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The Effect of Corporate Life Cycle on Corporate Restructuring

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ABSTRACT

This study aims to determine the effect of corporate life cycle on restructuring decisions with governance and financial distress as moderating variables in manufacturing companies listed on the Indonesia Stock Exchange in five years (2013-2017) and there are 480 data for the sample. The hypotheses tested using logistic regression. The results of this study indicate that life cycle has an effect on restructuring decisions. Financial distress strengthen the influence of the “birth” and “mature” stages to carry out managerial restructuring, and strengthen the “growth” stage to carry out operational restructuring and financial restructuring. However, financial distress does not moderate the influence of the life cycle on asset restructuring. Governance weakens the influence of the “birth” stage in managerial restructuring and also weakens the influence of the “birth” and “mature” stages in financial restructuring strategies. GCG does not moderate the effect of the life cycle on operational restructuring and asset restructuring.

INTRODUCTION

The restructuring phenomena lately consider done by companies that may suffer from bankruptcy in Indonesia. This can be seen from the increasing number of debt repayment obligation cases received by the Indonesian Commercial Court spread throughout from 2015 to the first quarter of 2018. Data in SIPP (Case Tracking Information System) states that until December 2017 there were 226 cases throughout the Commercial Court in Indonesia. The number of cases increase compared with two previous years, in 2016 there were 198 cases and 148 cases in 2015. Restructuring is not only carried by companies that may go bankrupt or in poor financial conditions, it's also good for companies in normal condition[1]. The improvement and reorganization of the company's strategy will lead the company to keep the going concern idea and also survive the world business competition.

Four types of restructuring decisions: managerial restructuring, operational restructuring, asset restructuring, and financial restructuring [2]. The managerial restructuring includes the replacement of senior management and/or Chief Executive Officers (CEO). The operational restructuring aims to restore profitability by controlling costs and reducing overheads through the sale of the company's resources of the fixed assets such as land, buildings, and equipment [3]. When a company eliminates an unprofitable or non-core line of business, it is considered to be restructuring assets. Financial restructuring tends to lead to changes in the company's dividend policy or capital structure. The company seeks to reduce payment pressures by using equity-based strategies and debt-based strategies.

Company in birth stage, small in size dominated by its owner, simple, the structure or hierarchy of the company have no standard, not differentiated, the management system is centralized and focus on innovation [4]. Company in growth stage is medium size and has a considerable number of shareholders and has rapid growth. Managers are given more responsibility for decision-making problems and in this stage the emergence of separations between owners and controllers are visible [4]. In mature and declining companies, they tend not to take

innovative strategies or risks compared to birth and growth stages. At this stage, the flow of internal funds ultimately exceeds investment opportunities and capital costs decrease [5]. At every stage of the company's life cycle, there is no guarantee that the company will not experience financial distress or in other words, each company is likely to experience financial difficulties wherever the stage of its life cycle is [3], [4], [6], [7].

When the company realizes that suffering financial distress, it is very important for the entity to make strategic business decisions [8]. The strategic business decision is expected to bring back companies returning to safe conditions [3]. The decision was taken in the near future considering to streamline business activities and control costs incurred by the company [9].

Managerial ownership and institutional investors can influence restructuring decisions made by companies [10], one of which is the decision to seek funds whether through debt or right issue. Institutional investors can be substituted to perform the role of disciplining the use of debt in the debt structure [11]. The institutional investors can effectively monitor the management of the company so that it has a tendency to lower the level of debt [12].

This research was conducted because of the lack of references from previous research in Indonesia that discussed the influence of the company's life cycle on restructuring decisions. In addition, this study provides additional references by adding financial distress and good corporate governance as moderating variables that are expected to strengthen the life cycle's effect on restructuring decisions.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Corporate Restructuring Theory

Restructuring is a strategy that is usually applied by management when the company is experiencing financial difficulties [3]. The restructuring brings significant improvement in company's operating performance [13]. Four classifications of restructuring: managerial, operational, asset, and financial [2]. Managerial

Restructuring includes the replacement of senior management and/or Chief Executive Officer. Managers who have bad planning or inefficient decision-making considered to be the cause of financial difficulties can be replaced with a new team to assess the causes of difficulties and find strategies for turnaround [14]. Operational Restructuring aims to restore profitability by controlling costs and reducing overhead costs through the sale of the fixed assets such as land, buildings, equipment, and offices [2]. When a distressed company sells an unprofitable or non-core business, it is considered to be engaging in asset restructuring. This form of restructuring aims to realign the company's focus by reducing unrelated diversification and refocusing the business portfolio on core competencies [15]. Financial restructuring generally refers to changes in the company's dividend policy or capital structure. This type of restructuring seeks to reduce pressure payments using equity-based and debt-based strategies [3].

Corporate Lifecycle Theory

The corporate life cycle theory shows that the growth and capital capacity of the company vary in each stage [1]. The company life cycle model explains that the company will develop and move from one stage to another [6]. Each different stage of the life cycle represents different strategies, organizational structures, decision-making methods, and activities, where these factors are integrally complementary between each stage of the life cycle [4], [16]. The stage of company life cycle is classified into four-stage: birth, growth, maturity, and decline.

Financial Distress

Financial distress happens if a company experiences negative operating profit for several years [17], [18]. Laying off employees or eliminates dividend payments became a sign of financial distress [19]. Furthermore, the company stops its operations and the company experiences technical violations in debt and is predicted to experience bankruptcy in the next period [19]. It can be said that financial distress is the condition of a company experiencing continuous financial problems before bankruptcy. The causes of financial difficulties are: 1) the high-interest expense held by company; 2)

poor operating performance compared to other industry performance; 3) market conditions are declining [20].

Good Corporate Governance

Good corporate governance (GCG) is a concept based on agency theory that serves to convince investors that they will receive a return on their investment [21]. Monitoring corporate governance mechanisms is divided into two groups, internal mechanisms and external mechanisms [22]. Internal mechanisms are ways to control the company by using internal structures and processes such as the structure of the board of directors and managerial ownership. External mechanisms are ways of influencing the company aside from using the internal mechanisms, such as the market for corporate control, institutional ownership, foreign ownership, and the funding level using debt. Based on the size of shares owned by institutional investors, they have the stronger influence and better skills to monitor the management of minority shareholders [23], [24].

The Corporate Life Cycle on Corporate Restructuring

All stages of the corporate life cycle affect the change of CEO and top management [17]. Companies tend to change CEO and top management whenever the company needs it [3]. Companies in the early stages of the corporate lifecycle reduce their investment activities [3]. However, companies in the upper stages tend not to reduce their investment activities [2], [17]. The corporate lifecycle theory states that companies in the early stage have small business structure, their product line is still limited and focused on expansion so companies at this stage tend not to do corporate asset restructuring [2], [3]. So the hypothesis is:

H1: The corporate lifecycle stage affects the implementation of corporate restructuring including management, asset, operational and financial restructuring

Financial Distress as Moderator Variable

When suffering financial problems, companies will look at the CEO or top management who performs badly as the cause of financial distress.

So the possibility of replacing the CEO and top management will be possible for the company. Operational restructuring of companies in the early stages when experiencing financial difficulties will reduce employees [3]. Companies at any stage when experiencing financial difficulties will sell assets that are less of value for the company[25]. companies in the birth, growth, and mature stages when in a state of financial difficulty tend not to reduce dividends[3]. So the hypothesis is:

H2: Financial distress weakens the effects of corporate lifecycle on corporate restructuring.

Good Corporate Governance as Moderator Variable

Institutional share ownership increases the influence of the corporate lifecycle on the probability of changing CEO [26]. The presence of institutions that have been known to pursue activist strategies, both their holdings and fraction of firm targeted has increased steadily over the period [27]. Institutional ownership as a type of corporate governance strengthens the negative effect of life cycle stages on cost reduction [28]. Institutional ownership does not strengthen the effect of life cycle stages on corporate debt policy [29].

RESEARCH METHODS

The data used in this study is secondary data derived from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2017. The dependent variable of this research is corporate restructuring decision. The dependent variable is measured by a dummy variable (1 or 0) with a value of 1 if the company is implementing a corporate restructuring strategy and a value of 0 is if the company is not implementing a corporate restructuring strategy. Corporate restructuring decisions in this study consist of 4 types of corporate restructuring strategies, namely managerial, operational, assets, and financial. The 4 types of strategies are classified into 8 strategies:

1. Change of CEO (CEO)

It can be seen if there is a managerial restructuring if the Chief Executive Officer (CEO) or Managing Director (MD) undergoes a change in a period[25]. This can be seen based on changes in the composition of the CEO or Managing Director in year t and year

t-1.

2. Investment Reduction (INV)

The INV variable reflects a strategy to reduce investment activity which is proxy by the number of fixed assets[30]. The strategy for reducing investment activity can be seen if there is a decrease in the total number of fixed assets of more than 15% between year t-1 and year t

3. COGS Reduction (COGS)

For the COGS reduction strategy, there has been a reduction in COGS if the company's COGS ratio divided by sales is above the median in year t-1 but falls to the lower quartile in year t[25].

4. Employee Reduction (EMP)

The strategy for reducing staff, if there is a decrease of more than 20% in the number of employees between year t-1 and year t[13].

5. PPE Reduction (ASSETS)

This strategy can be identified as having been carried out by the company if there is a decrease in total net PPE (Property, Plant, and Equipment) of more than 15% between year t-1 and year t[3].

6. Dividend Reduction (DIV)

The company carried out financial restructuring with a dividend strategy seen from a decrease of more than 25% in the amount of dividends paid in year t-1 and year t

7. Addition of Debt (Net Debt)

The company will add debt if the total ratio of net debt to total assets increases by 5% compared to year t-1. The net debt ratio is obtained from the difference between total debt in year t and year t-1 divided by total assets in year t[3]

8. Addition of Equity (Net Equity)

The company carries out an equity restructuring strategy if the total ratio of net equity to total assets increases by 5% compared to year t-1[3].

The independent variable in this study is the corporate life cycle. The company also experiences and goes through stages in its life cycle, which in this study are divided into 4 stages were birth, growth, maturity and decline. Measurement of this variable adopted Anthony & Ramesh (2009) [1], with DP (percentage of dividends to income);

SG (sales growth ratio); CEV (ratio of CE to firm value); and age of the firm

1. Percentage of Dividend to Income

$$DP_t = \frac{DIV_t}{IBED_t}$$

DIV_t = the amount of dividends paid by the company in year t

$IBED_t$ = income before extraordinary items and discontinued operations in year t

2. Sales Growth Ratio

$$SG_t = \frac{SG_t}{(SG_{t-1})}$$

SG_t = sales in year t

SG_{t-1} = sales in year t-1

3. Capital Expenditure Ratio to Firm Value

$$CEV_t = \frac{CE_t}{VALUE_t}$$

CE_t = expenditure based on the company's investment activity in year t

$VALUE_t$ = firm value as measured by market value of equity plus book value of debt in year t

4. Age of the Firm

The age of the company is calculated from the date of the company's IPO or listed on the Stock Exchange

There are two moderating variables in this research they were financial distress and good corporate governance (GCG). Financial distress is a financial difficulty that can be interpreted as the company's inability to pay its financial obligations at maturity date and happen in long period which causes the company's bankruptcy [20]. This variable is measured by the ratio of working capital to total assets; the ratio of retained earnings to total assets; the ratio of EBIT to total assets; the ratio of firm value to total book value of debt; the ratio of sales to total assets. This study uses the Z-Score developed by Taffler to determine whether a company is in distress or not. Company in a distress condition if at least have one year of negative Z scores after two consecutive years of having a positive Z score. The second moderating variable is good corporate governance (GCG) which is a concept based on agency theory, which is expected to function as a tool to provide confidence to investors that they will receive a return on the funds they have invested[19]. This variable is measured by the percentage of institutional ownership in the sample companies.

RESULTS AND DISCUSSION

Corporate Life Cycle Effect on Corporate Restructuring

All stages of the life cycle affect the probability of managerial restructuring in a company. The results of this study can be seen in table 1 and table 2 on the next page. The results of this study are in line with the results of previous studies[3] where the results of this study are that all stages of the corporate lifecycle have a significant effect on corporate managerial restructuring. The company's decision to undertake managerial restructuring is influenced by the corporate lifecycle[3]. Companies tend to change CEO (Chief Executive Officer) / MD (Managing Director) whenever the company wants to replace CEO / MD at all stages of its life cycle.

The results of this study prove that there is an influence between the stages of the corporate lifecycle on operational restructuring. This shows that wherever the stage of the company is located, the entity will make operational restructuring decisions which can be in the form of reducing employees, reducing the cost of goods sold, and the effective use of company assets. However, the corporate lifecycle has no effect on asset restructuring.

In contrast to the research results of previous study[3] which conclude that all stages of the lifecycle have a significant influence on the implementation of corporate assets restructuring. The mature stage, the company already has enough assets that are considered less effective, therefore the company at this stage makes efficient by selling their fixed assets that are no longer used[3]. This is different from the life cycle theory which states that companies that are in the early stages of their life cycles are still small, which are still limited to their product lines and focus on business expansion, they tend to retain or continue to use their assets to be used as a source of funds from existing operational activities.

There is an influence between the birth stage and corporate financial restructuring, which means that when the company is in the birth stage, the company tends to do financial restructuring. This is different from previous research which states that all stages of the corporate lifecycle have an influence on the company's decision to carry out financial restructuring.

Table 1

	CEO	INV	EMP	COGS	OPS	ASSET	DIV	NET DEBT	NET EQUITY	FIN
BIRTH	-0,021 (0,949)	1,869 ** (0,046)	0,428 (0,280)	1,225 (0,215)	0,569 * (0,093)	0,417 (0,716)	-0,852 ** (0,036)	0,154 (0,583)	0,622 (0,299)	-0,268 (0,250)
GROWTH	0,462 * (0,078)	0,637 (0,686)	-0,246 (0,673)	-10,639 (0,970)	-0,426 (0,474)	-0,752 (0,526)	-0,457 (0,248)	0,616 ** (0,020)	-12,271 (0,974)	0,149 (0,557)
MATURE	-0,042 (0,885)	2,224 ** (0,015)	-0,145 (0,801)	0,107 (0,947)	0,614 (0,123)	0,893 (0,146)	-0,209 (0,558)	0,290 (0,234)	1,021 (0,172)	0,112 (0,665)
FD	-0,269 (0,510)	1,330 ** (0,036)	-0,472 (0,659)	-12,606 (0,969)	0,216 (0,686)	-0,586 (0,566)	-0,585 (0,180)	0,168 (0,659)	-12,842 (0,978)	-0,487 * (0,066)
BIRTH * FD	0,864 * (0,067)	-44,820 (0,676)	0,282 (0,702)	1,155 (0,439)	0,707 (0,226)	0,572 (0,623)	0,319 (0,818)	-0,147 (0,778)	-0,657 (0,999)	-0,197 (0,747)
GROWTH * FD	0,221 (0,782)	-31,716 (0,934)	0,989 * (0,067)	11,736 (0,988)	0,978 * (0,059)	0,882 (0,362)	1,145 (0,146)	-1,351 ** (0,011)	0,850 (0,290)	-0,330 (0,561)
MATURE * FD	0,882 * (0,097)	-2,492 (0,111)	0,801 (0,259)	-3,719 (0,997)	0,041 (0,970)	-28,353 (0,965)	-0,981 (0,428)	-0,073 (0,921)	0,119 (0,924)	0,121 (0,868)
TobinsQ	-0,004 (0,881)	-0,045 (0,621)	-0,020 (0,668)	0,005 (0,963)	-0,031 (0,431)	-0,019 (0,894)	-0,075 (0,178)	0,019 (0,462)	-0,449 (0,251)	0,001 (0,970)
LnTotalAssets	0,280 ** (0,000)	-0,114 (0,690)	-0,259 ** (0,024)	-1,289 ** (0,001)	-0,374 ** (0,001)	-0,259 (0,191)	0,139 * (0,071)	0,087 (0,147)	-0,372 ** (0,047)	0,049 (0,415)
VOLATILITY	0,714 (0,176)	-3,283 (0,170)	1,547 (0,360)	-7,952 (0,218)	0,138 (0,757)	0,288 (0,737)	4,417 ** (0,000)	1,576 (0,102)	-0,889 (0,651)	2,964 ** (0,002)
RETURN	0,068 (0,983)	3,085 ** (0,037)	-4,088 (0,323)	0,898 (0,816)	-0,515 (0,906)	-1,865 (0,817)	-14,237 ** (0,001)	-2,373 (0,224)	2,756 (0,743)	-9,509 ** (0,001)
LEVERAGE	-1,572 ** (0,000)	0,426 (0,766)	0,236 (0,751)	-0,396 (0,870)	0,055 (0,935)	2,903 ** (0,002)	-1,303 ** (0,026)	1,280 ** (0,001)	-0,971 (0,436)	0,758 * (0,062)
CASHFLOW	0,162 (0,575)	-1,892 (0,102)	-0,228 (0,671)	-0,023 (0,974)	-0,347 (0,445)	-2,997 ** (0,009)	-0,711 (0,256)	0,019 (0,950)	0,663 * (0,084)	0,028 (0,918)
NEGELKERKE R SQUARE	0,096	0,150	0,045	0,289	0,148	0,087	0,578	0,053	0,064	0,050

Table 2

	CEO	INV	EMP	COGS	OPS	ASSET	DIV	NET DEBT	NET EQUITY	FIN
BIRTH	1,197 * (0,066)	1,675 * (0,076)	-0,231 (0,820)	-0,310 (0,970)	0,451 (0,171)	0,410 (0,599)	-0,394 (0,633)	0,194 (0,485)	-2,328 (0,321)	-0,240 (0,310)
GROWTH	0,045 (0,967)	20,109 (0,355)	0,186 (0,700)	-11,779 (0,968)	0,228 (0,610)	0,253 (0,798)	-3,132 * (0,080)	0,334 (0,167)	-0,050 (0,957)	0,092 (0,914)
MATURE	-0,957 (0,375)	2,066 ** (0,024)	1,361 (0,124)	0,094 (0,952)	0,405 (0,284)	0,893 (0,146)	-0,276 (0,416)	0,299 (0,220)	-2,847 (0,393)	0,032 (0,963)
INSTITUTIONAL	1,435 ** (0,010)	1,447 (0,372)	0,130 (0,922)	3,868 (0,256)	1,028 (0,228)	2,259 (0,297)	-0,161 (0,778)	0,437 (0,529)	0,623 (0,756)	0,012 (0,985)
BIRTH * INST	-1,740 * (0,066)	-2,888 (0,377)	0,576 (0,313)	2,066 (0,109)	0,186 (0,917)	-2,301 (0,315)	-1,616 ** (0,021)	-0,275 (0,722)	1,903 ** (0,023)	0,361 (0,636)
GROWTH * INST	0,457 (0,208)	0,362 (0,843)	-1,511 (0,361)	-3,633 (0,998)	-1,201 (0,447)	-1,405 (0,835)	3,957 * (0,079)	-0,642 (0,569)	0,893 (0,865)	0,207 (0,543)
MATURE * INST	0,174 (0,644)	-6,043 (0,385)	-0,480 (0,436)	-1,554 (0,810)	-0,777 (0,496)	-1,893 (0,655)	0,370 (0,807)	-0,319 (0,734)	1,529 * (0,069)	0,158 (0,639)
TobinsQ	0,006 (0,815)	-0,081 (0,663)	0,000 (0,995)	0,047 (0,750)	-0,006 (0,884)	-0,004 (0,973)	-0,055 (0,311)	0,003 (0,914)	-0,402 (0,269)	-0,010 (0,690)
LnTotalAssets	0,256 ** (0,000)	-0,375 * (0,073)	-0,278 ** (0,013)	-1,289 ** (0,001)	-0,418 ** (0,000)	-0,259 (0,191)	0,139 * (0,075)	0,089 (0,129)	-0,302 (0,110)	0,075 (0,188)
VOLATILITY	0,682 (0,205)	-2,933 (0,243)	1,426 (0,424)	-9,246 (0,199)	0,082 (0,856)	0,294 (0,708)	4,336 ** (0,000)	1,632 * (0,091)	-1,101 (0,574)	3,078 ** (0,001)
RETURN	-0,285 (0,927)	2,541 * (0,091)	-4,057 (0,337)	0,842 (0,837)	-0,294 (0,948)	-0,929 (0,909)	-13,952 ** (0,001)	-6,613 ** (0,028)	5,341 (0,580)	-10,139 ** (0,000)
LEVERAGE	-1,380 ** (0,001)	1,542 (0,201)	0,903 (0,138)	0,131 (0,960)	0,632 (0,271)	2,903 ** (0,002)	-1,160 * (0,054)	0,977 ** (0,010)	-0,029 (0,981)	0,522 (0,169)
CASHFLOW	0,094 (0,747)	-1,401 (0,220)	-0,221 (0,691)	0,087 (0,904)	-0,338 (0,450)	-2,997 ** (0,009)	-0,723 (0,234)	-0,084 (0,790)	0,965 ** (0,016)	0,010 (0,973)
NEGELKERKE R SQUARE	0,097	0,143	0,032	0,289	0,073	0,148	0,108	0,044	0,079	0,036

The Moderating Effect of Financial Distress

The results of this study are different from the results of previous studies which state that companies changing CEOs when experiencing financial difficulties have no relationship with whatever stage of their cycle they are in because CEO changes can be made at any time or the company can

make changes at any time[3]. Managers who have poor performance in managing the company as the cause of financial difficulties will be replaced with a new team of managers to examine the causes of financial difficulties and implement new strategies to bring the company back to work[14].

The results of this study contradict the results

of previous studies which state that when a company experiences financial difficulties, the company will perform efficiently by reducing employees, reducing the cost of goods sold, and making effective use of company assets[3]. Financial distress affects the conduct of corporate operational restructuring but financial does not moderate the effect of all stages of the corporate lifecycle on the probability of carrying out operational restructuring[3]. This study did not find the moderating role of financial distress at all stages of the life cycle on operational restructuring but found that financial distress moderated the effect of the growth stage on operational restructuring.

The results showed that financial distress was not able to moderate the effect of the mature stage on the corporate lifecycle on the restructuring of the corporate assets carried out by the sample companies in this study. The results of this study are in line with the results of previous studies which stated that when companies experience financial difficulties, companies tend to maintain their assets to collect as many funds as possible from existing operations[3].

The results of this study are different from the results of previous studies which state that all companies experiencing financial distress at any stage of their life cycle are likely to carry out financial restructuring by reducing dividend payments, increasing debt, and issuing new equity[3]. The reason why companies do not carry out financial restructuring is that companies tend to have fewer investment opportunities and therefore investors will avoid investing their funds in these companies[5].

The Moderating Effect of Good Corporate Governance

The results of the study stated that good corporate governance weakens the influence of the birth stage on managerial restructuring, the birth stage in the corporate lifecycle where there is still no separation between owner and management makes it an excuse not to change CEO and top management in company [5]. This result is different from the results of previous studies which stated that institutional ownership strengthens the influence of CEO turnover[26].

The results of the study stated that good corporate governance did not moderate the effect of life cycle on operational restructuring. The results

of this study are in line with the results of previous studies which state that institutional ownership does not strengthen the influence of corporate lifecycle on the conduct of corporate operational restructuring in the form of cost reduction[28]. However, institutional investor's ability to control costs is still unclear [31].

The results of the study stated that good corporate governance did not moderate the effect of the life cycle on asset restructuring. The results of this study are consistent with the results of previous studies which state that institutional shareholders have the urge to monitor and influence management to protect their significant investments. So companies will maintain ownership of their assets to obtain funds from existing investments to maximize revenue from existing operations.

The results of the study stated that good corporate governance strengthens the effect of the corporate life cycle on financial restructuring. The results of this study are in line with the results of previous studies which stated that the higher the institutional ownership, the higher the influence of the company's life cycle stage on the probability of issuing debt or equity[24]. Good corporate governance has a positive effect on dividend policy [32]–[34].

CONCLUSION

The corporate lifecycle stage has an effect on corporate restructuring. At the birth stage, the company has a tendency to carry out operational restructuring. At the growth stage, companies tend to carry out managerial restructuring. At the mature stage, the company has a tendency to reduce investment activities.

Companies in the birth and mature stages that experience financial distress will respond with managerial restructuring by replacing the CEO and top management. When experiencing financial distress, the growth stage has a tendency to carry out operational restructuring. Financial distress does not moderate the effect of lifecycle stage on asset restructuring strategy. Companies in the growth stage that experience financial distress have a tendency to carry out financial restructuring with strategies to increase debt.

Good corporate governance weakens the influence of the birth stage in carrying

out managerial restructuring strategies. Good corporate governance does not moderate the corporate lifecycle stage in carrying out operational restructuring decision this is possible because the ability of institutional investors to control costs is unclear. Good Corporate Governance does not moderate the influence of the corporate lifecycle stage in restructuring asset this is because institutional investors have a tendency to protect their significant investments. Good Corporate Governance strengthens the influence of the birth and growth stages in carrying out financial restructuring strategies by reducing dividend

payments and increasing equity. This is because the higher the institutional ownership, the higher the probability of issuing debt or equity.

In this study, the independent variable has a fairly low coefficient of determination. This indicates that there are many variables that can be used to identify the probability of corporate restructuring in companies. For further research, it is necessary to add other independent variables because the phenomenon of corporate restructuring is an event that should be influenced by other variables that have not been explained and tested in this study.

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