonuses, allowances and other payments received by company directors for one year. About agency theory, the purpose of compensation is to align the interests of shareholders (principals) with the interests of asset managers (agents). Compensation can provide long-term incentives using stock option plan incentives or ownership of shares in the company or provide short-term incentives using compensation in the form of money. A good compensation system can make a significant contribution to a company’s business success. The compensation system helps in strengthening the organization's key values and facilitates the achievement of organizational goals. Compensation is also a motivator for someone to work because it affects morale and energy discipline. The policy of determining compensation is one of the ways that can be done to encourage increased performance of company managers and be responsible for optimizing shareholder profits.

Components related to directors' compensation consist of the number of directors, the number of directors is the total number of members of the board of directors who work in the current year, then the total compensation given to the board of directors during the current year, namely the amount of compensation that the company provides to the board of directors. The higher the company provides compensation, it encourages increased work that can
minimize tax aggressiveness. By providing compensation, it is hoped that the agent can improve performance by providing appropriate compensation (Fatahurrazak, 2018).

Research conducted by Asqolani (2022) and Fatahurrazak (2018) reveals that directors' compensation has a significant positive effect on tax aggressiveness. The directors' compensation scheme is a tool used by company owners to exercise price protection so that directors do not act operatively or take advantage of themselves, including in carrying out tax aggressiveness. Based on the description of the theory and previous research, then:

H3: It is suspected that directors' compensation affects tax aggressiveness.

**Effect of Share Ownership on Tax Aggressiveness**

Managerial ownership is the proportion of shares owned by the directors and the board of commissioners as the top management. Managerial ownership is the proportion of ordinary shares owned by management who are involved in making company decisions. In managerial ownership, the manager does not only act as a manager but also as a shareholder. Managers and shareholders want the company to earn high profits. In addition, if the manager succeeds in managing the company so that he earns a high enough profit, then the manager will also receive a bonus Husaini (2018) Alek Martin (2019).

Apart from that managers have the opportunity to earn more profits. According to Sari (2017) so that the company's profits are more and the managers get a lot of bonuses, the managers will use ways to cut expenses that can increase the value of profits. One of them is by reducing the tax burden.

This is in line with the agency theory where the more shares owned by management, the more aggressive the management's actions in taxation. Research conducted by Dwimulyani (2019) shows that share ownership influences directors' influence on tax aggressiveness. Based on the description of the theory and previous research, then:

H4: It is suspected that share ownership influences aggressiveness task

**METHODOLOGY**

The population in this study are all energy sector companies listed on the Indonesia Stock Exchange website in the 2017-2021 period, namely 66 companies.

The sample in this study was determined using a purposive sampling technique. Purposive sampling is a sampling technique with a certain consideration (Sugiyono, 2011). The following are the sampling criteria in this study where the companies that will be used in this research are selected by including certain elements that are considered to have the following criteria:

2. Energy companies that provide complete financial reports for 2017-2021.
3. During the research (2017-2021) energy companies did not suffer losses from
Saputra, Indiawati

the Indonesian Stock Exchange (IDX).
From the 66 companies that met the criteria above, a sample of 23 companies was obtained during the 2017-2021 period so the data used in this study was 115.

Variables and Operational Definitions of Variables

Dependent Variable
Tax aggressiveness
Tax aggressiveness is a more specific activity, which includes transactions whose main purpose is to reduce the company's tax liability. Aggressive companies are characterized by low transparency (Septanta, 2015). This study measures tax aggressiveness with the main proxy being Effective Tax Rates (ETR). A lower ETR value indicates greater corporate tax evasion by Husin (2020). ETR is calculated by the formula:
\[
ETR = \frac{\text{Tax expense}}{\text{Profit Before Tax}}
\]

Independent Variable
Executive Compensation
According to Rosidy 2019 explained that "Companies that impose bonuses will encourage managers to prefer accounting methods that benefit them. If the reward is determined based on the company's pre-tax profit, the manager will think that increasing this year's profit will result in an even bigger bonus. This situation is caused by the manager being able to obtain the time value of money through his actions. Executive compensation is measured using the Natural Logarithm (Ln) of total compensation consisting of salaries, bonuses, benefits, and other financing received by the executive (board of commissioners (Puspita, 2014). The following formula is used:
\[
\text{Executive Compensation} = \ln(x)
\]

Directors Compensation
The definition of compensation for directors includes salaries, bonuses, allowances, and other payments received by company directors for one year according to research according to Blouin and Larcker (2012) (Muhammad Reza Asqolani, 2022). The independent variable of directors' compensation (KD) is measured using the Natural Logarithm (Ln) of total directors' compensation divided by the number of directors in a fiscal year. The proxy for directors' compensation can be formulated mathematically as follows.
\[
\text{Directors Compensation} = \ln \left( \frac{\text{Total compensation for the Board of Directors}}{\text{Number of Directors}} \right)
\]

Shareholding
Managerial ownership is the proportion of share ownership owned by insiders (Sugiarto, 2009:59) (Santoso, 2021). Managerial Ownership is measured by looking at the board of directors' share ownership divided by the number of outstanding shares. Demsetz and lehn, (1985) in (Murtin, 2019). The following formula is used:
RESEARCH RESULT

The Effect of Executive Compensation, Board of Directors Compensation and Share Ownership on Tax Aggressiveness

Based on the results of the study using the F test, it is known that the prob value (F-statistic) is 0.000000, which means that the value is smaller than the significant level or 0.000000 <0.05, then the result shows that executive compensation, directors compensation and managerial ownership have a simultaneous effect on aggressiveness tax. Executive compensation is related to compensation for directors and managerial ownership, where the company can increase the level of compensation and management share ownership will reduce the level of tax aggressiveness, this is because management does not want to take risks that can cause additional costs for the company. These additional costs can be in the form of sanctions and fines if the tax aggressiveness carried out is known to the local tax authorities. This is in line with agency theory where the difference in interests between management (agent) and shareholders (principal) can be aligned with the level of compensation given to management, both financial and share ownership in the company. This research is in line with Siti Azizah Sofiati and Zulaikha (2018), Muhammad Reza Asqolani (2022) and Leska Lely Oktaviana (2017) regarding the effect of executive compensation, directors' compensation and simultaneous share ownership on tax aggressiveness.

Effect of Executive Compensation on Tax Aggressiveness

Based on the results of the study, the probability value of the executive compensation variable is 0.0554 > 0.05, so executive compensation does not affect tax aggressiveness. This shows that the low payment of compensation provided by the company to executives will increase tax aggressiveness. This is because the relationship between the owner (principal) in this case is the shareholders (investors) and the agents represented by management, contrary to the interests of the owner of the company so that a problem arises which is called the agency problem. This proves that executive compensation has no effect on tax aggressiveness in line with research conducted by Shanta Giana Pakpahan (2020) which states that executive compensation does not affect tax aggressiveness.

Effect of Directors' Compensation on Tax Aggressiveness

Based on the research results, the probability value of the directors' compensation variable is 0.0080 < 0.05, the directors' compensation affects tax aggressiveness. This shows that the greater the compensation given to the directors, the less aggressive management's efforts to reduce tax payments. This is because the company's ability to provide compensation in the form of bonuses, allowances and others to management, in this case, the directors, is more than sufficient so as not to influence management to act against the wishes of shareholders or owners.
Agency theory states the relationship between the owner (principal) in this case the shareholders (investors) and the agent represented by management. To align the interests of principals with agents, one of which is the provision of good compensation to management so that management can run according to the wishes of shareholders and can improve company performance. The results of this study are supported by research conducted by Muhammad Reza Asqolani (2022) and Hanifa Hanim and Fatahurrazak (2018) stating that directors' compensation affects tax aggressiveness.

**Effect of Share Ownership on Tax Aggressiveness**

Based on the research results, the probability value of the managerial share severity variable is 0.6443. This value is greater than the specified significance value of 0.6443 > 0.05, so the managerial stock ownership compensation variable does not affect tax aggressiveness. There is no effect of managerial share ownership on tax aggressiveness because companies in Indonesia have a very small average managerial share ownership, namely below 5%, the percentage of management share ownership is small compared to other investors outside the company which causes management to have no opportunity and authority to influence and determine company tax policy.

Based on agency theory (Oktaviana, 2017) the difference in interests between managers and shareholders results in a problem called the agency problem, increasing managerial ownership is an attempt to overcome this problem, it will encourage a unification of interests between agents and principals so that management will act according to the wishes of the shareholders shares and can improve company performance. The results of this study are supported and in line with research conducted by Ng Husin (2020) that managerial ownership does not affect tax aggressiveness.

**DISCUSSION**

**General Description of the Research Object**

The energy sector is one of the sectors listed on the IDX. The sub-sectors consist of Oil & Gas Production & Refinery, Oil & Gas Storage & Distribution, Coal Production, Coal Distribution, Oil & Gas Drilling Service, Oil, Gas & Coal Equipment & Services, Alternative Energy Equipment, and Alternative Fuels. The energy sector has a fairly good development, where the energy sector is included as one of the sectors that play an important role in the economy and national security. Table 1. Three Box Method

**Descriptive Statistics Test**
Based on Table 1 above, it can be seen that the amount of data used in this study is 115 data taken from the annual reports of energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The Effective Tax Rates (ETR) variable has an average value (mean) of 0.248435 with a standard deviation of 0.157639. The lowest (minimum) Effective Tax Rates (ETR) is 0.000000 and the highest (maximum) Effective Tax Rates (ETR) are 1.000000. The Executive Compensation variable (KE) has an average (mean) value of 21.73852 with a standard deviation of 2.760669 and the lowest (minimum) Executive Compensation is 15.11000 and the highest (maximum) Executive Compensation is 25.60000. The Directors Compensation Variable (KD) has an average (mean) value of 5.027478 with a standard deviation of 1.859486 and has the lowest (minimum) value of 1.990000 and the highest (maximum) value of 11.37000. Managerial Ownership Variables (KSM) have an average (mean) value of 0.197304, with a standard deviation of 0.132203 and has the lowest (minimum) value of 0.010000 and the highest (maximum) value of 0.670000.

Research Model Selection Test

1. Chow test

Table 2 Chow Test Results
Redundant Fixed Effects Tests
Equation: UJI_FEM
Test cross-section fixed effects

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>4.216484</td>
<td>(22,89)</td>
<td>0.0000</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>82.117509</td>
<td>22</td>
<td>0.0000</td>
</tr>
</tbody>
</table>
Based on Table 2 above, it can be seen that the results of the Chow test show a Cross-sections Chi-square value of 0.0000 and based on the hypothesis that if the probability of Cross-sections Chi-square ≤ 0.05 then H0 is rejected and Ha is accepted with the conclusion that the correct model is the Fixed effect.

2. Hausman’s test

Table 3 Hausman Test Results

<table>
<thead>
<tr>
<th>Correlated Random Effects - Hausman Test</th>
<th>Test cross-section random effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation: UJI_REM</td>
<td></td>
</tr>
<tr>
<td>Test cross-section random effects</td>
<td></td>
</tr>
<tr>
<td>Chi-Sq. Statistic Chi-Sq. d.f. Prob.</td>
<td></td>
</tr>
<tr>
<td>Cross-section random</td>
<td>8.156609 3 0.0429</td>
</tr>
</tbody>
</table>

Based on Table 3 above, it can be seen that the results of the Hausman test show a random Cross-section value of 0.0429 and based on the condition that the value is 0.0429 ≤ 0.05, then H0 is rejected and Ha is accepted, with the conclusion that the correct model is the fixed effect. Due to the selected fixed effect, there is no need to perform the Lagrange Multiplier (LM) test.

From the two-panel data regression model selection tests, namely the Chow test and the Hausman test, it can be concluded that the panel data regression model selected in this study is

Table Fixed Effect Model

<table>
<thead>
<tr>
<th>Dependent Variable: ETR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method: Panel Least Squares</td>
</tr>
<tr>
<td>Sample: 2017 2021</td>
</tr>
<tr>
<td>Periods included: 5</td>
</tr>
<tr>
<td>Cross-sections included: 23</td>
</tr>
<tr>
<td>Total panel (balanced) observations: 115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-1.763966</td>
<td>0.934700</td>
<td>1.887201</td>
<td>0.0624</td>
</tr>
<tr>
<td>KE</td>
<td>0.083013</td>
<td>0.042768</td>
<td>1.941003</td>
<td>0.0554</td>
</tr>
<tr>
<td>KD</td>
<td>0.038027</td>
<td>0.014007</td>
<td>2.714949</td>
<td>0.0080</td>
</tr>
<tr>
<td>KM</td>
<td>0.084368</td>
<td>0.182085</td>
<td>0.463341</td>
<td>0.6443</td>
</tr>
</tbody>
</table>
Classic assumption test

1. Normality Test

![Normality Test Results](image)

Based on Figure 1 above, namely the normality test graph, it can be seen that the graphic pattern above shows a graph that is not normally distributed. This can be proven from the Jarque-Bera value of 209.7739 with a probability of 0.000000 where the value is smaller than $\alpha = 0.05$ (5%) or (0.000000 <0.05). However, according to the Central Limit Theorem assumption, the normality test in this study uses the Central Limit Theorem theory by Bowerman (2017: 334) which says that if the sample size $n$ is large, especially above 30, then the sample distribution is considered normal. Thus, the sample data used in this study can be said to be a nearly normal data distribution, because it has a total of 23 samples of data with a total of 115 studies.

2. Multicollinearity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient Variance</th>
<th>Uncentered VIF</th>
<th>Centered VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>0.013001</td>
<td>65.23366</td>
<td>NA</td>
</tr>
<tr>
<td>KE</td>
<td>2.85E-05</td>
<td>68.77981</td>
<td>1.081889</td>
</tr>
<tr>
<td>KD</td>
<td>6.46E-05</td>
<td>9.303692</td>
<td>1.110838</td>
</tr>
<tr>
<td>KM</td>
<td>0.012160</td>
<td>3.424760</td>
<td>1.062067</td>
</tr>
</tbody>
</table>

Based on Table 4 above, it can be seen that the tolerance value (Centered VF) of executive compensation is 1.081889, directors' compensation is 1.110838 and managerial ownership is 1.062067 where all variables have a tolerance value < 10, so it can be concluded that there is no multicollinearity between the independent variables.
3. **Autocorrelation Test**

<table>
<thead>
<tr>
<th>Breusch-Godfrey Serial Correlation LM Test:</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
</tr>
<tr>
<td>Obs*R-squared</td>
</tr>
</tbody>
</table>

Based on Table 5 above the results of the autocorrelation test, the Prob. Chi-Square shows a value of 0.7293 with a total sample of 115 (n = 115), the results are obtained in the form of a prob value, chi-square of 0.1316. Prob value chi-square is greater than 0.05 (0.1316 > 0.05), which means that there is no autocorrelation.

4. **Heteroscedasticity Test**

<table>
<thead>
<tr>
<th>Heteroskedasticity Test: White</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
</tr>
<tr>
<td>Obs*R-squared</td>
</tr>
<tr>
<td>Scaled explained SS</td>
</tr>
</tbody>
</table>

Based on Table 6 above using the white method, shows that the probability value (the Obs*R-square) is 0.1427 or greater than the significant level of 0.05 (0.1427 > 0.05). So it can be concluded that there is no heteroscedasticity.

**Hypothesis testing**

1. **Test the Coefficient of Determination**

<table>
<thead>
<tr>
<th>Determination Coefficient Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
</tr>
<tr>
<td>S.E. of regression</td>
</tr>
<tr>
<td>Sum squared resid</td>
</tr>
<tr>
<td>Log likelihood</td>
</tr>
<tr>
<td>F-statistic</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
</tr>
</tbody>
</table>

Based on Table 7, the coefficient of determination test above shows an Adjusted R-squared value of 0.436771. it means that the independent variables in this study, namely executive compensation, directors compensation and share ownership affect tax aggressiveness by 0.43 or 43%, while the remaining (100% - 43%) 57% are influenced by other variables outside this research model.
2. Simultaneous Test (Test F)

Table 8 Simultaneous Test (Test F)

Effects Specification

<table>
<thead>
<tr>
<th>Cross-section fixed (dummy variables)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R-squared</td>
<td>0.560286</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.436771</td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.118306</td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>1.245674</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>97.02424</td>
</tr>
<tr>
<td>F-statistic</td>
<td>4.536168</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000000</td>
</tr>
</tbody>
</table>

Based on Table 8 above, the calculated F value is 4.536168 and the prob value (F-statistic) shows 0.000000, which means that the value is smaller than the significant level or 0.000000 < 0.05, it can be concluded that executive compensation, directors compensation and share ownership have an effect simultaneously against tax aggressiveness. This shows that the regression equation used to predict tax aggressiveness is feasible to use in this study.

3. Partial Test (T Test)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Table 9 Partial Test (T Test)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
</tr>
<tr>
<td>C</td>
<td>-1.763966</td>
</tr>
<tr>
<td>KE</td>
<td>0.083013</td>
</tr>
<tr>
<td>KD</td>
<td>0.038027</td>
</tr>
<tr>
<td>KM</td>
<td>0.084368</td>
</tr>
</tbody>
</table>

Based on the simultaneous test table above, several conclusions were obtained regarding the partial test (t-test) between the independent variables and the dependent variable, namely:

a. Executive Compensation
The calculated t-value of the executive compensation variable is 1.941003 with a positive value, and the table value is 1.98157. Then the count value > table value or 1.941003 > 1.98157 or the probability value of the executive compensation variable is 0.0554, this value is greater than the specified significant level of 0.05 or 0.0554 > 0.05. Based on this, it can be concluded that the executive compensation variable does not affect tax aggressiveness.

b. Directors Compensation
The count value of the directors' compensation variable is 2.714949 with a positive value, and the table value is 1.98157. Then the count > table value or 2.714949 > 1.98157 or the probability value of the directors' compensation variable is 0.0080, this value is smaller than the specified significant level of 0.05 or 0.0080 < 0.05. Based on this, it can be concluded that the directors' compensation variable affects tax aggressiveness.
value or $2.714949 > 1.98157$ or the probability value of the directors' compensation variable is $0.0080$, this value is smaller than the significance level of $0.05$ or $0.0080 < 0.05$. Based on this, it can be concluded that the directors' compensation variable can affect tax aggressiveness.

c. Shareholding

The count value of the managerial ownership variable is $0.463341$ with a positive value, and the table value is $1.98157$. Then the count $< \text{table value}$ or $0.463341 < 1.98157$ or the probability value of managerial ownership variable is $0.6443$, this value is greater than the significance level of $0.05$ or $0.6443 > 0.05$. Based on this, it can be concluded that managerial ownership variables do not affect tax aggressiveness.

CONCLUSIONS AND RECOMMENDATIONS

After analyzing the data, the results of the research and the description of the discussion were obtained. then some conclusions can be drawn as follows

Based on the test above, it proves that executive compensation, directors compensation and share ownership have a simultaneous effect on tax aggressiveness with a significance level of $0.05$, where the probability value of the F-statistic is smaller than the significance level, namely with a value of $0.000000 < 0.05$.

Based on the test above, it proves that executive compensation has no effect on tax aggressiveness with a significance level of $0.05$ where the probability value is greater than the significance value, namely with a value of $0.0554 > 0.05$. Based on the test above, it proves that directors' compensation has an effect on tax aggressiveness with a significance level of $0.05$, where the probability value is smaller than the significance value, namely with a value of $0.0080 < 0.05$. Based on the test above, it proves that managerial share ownership hurts tax aggressiveness with a significance level of $0.05$, where the probability value is greater than the significance value, namely with a value of $0.6443 > 0.05$.

Further researchers can add and expand the population and sample or can use populations and samples of other companies. Future researchers can add the number of study periods of more than five years in order to obtain more accurate results regarding the effect of research-related variables on tax aggressiveness. Further researchers can add and develop other independent variables, such as dividend policy, interest rates, inflation rates and other factors that are thought to influence tax aggressiveness. Companies For companies, it is expected to be able to carry out tax payments by government regulations and policies to avoid sanctions given by the government.

ADVANCED RESEARCH

This research still has limitations, it is necessary to carry out further research related to the topic "The Influence Of Executive Compensation, Board
Of Directors Compensation And Share Ownership On Tax Aggressivity” to perfect this research, as well as add insight to the reader

REFERENCES


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