



Actions of Expropriation in Family Companies: The Moderating Role of Independent Commissioner's Control

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Info Article

History Article:

Submitted 27 December 2023

Revised 16 January 2024

Accepted 30 January 2024

Keywords:

Commissioners, Expropriation, Pyramid Structure, Related Party Transaction

Abstract

This study examines the effects of the pyramid structure and disclosure of related party transactions on acts of expropriation in family companies with the independent commissioner's control as a moderation. This research is a type of quantitative research. This research uses secondary data from annual reports from 31 family companies in 2017-2018. The data analysis techniques in this research are descriptive statistics, panel data regression analysis, and moderated regression analysis. The study finds that the pyramid structure does not affect expropriation, while disclosure of related party transactions has a negative effect on expropriation. The interaction test shows that the mediator variable could not mediate the pyramid structure and expropriation. Conversely, the moderating variable is able to moderate the disclosure of related party transactions and expropriation. The results of this research can provide input to policymakers to tighten regulations regarding protection for minority shareholders. In addition, the results of this research will add to the government's references in expanding rules related to the disclosure of related party transactions, especially regarding the supervision of related party transactions carried out by companies.

Tindakan Ekspropriasi pada Perusahaan Keluarga: Peran Moderasi Efektifitas Pengawasan Dewan Komisaris Independen

Abstrak

Penelitian ini menguji pengaruh struktur piramida dan pengungkapan transaksi pihak berelasi terhadap tindakan ekspropriasi pada perusahaan keluarga dengan efektifitas pengawasan dewan komisaris independen sebagai variabel moderasi. Penelitian ini merupakan jenis penelitian kuantitatif dengan menggunakan data sekunder. Penelitian ini menggunakan data sekunder berupa laporan tahunan sebanyak 31 perusahaan keluarga pada tahun 2017-2022. Teknik analisis data dalam penelitian ini yaitu statistik deskriptif, analisis regresi data panel, dan analisis regresi moderasi. Hasil penelitian menemukan bahwa struktur piramida tidak berpengaruh terhadap tindakan ekspropriasi sedangkan pengungkapan transaksi pihak berelasi berpengaruh negatif terhadap tindakan ekspropriasi. Uji interaksi pada penelitian ini menunjukkan hasil bahwa variabel moderasi tidak mampu memoderasi struktur piramida dan tindakan ekspropriasi. Sebaliknya, variabel moderasi pada penelitian ini mampu memoderasi pengungkapan transaksi pihak berelasi dan tindakan ekspropriasi. Hasil penelitian ini dapat memberikan masukan kepada pembuat kebijakan untuk memperketat regulasi mengenai perlindungan bagi pemegang saham minoritas. Selain itu, hasil penelitian ini dapat menambah referensi pemerintah dalam perluasan peraturan terkait pengungkapan transaksi pihak berelasi, khususnya mengenai pengawasan atas transaksi pihak berelasi yang dilakukan oleh perusahaan.

JEL Classification: M31, D12, Z11

How to Cite: Pratiwi, A. P., Ruhiyat, E., & Holiawati (2024). Actions of Expropriation in Family Companies: The Moderating Role of Independent Commissioner's Control. *JDM (Jurnal Dinamika Manajemen)*, 15(2), 91-103.

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ISSN
2337-5434 (online)

INTRODUCTION

When a public company is assumed to have spread share ownership, there will be clear boundaries or separation between control and ownership. Control will be centered on management because no shareholders who can influence company policy and ownership will be centered on shareholders with a small number of shareholdings. Under these conditions, the agency problem arises from the conflict between management and shareholders (Silaban, 2020). However, if the conditions indicate concentrated share ownership, agency conflicts between management and shareholders will not arise, but the agency problem that arises is between controlling shareholders and minority shareholders. Controlling shareholders are believed to be accessible to take expropriation or takeover of non-controlling shareholders. An act of expropriation is an opportunistic act in the form of transferring wealth to obtain economic benefits from specific individuals or groups (Sabatini, 2021). Expropriation will discriminate against non-controlling shareholders.

Type 1 agency conflicts often occur in American and European countries, namely agency conflicts between management and shareholders. In contrast, agency conflicts that often arise in Indonesia are type II agency conflicts, namely between majority shareholders (controllers) and minority shareholders (non-controllers). This is caused by differences in ownership structures, where Indonesia applies more concentrated ownership structures while America and Europe use dispersed ownership structures. Family companies in Indonesia represent 95 percent of all businesses and contribute 82 percent to Indonesia's Gross Domestic Product (GDP). The following describes several industries with the highest percentage of family firms in Indonesia (bps.go.id):

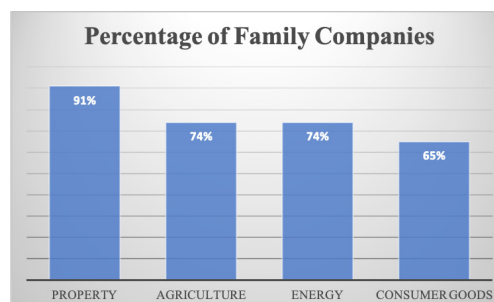


Figure 1. Industry with the Highest Number of Family Ownership

Source: bps.go.id

Figure 1 shows that the property industry is the industry with the highest percentage of family companies at 91 percent, so this study tries to analyze more deeply the centralized ownership structure in family companies found in the property industry in Indonesia. The concentrated ownership structure in Indonesia is identical to that of a conglomerate or business group and gives rise to affiliations. This affiliation is difficult to detect and does not rule out the possibility that one company is a member of several business groups (Malawat et al., 2018).

A concentrated leadership structure (pyramid structure) raises the potential for controlling shareholders to be seen further in the company's management (Gunawan, 2017). The pyramid structure gives rise to type II agency conflicts between controlling and non-controlling shareholders. Controlling shareholders can control the company by appointing company management, controlling the company, and being essential decision-makers for the company's sustainability. Generally, companies with a pyramid structure ownership pattern carry out acts of expropriation through transactions with related parties. Transactions with related parties are considered a tool for rulers or majority shareholders to carry out acts of expropriation through transactions with associated parties.

Saragih (2021) stated that in the past two decades, Asia has faced a financial crisis that has led to economic collapse. The collapse was caused by asset transfers made between affiliated companies to extract resources for the benefit of the controlling shareholders. Gunawan (2017) states that concentrated control over companies is based on the phenomenon of separation between control rights and cash flow rights. In addition, the problem of information asymmetry will affect the disclosure of financial statements as company information to the public, especially related party disclosures.

There has been a lot of research related to acts of expropriation. For example, research conducted by Hamid et al. (2016) examines the relationship between good corporate governance and acts of expropriation with the result that the interests of minority shareholders are protected by good governance. Furthermore, research conducted by Rettob et al. (2021) showed that good corporate governance can minimize acts of expropriation in Indonesia. With the results of previous research stating that influences acts of expropriation, researchers try to use corporate governance as measured by the effectiveness of commissioners' control as a moderating variable.

Research using the pyramid structure and disclosure of related party transactions as factors influencing expropriation was carried out by Malawat et al. (2018) with results showing that the pyramid structure did not influence expropriation carried out by controlling shareholders. The opposite result was found (Riadi & Mita, 2019) results show that companies with a concentrated ownership structure tend to carry out acts of expropriation through tuning activities. Research regarding disclosure of related party transactions regarding acts of expropriation was also conducted by Marchini et al. (2019)

the results found that disclosure of related party transactions carried out transparently with a clear disclosure framework and stipulated in statutory regulations will enable investors to see whether or not there are acts of expropriation within the company, while the results of research conducted by Malawat et al. (2018) state the opposite, namely that disclosure of related party transactions does not affect on expropriation actions.

This research develops previous research that discussed acts of expropriation, where this research has novelties regarding acts of expropriation and the factors that influence them, which are attractive to explore further. This research uses concentrated ownership variables and disclosure of related party transactions to prove the existence of acts of expropriation of family ownership. The extent or lack of disclosure of related party transactions, which is a mandate contained in PSAK No. 7, is interesting to use as a source of information in financial reports regarding whether or not there have been acts of expropriation in the company. Apart from that, this research adds a moderating variable, namely the effectiveness of supervision by the independent board of commissioners, which is expected to weaken acts of expropriation by majority shareholders.

The problem that arises from research that uses expropriation is that different results are found, so this research tries to find more substantial comprehensive evidence by using the effectiveness of supervision by the independent Board of commissioners as a moderating variable. The primary motivation for implementing controls is to ensure that management carries out its activities in harmony with stakeholders' interests. Agency theory positions the board as a supervisor over everything done by management or directors because it is suspected of having opportunistic behavior (Malawat et al., 2018).

This research will provide implications for policymakers in the capital market to strengthen procedures, guidelines, and supervision regarding the approval of related party transactions, especially in companies with concentrated ownership. In addition, this research will contribute to the government issuing regulations regarding independent boards of commissioners and monitoring the performance of independent boards of commissioners in a company to minimize the occurrence of expropriation. It is also, it is necessary to create clear boundaries between majority and minority shareholders to avoid agency conflicts.

The Effect of Pyramid Structure on Expropriation

In countries with consolidated or concentrated company share ownership, agency conflicts often occur between controlling and non-controlling shareholders. The fact is in line with agency theory, which states that there are differences in interests between agents and principals, in this case, controlling and non-controlling shareholders. Concentrated ownership models such as the pyramid structure are often applied to companies in Indonesia. Usually, with an ownership structure like this, it will be easier for the primary owner to become the controller of several companies that are at the bottom layer. The statement is in line with research conducted by Malawat et al. (2018) which shows that ownership structure positively affects the risk of expropriation. The result is influenced concentrated by ownership, resulting in centralized control rights by controllers/family parties. From the previous and in line with the agency theory, the proposed hypothesis is:

H1: Pyramid Structure has an impact on Acts of Expropriation.

Effect of Disclosure of Related Party Transactions on Expropriation.

It is undeniable that every company must disclose financial statement information based on applicable regulations. Disclosure of financial statements is expected to make users of financial statements understand and know company information, one of which is related to the disclosure of Related Party Transactions (RPT). Disclosure of RPT is undoubtedly a matter that needs to be considered by every interested party. This is due to the view of RPT, which are regarded as a tool for controlling shareholders to take over minority shareholders through various mechanisms, such as loans, asset sales, and trade relations (Wang et al., 2019). Previous research conducted by Malawat et al. (2018) measured the effect of the level of disclosure and the magnitude of related party transactions as reflected in the income statement and balance sheet. The results of his research show that there is a positive influence between the level of disclosure on the amount of RPT. The result means that high RPT disclosure can increase RPT that is efficient and reduce RPT that is abusive or there are acts of expropriation. From the previous and in line with the Signaling theory, the proposed hypothesis is:

H2: Disclosure of Related Party Transaction has an impact on Acts of Expropriation.

The Effectiveness Role of the Board of Commissioners' Control in Moderating the Pyramid Structure Relationship with Actions of Expropriation.

The effectiveness of a good board of commissioners' control proves that the company can carry out good corporate governance and in general can help minimize conflicts of interest within the company. Based on previous research, acts of expropriation resulting from ex-

cessive control by controlling shareholders can be minimized by implementing corporate governance (Li, 2018; Diyanty et al., 2018). Strong corporate governance practices can minimize abusive RPT, such as expropriation of non-controlling shareholders. Therefore, internal attributes of corporate governance are needed based on the principles of Good Corporate Governance (GCG). GCG principles were developed based on an organizational theory using an approach from contingency theory (Lukviarman, 2016). The contingency theory approach seeks to understand organizational phenomena based on the characteristics of the environment in which the organization exists. Thus, the proposed hypothesis is:

H3: The Effective of Commissioners' Control has a moderating effect on Pyramid Structure and the Actions of Expropriation.

The Effectiveness Role of the Board of Commissioners' Oversight in Moderating Disclosure of Related Party Transactions with Actions of Expropriation.

Information asymmetry problems related to signal theory occur in companies, causing the quality of information to be disclosed to be low. Therefore, the disclosure of transparent financial reports will also be a problem. Therefore, the role of the internal attributes of corporate governance is needed to solve this problem based on the principles of GCG. Some empirical evidence by Rudyanto & Veronica (2018) found a significant influence of corporate governance in efforts to improve the quality of corporate information to reduce acts of expropriation. Thus, the proposed hypothesis is:

H4: The effective role of Commissioners' Control has a moderating effect on the Disclosure of Related Party Transactions and the Act of Expropriation.

Figure 2 provide the conceptual framework of the study:

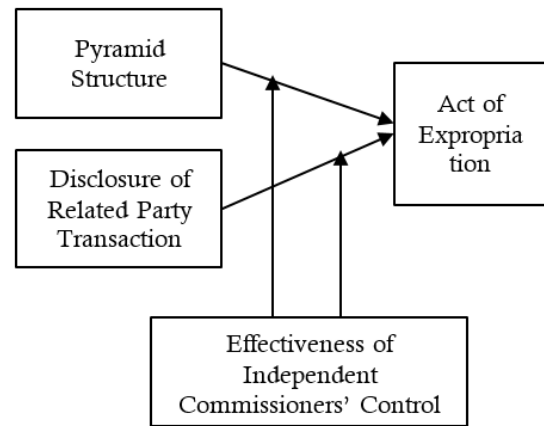


Figure 2. Research Framework

METHOD

The approach in this study follows the steps of quantitative research by using secondary data obtained through financial reports and annual reports of the Property Industry family company during the research year, namely 2017-2022. Data was collected by downloading the annual report on the official website of the Indonesia Stock Exchange and the company's official website as the research sample.

The population in this study was 83 Property and Real Estate Industry companies, with a total sample of 31 companies during 2017-2022 and a total of 186 observation data obtained by purposive sampling method using the following criteria: (1) Companies registered in the Property Industry and not delisted from the Indonesia Stock Exchange during the study period, (2) The company has an annual report which also contains financial reports that we can access during the study period, (3) The company is a company with a family ownership structure, (4) The company records Related Party Transactions (RPT) in the form of transactions sales and purchases or assets and liabilities and make disclosures of these transactions.

Model specification

The study model will adapt from Igbinovia & Agbadua (2023) and be modified to suit our specific purpose. The model is expressed as follows:

$$Exp = \alpha + \beta_1 Pos_{it} + \beta_2 DiscRPT_{it} + \beta_3 EICC_{it} + \beta_4 (Pos_{it} * EICC_{it}) + \beta_5 (DiscRPT_{it} * EICC_{it}) + \varepsilon \dots\dots\dots(1)$$

Where:

- Exp : Expropriation
- Pos : Pyramid Structure
- DiscRPT : Disclosure Related Party Transaction
- EICC : Effectiveness of Independent Commissioners' Control
- α : Constant
- β1..β2 : Intercept

Data Analysis Technique

This research uses computer assistance with Econometric View (E-views) version 10 and Microsoft Excel data software to group the data researchers need. The data analysis techniques used in this research are panel data regression analysis and moderated regression analysis. Data analysis in this research begins with selecting the model that will be used to analyze panel data regression using the Chow test, Hausman test, and Lagrange multiplier test, then the classical assumption test, hypothesis test and moderated regression test are carried out. Table 1 show the measurement of variables used in this research.

Table 1. Variables Measurement

Variable	Variables	Measurement	Prior Studies
Dependent Variable	Exp	Amount of Related Party Transaction (RPT) through two categories based on the presentation of financial statements, namely, Balance Sheet on asset & liabilities items and Profit and Loss on sales & expenses items	Supatmi & Wukirasih (2022)
Independent Variables	Pos	The proportion of ordinary shares owned by substantial shareholders, namely shareholders with ownership of 5% or more	Utama (2015)
	Disclosure of Related Party Transactions	The scoring procedure is used with a dichotomous assessment, namely by giving a score of 1 to the disclosed RPT indicator and a value of 0 if the RPT indicator is not disclosed in every aspect by the company. Calculating the disclosure of related party transactions, or RPT can be obtained by dividing the value of the aspects disclosed by the company based on indicators by the total value of all aspects of the disclosure that are required by regulations in Indonesia through PSAK no 7 revision (2015) and Bapepam regulation Number VIII.G.7 regarding the nature and detailed party transactions discussed in the chapter previously.	Malawat et al. (2018)
Moderating Variable	DiscRPT	The scoring about the intensity of meetings and level of attendance of the Board of Commissioners, a large proportion of independent Commissioners, how long the Board of Commissioners has served, and the number of commissioners	Saputra (2022)

RESULT AND DISCUSSION

The study presented and analyzed data using descriptive statistics, date panel regression, and moderated regression analysis.

Table 2. Descriptive Statistics of Variables

Effects Test	Exp	Pos	Dis-cRPT	EICC
Mean	.267	.535	.496	8.151
Median	.037	.474	.529	8.500
Maximum	6.064	2.130	.705	10.000
Minimum	.001	.134	.235	6.000
Std. Dev.	.718	.328	.111	.812

Source: Data Processed (2024)

Table 2 shows that the average value of expropriation actions is 0.267, which means that the amount of related party transactions carried out by the company through the value of sales, purchases, assets, and debt is 0.267 compared to the total equity owned by the company. The figure of 0.267 shows that family companies in the property and real estate industry only carry out transactions with related parties amounting to 0.267 when compared to the equity value or not reaching 50% of standard transactions, so it is hoped that there will be minimal expropriation actions carried out by controlling shareholders through transactions with related parties. The deviation value in the descriptive statistical test results shows a figure of 0.718 or greater than the average value, indicating that there is high variation during the observation period, or in other words, related party transaction data has a high level of heterogeneity and can represent the entire population.

The pyramid structure, proxied by the most significant amount of ownership in the company, has an average value of 0.535, meaning that the most considerable ownership is at 0.535 of the total

ownership. This figure shows that share ownership in the family company is above 0.5 and indicates the possibility of action. Expropriation to be carried out by the controlling shareholder. The deviation value shows 0.328 or smaller than the average value, which suggests that there is a slight variation between the minimum and maximum values during the observation period or there is not a significant gap between the most extensive ownership held by family companies in the property and real estate sector or other words, the most significant ownership value in family companies in the property and real estate industry is homogeneous considering that share ownership data in a company often has the same value in each period.

Disclosure of Related Party Transactions, which is proxied by disclosure_RPT, has an average value of 0.496, which shows that the level of company compliance in disclosing related party transactions required by regulations in Indonesia has reached 0.496, this shows that family companies in the property and real estate industry have not yet done so. Disclosure of related party transactions is by the number of indicators required in PSAK No. 7, namely 17 indicators. If we look at the results of descriptive statistical tests, the company disclosed the most 0.705 or 12 (0.705*17) indicators from 17 requested indicators. The deviation value shows a figure of 0.111 or smaller than the average value, indicating a small variation between the minimum and maximum values during the observation period or no large gap in the disclosure of related party transactions. This is supported by data that has been collected by researchers where there are only a few indicators that companies consistently disclose so each company has disclosure values that are not much different.

The effectiveness controlling an independent board of commissioners has an

average value of 8.151, which shows that companies registered in the property and real estate sector have an independent board of commissioners who can maintain their independence within the company. This is proven by the number of meetings attended, the proportion of the number of independent commissioners and the number of commissioners. These officials have an average score of 8, with the highest score being 10. The standard deviation of this variable is 0.812 or below the average value. It indicates a small distribution of variation or no significant gap in the effectiveness of the board of commissioners' control. The statement is proven by data collected by researchers where many family companies in the property sector have an independent Board of commissioners of 1 to 3 people so the scores for each company are similar.

However, the regression assumptions test is first conducted:

Table 3. Regression Assumptions Test

Variable	Multicollinearity test Coefficient Variance	VIF
PoS	.210	1.051
DiscRPT	.688	1.049
EICC	.010	1.039
Heteroskedasticity Test:		
Breusch-Pagan-Godfrey F-Statistic = 1.616	Prob. F = .187	.184
Autocorrelation Test:		
LM-Test	.183	

Source: Data Processed (2024)

As observed in table 3, none of the variables have VIF values exceeding 10, which is a serious indication of multicollinearity. The Breusch-Pagan-Godfrey test for heteroskedasticity showed probabilities greater than 0.05, meaning there are no symptoms of heteroscedasticity.

Test of Hypotheses

Hypotheses testing was carried out using the Random Effect Model as the selected model with the following results:

Table 4. Hypothesis Test Results

Variable	Coef- ficient	St. Error	t-Statist- tic	Prob.
C	-.658	.121	-5.441	.000
X1_POS	.151	.088	1.709	.089
X2_RPT	-1.102	.123	9.086	.000
Effects Specification				
Weighted Statistics				
R-squared	.380	Mean dependent var		.691
Adjusted R-squared	.369	S.D. dependent var		1.129
S.E. of regression	.910	Sum squared resid		150.79
F-statistic	3.718	Durbin-Watson stat		.599
Prob(F-statistic)	.000			

Source: Data Processed (2024)

F Test

The results of the F statistical test in the first model are shown in Table 4 using the random effect model as the selected model. The F test significance value is 0.000 or less than the significance level of 0.050, meaning that the first regression model is significant and feasible to be used to predict expropriation or, in other words, that the pyramid structure variable and the disclosure of related party transactions jointly affect the act of expropriation.

t-test

The statistical test in Table 4, shows that the results of the test between independent variables partially with a significance level of 0.050 and this research was conducted using one side (one-tailed). The probability variable value of the pyramid structure shows the number 0.089 or above the significance level (0.050), so the results show that the pyramid structure does not influence acts of expropriation.

The probability variable value of disclosing transactions with related parties shows the number 0.000 or below the significant level (0.050) with a negative coefficient value, so the results show that disclosure of related party transactions has a negative effect on acts of expropriation.

R² Test

Table 4 shows that the adjusted R-squared value is 0.369 or 36.90 %. The pyramid structure variables and related party disclosures determine the variation in acts of expropriation of as much as 36.90 %. At the same time, the remaining 63.10 % is explained by variations in other variables that are not used in this research model.

Moderated Regression Analysis (MRA) test

In this section, the results of the regression analysis of Equation I are described, namely the influence of the effectiveness of the board of commissioners' control in moderating the pyramid structure relationship and disclosure of related party transactions on acts of expropriation in Table 5.

Regression analysis processing is done by comparing the regression equation to determine the type of moderator variable, as shown in Table 5. The interaction test of the pyramid structure variable and the effectiveness of the board of commissioners on expropriation shows a β value of 0.190 and a significance value of 0.119 or above the 0.050 significance level. At the same time, in Table 4, it is known that the β value is 0.151 and a significance value of 0.089, so it can be concluded that the effectiveness of board control is that the independent commissioner is a potential moderator who does not moderate the pyramid structure relationship to acts of expropriation.

Table 5. Moderated Regression Analysis Test Results

Variable	Coeff.	St. Error	t-Statistic	Prob.
C	-.391	.115	-3.399	.008
X1_POS	-1.290	.708	-1.823	.069
X2_RPT	-2.002	.694	2.882	.044
Z_EPDK	-.120	.088	-1.359	.175
X1_POS*Z_EPDK	.190	.088	2.157	.119
X2_RPT*Z_EPDK	-.142	.090	-1.565	.032
Effects Specification				
Weighted Statistics				
R-squared	.325	Mean dependent var		.597
Adjusted R-squared	.310	S.D. dependent var		.883
S.E. of regression	.826	Sum squared resid		123.755
F-statistic	21.797	Durbin-Watson stat		.650
Prob(F-statistic)	.000			

Source: Data Processed (2024)

The interaction test of disclosure of related party transactions variables and the board of commissioners' effectiveness towards expropriation shows a β value of -0.142 and a significant value of 0.032 or below a significance level of 0.050. At the same time, in Table 4, it is known that a β value is -1.102 and a significance value of 0.000 or below a significance level of 0.050, so we can conclude that the effectiveness of independent commissioner board control is a quasi-moderation that strengthens the negative relationship between disclosure of related party transactions and acts of expropriation.

This study will discuss and explain empirically the effect of the pyramid structure and the disclosure of related party transactions on acts of expropriation with the variable effectiveness of the board of commissioners' control.

The Effect of Pyramid Structure on Expropriation Actions

The results of this study indicate that the pyramid structure does not affect expropriation with a probability value of 0.089. This shows that concentrated or dispersed ownership structures do not affect expropriation. Concentrated or dispersed share ownership does not determine the existence of interests among shareholders, which gives rise to motives of expropriation of wealth because the company uses the company's share capital management to ensure the maintenance of a healthy capital ratio to support the business and maximize return on investment for shareholders by the number of shareholdings in the company it invests in so that the company's management will maintain its credibility so as not to lose the trust of investors (Rohmatullaili, 2019). In addition, researchers suspect that family companies in the property and real estate industry with pyramid ownership are more likely to support their affiliated companies by providing funds for business expansion. This is important for family companies to face various challenges, such as the increasing number of competitors, the need for continuous innovation, and the increasing price competition.

The results of this study are different from agency theory, which states that shareholder involvement can increase conflict between controlling and non-controlling shareholders because controlling shareholders tend to find it easier to access to private company information (Rohmatullaili, 2019). The results of this study align with research conducted by Shah et al. (2020) which states that concentrated ownership does not affect acts of expropriation. The results of this study are in contrast to the research of Cherif (2017) and Malawat et al. (2018) which state that there is an influence between concentrated ownership and acts of expropriation carried out by controlling shareholders.

Effect of Disclosure of Related Party Transactions on Actions of Expropriation

The results of this study indicate that disclosure of related party transactions harms acts of expropriation with a probability value of 0.000 and a coefficient value of -0.142. Family companies, which generally have a concentrated ownership structure, result in the controlling shareholder being directly involved as a management party to control all company information. This is in line with agency theory, which states that companies with family ownership generally have family members spread from management to top management so that the family makes the biggest decisions. This condition also usually occurs in group companies whose controllers are in the same family and are vulnerable to agency problems by ignoring the interests of minority shareholders. The results of this study align with research conducted by Cherif (2017) and Melawat (2018) which states that disclosing related party transactions has a negative effect on acts of expropriation.

The Effectiveness Role of the Board of Commissioners' Control on the Pyramid Structure Relationship and Actions of Expropriation

The results of this study show that the board of commissioners' oversight effectiveness cannot moderate the relationship between the pyramid structure and actions of expropriation with a probability value of 0.119. The effectiveness of the board of commissioners' control is one of the elements of the implementation of Good Corporate Governance (GCG) in companies in Indonesia. In theory, one of the things that underlies the need for GCG implementation is the existence of concentrated ownership which will have a full policy to determine the direction of the company which causes a conflict of inte-

rest between controlling and non-controlling shareholders (Supatmi & Wukirasih, 2022). The existence of an independent board of commissioners in the organizational structure of family companies is expected to control the domination of controlling shareholders or family members in the company. The results of this study are in line with research conducted by Purwanto (2022) which states that the proportion of independent commissioners does not affect expropriation practices but contradicts research conducted by Aviyan-ti (2019) which states that Good Corporate Governance (GCG) has a negative influence against indications of expropriation practices.

The Effectiveness Role of the Board of Commissioners' Control on Disclosure of Related Party Transactions and Actions of Expropriation

The results of this study indicate that the effectiveness of the board of commissioners' control strengthens the negative relationship between disclosure of related party transactions and actions of expropriation with a probability value of 0.045 and shows a negative coefficient value of -1.530. The results prove that an independent board of commissioners in a family company and the company's compliance in disclosing related party transactions can reduce the practice of expropriation committed against non-controlling shareholders. The problem that family owners often need is information asymmetry, where the involvement of insiders causes low-quality information disclosure (Malawat, 2018). One effective way to improve the quality of information is to involve the role of corporate governance because it is considered effective in increasing transparency, especially openness in financial information. This study's results align with research conducted by (Supatmi & Wukirasih, 2022), which states that good corpo-

rate governance as a moderating variable does not affect expropriation. Meanwhile, research conducted by Putri (2018) states that the practice of expropriation can be minimized by implementing good governance.

CONCLUSION AND RECOMMENDATION

This research was conducted to examine the actions of expropriation in family companies in the property industry, which are listed on the Indonesian Stock Exchange based on concentrated ownership and disclosure of related parties moderated by the effectiveness of the Board of commissioners' supervision. The following are the conclusions of the research results: (1) it is not statistically proven that the pyramid structure affects expropriation, (2) it is statistically proven that disclosure of transactions with related parties affects expropriation, (3) it is not statistically proven that the effectiveness of the supervision of an independent board of commissioners moderates the relationship of the pyramid structure to acts of expropriation, (4) it is statistically proven that the effectiveness of the independent board of commissioners' supervision strengthens the negative relationship of disclosure of related party transactions to acts of expropriation.

The results of this study can be input for policymakers to not only create policies related to company obligations in disclosing related party transactions but also to supervise this matter. Research data shows that of the 17 indicators that must be disclosed, the average value of disclosures made by companies is only 47 percent or only reveals as many as 8 indicators. The data shows the need for more oversight of the regulations that have been issued. Furthermore, this research can be used as a reference in developing a new theory from agency theory, which discusses conflicts between agents and principals

and between majority and minority shareholders. For future researchers, the results can contribute ideas to develop similar research by comparing acts of expropriation in companies with concentrated and dispersed ownership.

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