

# Conference Proceeding

The 1<sup>st</sup> International Conference and Call for Papers on  
Insuring Sustainable Business Strategy (ISBS)

**Managing Risk for Anticipating the Era of Volatility,  
Uncertainty, Complexity, and Ambiguity (MUCA)**

Semarang, Indonesia, 15<sup>th</sup> November 2018

ISBN : 979 - 26 - 0284 - 4

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## **PROCEEDING**

### **THE FIRST INSURING SUSTAINABLE BUSINESS STRATEGY (ISBS) 2018**

#### **Managing Risk for Anticipating The Era of Volatility, Uncertainty, Complexity and Ambiguity (VUCA)**

**Semarang, Indonesia**

**15 - 16 Nopember 2018**

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## **Speech from the Dean Faculty of Economics and Business, Dian Nuswantoro University**

Prof. Vincent Didiek Wiet Aryanto, Ph.D  
Dean Faculty of Economics and Business  
Dian Nuswantoro University, Semarang  
Indonesia

### **Foreword**

On behalf of the committee of ISBS 2018 (Insuring Sustainable Business Strategy) international conference at Dian Nuswantoro University in Semarang Indonesia, we would like to express our sincere gratitude to all distinguish Rector of Dian Nuswantoro University, AAMAI president, keynote speakers, all participants and presenters, committee for the contribution to succeed the conference. The first international conference of ISBS 2018 is followed by 350 participants from academicians and professionals from Indonesia, Thailand and Taiwan. This conference is in relation with eight reputable international journals from Scopus Q1 to Q3, four national accredited journals and five SINTA (Indonesian Science and Technology Index) journals. We have been notified that some conference articles have been pre-admitted on the journals.

The sustainability issue has a broad landscape and solutions are required in a variety of areas and mechanism to attain and manage it. The domains scope from environmental sustainability over organizational and business sustainability toward social sustainability. Pertaining the tools of sustainability, the scope from traditional engineering and management methodologies toward mechanism such as knowledge, learning, and creativity. The articles in this proceeding book addresses the entire sustainability problems space in a lesser and greater extent. However, though the dynamic properties come from management, technology, learning, individuals, organizations, community and society, everything is at simultaneously getting effect and cause. We put emphasis on business with the purpose to address primarily the companies and their businesses. Therefore, we entitle this international conference as “insuring sustainable business and strategy”.

Finally, we would like to deeply thank to all parties involved in this international conference such as sponsors, media, etc.

Semarang, November 8, 2018.

Prof. Vincent Didiek Wiet Aryanto, Ph.D  
Dean Faculty of Economics and Business Dian Nuswantoro University Semarang Indonesia

## CONFERENCE PROGRAM

**Venue: International Conference and Call for Paper at. Gumaya Tower Hotel, Semarang, Indonesia**

**Workshop on International Publication at. Building H Floor 1st, Universitas Dian Nuswantoro Semarang, Indonesia**

<b>Day 1, 15 November 2018</b>	
<b>Time</b>	<b>Session</b>
07.30 -08.30	Registration and Morning Coffee Break (E-Gamelan Performance)
08.30 - 09.00	Welcoming Performance of Traditional dance, National Anthem of Indonesia
09.00 – 09.20	Welcome Greetings and Opening Remark: <ul style="list-style-type: none"> <li>• <b>Dr. Nila Tristiarini, CSRA. (Chairman of Organizing Committee)</b></li> <li>• <b>Dr. Hendrisman Rahim, MA, FSAI, AAIJ, AMRP, CPIE, QIP (Chairman of The Indonesian Insurance Institute -AAMAI)</b></li> <li>• <b>Prof. Dr. Ir. Edi Noersasongko (Rector of Universitas Dian Nuswantoro)</b></li> </ul>
09.20 - 09.40	Keynote Speech: <b>Ahmad Nasrullah, S.E., MPacc (Director Of Insurance and Social Insurance Administration Organization of Health (BPJS Kesehatan) Supervisory II – Financial Services Authority (OJK))</b>  Token of Appreciation for Keynote Speaker
09.40 – 10.00	Gita Dian Nuswa Choir Performance
10.00 - 12.00	<b>Conference:</b> Session 1 (Moderator: Setyo Prasiyanto Cahyono, SS., M.Pd) <ol style="list-style-type: none"> <li>1. <b>Prof. Yahn-Shir Chen, Ph.D (National Yunllin University of Science &amp; Technology Taiwan)</b></li> <li>2. <b>Dr. Hendrisman Rahim, MA, FSAI, AAIJ, AMRP, CPIE, QIP (Chairman of The Indonesian Insurance Institute -AAMAI)</b></li> <li>3. <b>I Wayan Wijana (Deputy Director of Insurance Supervision I – Financial Services Authority (OJK))</b></li> </ol> Session 2 (Moderator: Juli Ratnawati, S.E., M.Si) <ol style="list-style-type: none"> <li>1. <b>Evan Lau, Ph.D (University Malaysia Serawak, Malaysia)</b></li> <li>2. <b>Prof. Hasan Fauzi, Ph.D, CA., CSRA. (Universitas Sebelas Maret Surakarta, Indonesia)</b></li> <li>3. <b>Dr. Nilmanee Sriboon (Thammasat University, Thailand)</b></li> </ol>
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12.15 - 13.30	Photo Session & Lunch Break
13.30 – 15.30 15.30 – 16.00 16.00 – 18.00	<b>Academia: (Meeting Room on the 6th floor)</b> Parallel Session 1 Afternoon Coffee Break Parallel Session 2

13.30 - 17.00	<b>Insurance Industry: (Ballroom)</b> Parallel Session <ol style="list-style-type: none"> <li><b>Joel Richard Hogart (Reliance Capital Management)</b></li> <li><b>Stephen Francis Bowey (Leapfrog Investment)</b></li> <li><b>Dr. Robby Loho, APAI, CIIB, AAIK, QIP, ICBU, ICPU, CPIE, AMRP, FMII, ANZIIF (SNR.ASSOC), CIP (Vice Chairman of The Indonesian Insurance Institute-AAMAI)</b></li> <li><b>Kevin Tan (The Malaysian Insurance Institute - AMII)</b></li> </ol> Moderator: Drs. Arizal E.R, AAINZ, QPI, AAIK, QIP
17.00 – 18.00	Afternoon Coffee Break & Distributing Certificate
19.00 – 22.00	Gala Dinner

<b>Gala Dinner, 15 November 2018</b>	
19.00 - 19.30	Registration
19.00 - 19.30	Band Performance
19.30 - 19.40	Welcome greeting: <b>Prof. Vincent Didiek Wiet Aryanto, Ph.D, MBA (Dean of Faculty of Economic and Business, Universitas Dian Nuswantoro)</b>
19.40 – 20.00	Speech: <b>Dr. Robby Loho, APAI, CIIB, AAIK, QIP, ICBU, ICPU, CPIE, AMRP, FMII, ANZIIF (SNR.ASSOC), CIP (Vice Chairman of The Indonesian Insurance Institute – AAMAI)</b>
20.00 – 20.15	E-Gamelan & Traditional Dance
20.15 - 20.30	Best Paper Award Announcement (3 best papers)
20.30 - 22.00	Performance/ Entertainment
22.00	Closing

### ***Workshop on International Publication & City Tour***

*Building H, 1st Floor*

<b>Day 2, 16 November 2018</b>	
<b>Time</b>	<b>Session</b>
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08.30 - 11.30	<b>Workshop:</b> <b>How to Get Published in a Reputable Journal: Top Tips From Editors in Chief (Evan Lau, Ph.D, University Malaysia Serawak, Malaysia)</b>
11.30 - 13.30	Lunch Break
13.30 - 15.00	City Tour : Semarang's batik (Javanese handwritten cloth) heritage (Kampung Batik Semarang)
15.00 - 16.00	Sam Po Kong Temple
16.00 - 17.00	Semarang food Shopping Centre (Bandeng Juwana) at Pamularsih Street
17.00 - 17.30	Lawang Sewu



## PARALLEL SESSION 1

### Session: Marketing Management and Behavior and E- Business

Date: 15 November 2018

Time: 13.30 – 14.10

Room: Ruby 1

Chair: Dr. Yohan Wismantoro, MM (Universitas Dian Nuswantoro)

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**Session: Marketing Management and Behavior and E- Business**

Date: 15 November 2018

Time: 14.20 – 15.10

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Chair: Dr. Yohan Wismantoro, MM (Universitas Dian Nuswantoro)

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**Session: Corporate Governance**

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Time: 13.30 – 14.20

Room: Ruby 2

Chair: Vinko Satrio Pekerti, S.E., MBA (Universitas Dian Nuswantoro)

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Room: Ruby 2

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Room: Sapphire

Chair: Usman, MT (Universitas Dian Nuswantoro)

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**Session: Corporate Social Responsibility & Green Managemet**

Date: 15 November2018

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Room: Emerald

Chair: Juli Ratnawati, M.Si (Universitas Dian Nuswantoro)

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Chair: Juli Ratnawati, M.Si (Universitas Dian Nuswantoro)

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Date: 15 November 2018

Time: 16.00 –16.50

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Chair: Dr. Amron (Universitas Dian Nuswantoro)

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**Session: Risk Management and Insurance**

Date: 15 November 2018

Time: 17.00 –18.00

Room: Ruby 1

Chair: Dr. Amron (Universitas Dian Nuswantoro)

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Time: 16.00 – 16.50

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## **Bugis Consumers' Decision Making Process Based on Religiosity in Makassar, Indonesia**

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### **Abstract**

*Although modern life has influenced the mindset of the Indonesian people, but actually in making purchases, the people of Indonesia still adhere to the eastern customs in doing any activity. One that is still firmly attached is a factor of Culture, where in culture, religion is a major guide that is considered and the basis of society in behaving. Similarly, the people in South Sulawesi, consisting of Bugis, Makassar, and Tator ethnic groups, strongly uphold their religion and become the basis for my behavior. This is in accordance with Bugis philosophy "Mappesonari Dewata seuwae (surrender to the will of God), which means that in living life, society always surrender to Allah SWT. The application of the teachings of religion is reflected in the value of faith (religiosity) that underlies human behavior. This means that humans will behave in accordance with what is believed to be true or false of religious teachings. There have been many studies on religiosity related to decision making, but no studies have been found on religiosity related to the culture of the people in South Sulawesi. The purpose of this research is to construct and know more about the phenomenon of buying behavior based on the value of religiosity on Bugis tribe in Makassar city, South Sulawesi. The research method was designed using qualitative research method with Schultz model phenomenology approach. This is done in accordance with the objectives of the research is to find out in detail and deep about the phenomenon of consumer buying behavior based on the value of religiosity of bugis in South Sulawesi, conducted through in-depth interviews of informants, obtained by snowball technique. The results show that this Bugis tribe community in Makassar City, although already dwelling in the capital of South Sulawesi, but in decision making the purchase of products, still consider the teachings obtained inheritance in the family.*

**Keywords:** *Purchase Behavior, Religiosity, and Culture*

## Relationship Marketing Model on BTPN Wow Product Marketing and Its Effect towards Customer Satisfaction and Loyalty

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### Abstract

*The current relationship marketing model has begun to be accepted as one of the tools to assess the systematic marketing process of a company. This research was conducted to see the relationship marketing model implementation of Evans and Laskin on BTPN WoW Product Marketing which is the latest digital banking product from BTPN Bank. The research method used is mix method which is qualitative and quantitative. The qualitative method is used to determine the implementation of Evans and Laskin's relationship marketing model on BTPN WoW marketing products which consists of relationship marketing input. While the quantitative method is used to determine relationship marketing outcomes by looking at the influence of relationship marketing and service to customer satisfaction and loyalty using multiple regression by SPSS. The results show that BTPN WoW products are products that meet market needs, especially for business people who want to further develop their businesses and individual customers who want to start entrepreneurship (understanding customer expectation), agency system (building service partnership), providing added value to customers (Total Quality Management), BTPN WoW Marketers routinely visit agents (empowering employees). Relationship marketing outcome from BTPN WoW product marketing shows that relationship marketing and service quality have positive significant effect on customer satisfaction. The relationship marketing and customer satisfaction have positive significant effect on customer loyalty but the quality service has negative significant effect towards customer loyalty.*

**Keywords:** Relationship Marketing; Customer Satisfaction; Customer Loyalty, Banking



## Customized Relational Quality: A Systematic Review

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### *Abstract*

*This paper aims to analyse the importance of relational marketing, along with the factors that contribute to level of customization. In this regard, the study would like to contribute to the deepening of the body of knowledge about the role of customized relational quality in its function to improve marketing performance. By using qualitative study with systematic review analysis, the results show that customization will provide services that are more relevant to the needs and desires of buyers in differentiating offerings and competitors so that will increase the value of the offer. Customization is one of the characteristics of competition. The implication of customization is that the operating system must be flexible to control the customer's unique needs and change its design. It is also noteworthy to mention some factors capable of determining the level of customization, such as high flexibility, high volume and economical and timely.*

**Keywords:** *customization, relational marketing, customized relational quality, level of customization.*

## IMPACT CORPORATE BRAND ON CONSUMER LOYALTY

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### *Abstract*

*In Indonesia, supermarkets ranging from small scale (mini market) to large scale (supermarket, hypermarket). This study intends to examine the minimarket, as many scattered in the corner of the city and close to the community environment. One of the famous minimarket is Alfamart. Many factors can affect consumer loyalty, such as corporate image, perceived value and satisfaction. The purpose of this study is to analyze the influence of corporate image and the perceived value of consumer loyalty with customer satisfaction as an intervening. The population in this study is an average of 3.350 buyers who are mostly Alfamart consumers in JL. Dr. Hamka Raya No. 56, in Ngaliyan, Semarang during the period January - November 2017. Samples taken totalled 100 consumers, with accidental sampling. The type of data used is the primary data. Data collection using questionnaire with path analysis. The results show that: 1). Corporate image affects customer satisfaction. 2). The perceived value affects consumer satisfaction. 3). Consumer satisfaction affects consumer loyalty. 4). Corporate image affects consumer loyalty. 5). The perceived value affects consumer loyalty.*

**Keywords:** *Corporate Image; Perceived Value; Consumer Satisfaction; Consumer Loyalty*

## **The Influence Of Social Media And Word Of Mouth Power On The Branding Image Of Tuquoise Organizer**

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### ***Abstract***

*According to the survey of We are Social Singapore, a global marketing agency, the Indonesian active users of social media reached 72 millions accounts in 2015. The number exceeded to 79 millions accounts in 2016 and in 2017 it reached 106 millions active accounts. Approximately, Indonesians spend their time surfing in the social media for as long as 3 hours 16 minutes daily. Indonesia is the fourth largest country in terms of increasing numbers of media social users year by year after India, United Arab Emirates, and Saudi Arabia (Digital in 2017 Global Overview, 24 January 2017). Apart from being a form of self-actualisation for self-fulfilment, the use of social media has become a new trend in marketing communication. One of the purposes that the marketer communicates their product through social media is to improve the product's purchase intention following the brand image. The research purposes are to analyze the influence of social media marketing, and word of mouth to the brand image partially and simultaneously. The research method is associative-clause with cross sectional time horizon. Data was collected using these methodologies: interview, questionnaire, and literature review. The population of the research is followers of Instagram account @turquoise.organizer. Samples number is determined by using non-probability sampling with purposive sampling method using Slovin formula obtained 316 samples. The result showed that social media marketing Instagram (X1) is positively influential and significant towards Brand Image (Y). WoM (X2) is positively influential and significant towards brand image (Y). Social media marketing instagram variables (X1) and WoM variables (X2) are simultaneously influential towards brand image variables (Y).*

***Keywords:*** social media marketing; word of mouth; and brand image

## EVALUATION OF ORGANIZATIONAL ADAPTABILITY AND SOCIAL MEDIA MARKETING

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### *Abstract*

*This study aims to explore the contemporary internet-based style of life with social media might influence the company's performance in the market decision-making process or the company level. This study investigates questions using both social media and market data with company information. By using descriptive analysis, the results of the study emphasize the need for customer databases as a first step and fundamental in building superior corporate performance through social media-based marketing. This is due to that the organizational adaptability to environmental change and performance improvement in the context of social media-based internet marketing will be closely related to the capacity of the organization to have the data needed, and related to marketing information.*

**Keywords:** social media marketing, adaptation of customer needs, organizational adaptability.

## **Increase the impact of the usage of information technology on business value**

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### **Abstract**

*The purpose of this study is to analyze the relationship between the use of IT, IT strategy, and IT business value and formulate strategic priorities to increase the business value of IT. The data of this research is the perception of 126 executives of large manufacturing companies in Central Java about variable indicators of IT use, IT strategy, and IT business value. The analysis used is descriptive and explanatory method with multiple linear regression to explain the causal relationship of the variables of IT usage, IT strategy, and IT business value. The results show that, the use of IT and IT strategies have a positive effect on business value. The IT strategy proved to be a moderator varabel and was able to increase the effect of using IT on businessvalue.*

**Keywords:** *IT usage; IT strategy; and IT business value*

## **Study on the Influence of Work Environment & Work Engagement Moderated by Work Family Conflict to TurnOverIntension in IT Integration System Company**

**Franciscus Xaverius Wahyu Arif Wibawa<sup>1</sup>, Deny Setiaji Nursidiq<sup>2</sup>, Ricky Tan<sup>3</sup>, Meilani Hartono<sup>4</sup>**

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### **Abstract**

*The purpose of this study is to investigate how Work Engagement and Work Environment affect the turnover of employees in IT companies with a sample of programmers. By using Resource Conservation theory as a theoretical framework, this study contributes to existing research by examining the relationship between Work Engagement (ie Vigour, Dedication and Absorbtion) and Work Environment moderated by Work Family Conflict. Descriptive analysis and correlation will be conducted using SPSS. Then, to test the hypothesis above, Partial Least Square Structural Equation Modeling (PLS-SEM) analysis is used using SMARTPLS. From the results of the study indicated to have significant influence on TurnOver Intension from the three variables studied, they are Work Environment, Work-Engagement and Work-Family Conflict, only Work Engagement has significant influence on TurnOver Intension, and it is negative. This means that the higher the employee's Work Engagement, the lower the TurnOver level in the company that becomes the object of study.*

**Keyword:** work engagement; work environment, work-Family conflict; Turnover Intention, IT Company

## **COSTUMER SATISFACTION IN HIGHER EDUCATION (The Study on Private Universities in Central Java Indonesia)**

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### ***Abstract***

*This research explores how the use of IT-based service experiences effect on students' perceptions of IT-based services and traditional services (represented by SERVQUAL) at university as well as perceptions of IT-based services and traditional services effect on student satisfaction. Sample data which is collected from several universities were tested by structural equation modeling approach by means of WarpPLS 3.0. The result shows that students evaluations on the options IT-based services and traditional services at the university is positively influenced by the experience in using information technology services provided by other service providers outside the university, such as ATMs, e-banking and m-banking. This study also identified that IT-based services effect on perception of traditional services. Furthermore, the perception of the IT-based services and traditional services affect student satisfaction.*

**Keywords:** *Information technology; Perception; IT-based service; SERVQUAL; Satisfaction*



## WHY DO FIRMS SEPARATE THEIR BUSINESS ACCOUNTS FROM HOUSEHOLD ACCOUNTS? A FAMILY-BASED EXPLANATION

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### *Abstract*

*The separation of business accounts from personal or household accounts is a fundamental assumption in accounting. However, relatively few accounting studies investigate this issue, possibly because the accounting literature mainly focuses on large, publicly-listed firms that have no difficulties in separating their accounts from their owners'. This study aims to investigate factors that affect the separation of accounts among informal firms. We use two family-related perspectives, the family embeddedness and socioemotional wealth perspectives in developing our hypotheses. Using the World Bank Informal Firms Survey administered by the World Bank, we find that firms of which business locations are within their household premises are less likely to separate their business accounts from household accounts. Overall, our study highlights the importance of family-based perspective to explain small firms' accounting practice.*

**Keywords:** *business entity assumption, separation of accounts, family embeddedness perspective, socioemotional wealth*

## Family Ownership and Tax Avoidance: An Analysis through Foreign Related Party Transactions and Dividends

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### Abstract

*This study examines the practice of tax avoidance through related party transactions and minimization of dividend payments. This study also proves the effect of family ownership in those two tax avoidance strategies. Using 301 listed company data in Indonesia, this study finds that tax avoidance in Indonesia is done through the increase in related party transactions and the decrease of dividend payments. This study also finds that family ownership has a different influence on tax avoidance practices, depending on the company's tax avoidance mechanism. Family ownership is pushing tax avoidance practice through minimizing dividend payments while refusing through the related party transactions. Tax avoidance through related party transactions is considered to have a higher risk than a decrease in dividend payments, which may increase the cost of corporate tax avoidance. This study also proves that tax avoidance through related party transactions is conducted to obtain benefits from marginal tax rates between countries.*

**Keywords:** *tax avoidance, tax burden, family ownership, related party transaction, dividend, risk.*

## The Effect of Agency Problems on Cost Stickiness in the Banking Industry: The Role of the Board of Commissioners and the Audit Committee Effectiveness

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### ABSTRACT

*Usually variable costs change proportionally and symmetrically with changes in activity volume. But found asymmetric cost behavior by Anderson et al. in 2003, that sales decline did not coincide with a decrease in sales costs. It was called Cost stickiness that is where a cost is said to be Sticky when the cost increase is greater than the decrease in activity changes by an equivalent amount. This study aims to see whether there is a cost stickiness on the operational costs in banking Indonesia, then analyze the effects of agency problems on cost stickiness on operating costs occurring in the banking industry. This study will also provide empirical evidence on the effectiveness of the board of commissioners and audit committee that will moderate the agency problems relationship with cost stickiness. In this study cost stickiness will be proxied with the level of changes in operating cost to operating income level. Then the agency problem is proxied with free cash flow and the effectiveness role of the board of commissioners and audit committee is proxied by the scoring method. To develop a score for board and audit committee effectiveness by using a checklist which captures how the independence, activity, size, and competence of the commissioners are reflected in the board of commissioners and audit committees. Each question in the checklist will be scored 1 (Poor), 2 (Fair), or 3 (Good) based on the information disclosed in company annual reports. The data included operating cost and free cash flow obtained through banking financial statements during 2012-2016 published at the Indonesian Capital Market Directory. The result shows there is cost stickiness in operating cost in banking Indonesia. Agency problems have a significant positive effect with cost stickiness, evidenced by the moderation of free cash flow to the cost stickiness, the results is the cost stickiness of operating cost becomes higher. When the data are grouped according to the high or low of the effectiveness of the board of commissioners, the result is the effect of agency problem on the cost stickiness level of the banking operating cost is higher in the sample group which has low effectiveness of the board of commissioner. When the data are grouped according to the high or low effectiveness of the audit committee role, the result of the effect of agency problem on the cost stickiness level of the operating cost is higher in the sample group which has the effectiveness score of the low audit committee.*

**Keywords :** *cost stickiness, operating cost, agency problem, effective board of commissioner, effective audit committee.*

## Do the Characteristics of Audit Committee and Independent Commissioners Reduce Earning Management? Evidence-based on Indonesia Stock Exchange (IDX)

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### Abstract

*The aim of this study was to examine the effectiveness of the implementation of good corporate governance on earnings management. The Corporate Governance Management in this study was proxied by Independent Commissioner and the Characteristics of the Audit Committee including the Size, Independence, Expertise, and Auditor Activity. This paper utilized the evaluation of Independent Commissioner and Audit Committee in reducing the value of the discretionary accruals measured to determine earnings management. The sampling method in this study used a purposive sampling method and was obtained from the manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2016 period. The data analysis techniques were evaluated using Structural Equation Modeling Analysis (SEM) with Partial Least Square (PLS). The findings in this study indicate that independent commissioners have no effect on earnings management. The culture of family relations that influenced the selection of Independent commissioners was those who have family relationships, close friends, and government officials so that the impact was less independent and less professional. In addition, the existence of an Independent commissioner was only to meet the requirements of the Bapepam so that the monitoring function on the accuracy of financial reporting was not important for the majority owners. However, on the contrary, the Independence of the Audit Committee had a positive significant impact on Earnings Management. The independence of the audit committee will have an impact on reduced earnings management. These findings support the agency theory that the Audit Committee Independence reduce information asymmetry. The Expertise Committee also influenced earnings management. The Audit Committee used their expertise in accounting to control the size of the debt structure so that the debt was not too high and the companies were not trapped in a violation of the debt agreements which leads to an increase in earnings management practices. This finding is in line with agency theory that conflicts of interest between owners (principals) and management (agents) can be aligned with one of the mechanisms of corporate governance. The effectiveness of the implementation of the Characteristics of Independent Audit Committee and the Expertise of Audit Committee could reduce earnings management. The effectiveness of the implementation of the Audit Committee is a form of alignment with corporate governance. Although public companies have fulfilled the existence of corporate governance required by Bapepam, such as Independent Commissioners and, Audit Committee activities, the implementation of corporate governance still requires an effort to comply with the Bapepam regulations and to display a good corporate image. The practice of the control function in its substance was completely untouched.*

**Keywords:** *Independent Commissioner, Size Audit Committee, Independent Audit Committee, Expertise Audit Committee, Activity Audit Committee, Earnings Management.*

## **The Effect of Corporate Social Responsibility Performance, Board of Commissioners Effectiveness, and Women on the Board of Commissionerstowards CEO Turnover**

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### ***Abstract***

*The purpose of this paper aims to seek the effect of corporate social responsibility (CSR) performance, effectiveness, and women on the board of commissioner influence the likelihood of CEO turnover. We conduct this research because research on CEO turnover is still rarely found in Indonesia. So this paper would seek the influence of CSR on CEO turnover, obtain empirical evidence on the probability of CEO turnover based on the influence of the effectiveness of the board of commissioners and the composition of women on board of commissioners. Measurement of CSR performance based on Morgan Stanley Capital International (MSCI) ESG index contains with five indicators. The effectiveness of the board of commissioners is measured using modified indicators developed by Hermawan (2011) with four indicators. The composition of women members of the board of commissioners is measured proportionally by comparing the number of women with the total number of boards of commissioners. This study used 168 sample of companies who are listed on the Indonesia Stock Exchange during 2012-2016. This test used logistic regression to measure the probability of changes the CEO. The results of this study show that CSR performance and gender composition of women board of commissioners have no significant effect on CEO turnover. While the effectiveness of the board of commissioners has a significant influence of CEO turnover in Indonesia.*

**Keywords:** *CSR; Board of commissioners; Women; CEO turnover*

## **AUDIT COMMITTEE EFFECTIVENESS, INTEGRATED REPORTING QUALITY, AND FIRM RISK**

**Rita Sugiarti, Ancella Anitawati Hermawan**  
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### ***ABSTRACT***

*IR is propose to "reform" company's financial statements, address the shortcomings in existing reporting practices and provide a better understanding of financial and non-financial information in an integrated manner. This study aims to provide empirical evidence on the effect of audit committee effectiveness on firm risk directly and indirectly through IR quality. This study is a quantitative research and used panel data. The sample used is 143 listed companies on the Johannesburg Stock Exchange (South Africa) with 4 years observation that is from 2014 to 2017. Structural Equation Model is used to data analysis and test hypotheses. The results of this study found that audit committee effectiveness has a significant negative effect on firm risk directly. Audit committee effectiveness has not affect IR quality, and IR quality has not affect firm risk directly. This study also found that IR quality cannot mediate the effect of audit committee effectiveness on firm risk because IR implementation is only used to comply with regulatory requirements.*

***Keywords: Audit committee effectiveness; integrated reporting quality; firm risk***

## Board of Directors Effectiveness, Voluntary Integrated Reporting and Cost of Equity: Evidence from OECD Countries

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### Abstract

*This study aims to examine the effect of the board of directors effectiveness on the level of integrated reporting disclosure. The study also examined the effect of the level of disclosure on integrated reporting on cost of equity. Further, examine the effect of the board of directors effectiveness on cost of equity through the level of disclosure of integrated reporting. Board of directors effectiveness which is a corporate governance structure can be seen from the components of independence, activity, size and competence. Hypothesis testing is carried out by using a Structural Equation Modelling (SEM) model of 373 observations (firm-year) with the sample taken from more than 20 Organization for Economic Co-operation and Development (OECD) countries where the companies listed on The International Integrated Reporting Council (IIRC) during the period 2015-2017. The results of this study evidence that the level of integrated reporting disclosure has an effect on reducing the company cost of equity. However, the result for the influence of the board of directors effectiveness are still mixed. The findings indicate that the effectiveness of the board of directors does not affect the level of integrated reporting disclosure. And there is no significant influence between board of directors effectiveness, level of integrated reporting disclosure and cost of equity. Perhaps one of the factors for this lack of influence is that the sample data in this study are companies that are still voluntarily disclosing their integrated reporting so that the board of directors still does not feel pressured to disclose integrated reporting. And in the end it cannot yet be seen in relation to the decrease in equity costs.*

**Keywords:** board of directors effectiveness; integrated reporting; cost of equity



## **THE INFLUENCES OF GOOD PUBLIC GOVERNANCE ON TRUST IN GOVERNMENT IN INDONESIAN NON FINANCIAL PUBLIC COMPANIES**

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### **Abstract**

*The purpose of this study was to examine the effect of tax fairness, tax authority's reputation and tax transparency on trust in government. This study examined using structural equation modeling method with the approach of partial least squares (PLS-SEM). The research sample is purposive with a total of 87 non-financial and non state-owned companies listed on the Indonesia Stock Exchange. The results showed a significant and positive relationship between tax fairness, tax authority's reputation and tax transparency on trust in government.*

**Keywords:** *tax fairness; tax authority's reputation; tax transparency; trust in government*

## **The Effect of Tax Risk, Hedging, Income Smoothing, and Volatility Cash Flows on Firm Value**

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### **Abstract**

*Maximizing shareholder wealth is the goal of every management which can be achieved by increasing the firm value. Investors will respond to management performance based on its purpose of maximizing the firm value. This study aims to examine the effect of tax risk, hedging, income smoothing and the volatility of cash flows on firm value. By the objectives of management, examining the influence of several variables in this study is needed to detect the firm value. This study uses a quantitative method and the analysis uses multiple linear regression models. The type of data used is secondary data in the form of financial statements of companies listed on the Indonesia Stock Exchange from 2014 to 2016. The samples used in this study are non-financial companies. By using purposive sampling, the selected sample amounted to 68 non-financial companies so that the total sample amounted to 204 companies-years. The testing method in this study is multiple regression analysis with panel data. The results of this study suggest that tax risk and cash volatility have a negative effect on firm value. Meanwhile, hedging and income smoothing do not affect the firm value.*

**Keywords:** *tax risk, hedging, income smoothing, cash flow volatility, firm value*

## **Do Young, Female, and Experienced Characteristics of Risk Oversight Committee Members Accommodate Bank Risk-Taking? Evidence from Indonesia**

**Aulia Natasya Irfani Ampri, Ancella Anitawati Hermawan**  
Universitas Indonesia

### **Abstract**

*Although risk oversight committee has been mandatory for Indonesian banking industry since 2006, there has never been any inquiry trying to understand how the characteristics of risk oversight committee members may impact their tolerance towards bank management risk-taking. Specifically, this research is aimed to shades light on how young age, female, and risk management experience characteristics of each members affect their inclination towards accommodating bank risk-taking. The study uses panel data random effect regression for unique dataset of 27 banks from 2012-2016 and find that contrary to popular belief, increasing number of younger members reduce accommodation to bank risk-taking. Moreover, increasing female members composition is proven to rise bank risk-taking. These results are different with increasing proportion of risk management experienced committee members as they are proven to have no significant effect towards bank risk-taking behavior. Additionally, sensitivity tests conducted using average age as young indicator and loosening risk management experience criteria by including previous risk oversight committee experience prove that these characteristics are not impacting bank risk-taking. However, presence of female members in risk oversight committee have significant impact on improving accommodation to bank risk-taking.*

**Keywords:** *risk oversight committee; risk-taking; young; female; experience*

**CORPORATE SOCIAL RESPONSIBILITY MODEL: A CREATION TO  
SUSTAINABLE DEVELOPMENT IN INDONESIAN BATIK WAX-PAINTING CRAFT-  
BASED TEXTILE CLUSTER**

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**Abstract**

*This study aims: (1) to examine the effect of CSR on trust; (2) examine the effect of CSR on corporate image; (3) examine the effect of corporate image on loyalty; (4) testing the belief in loyalty; (5) examine the effect of CSR on loyalty; (6) examine the effect of corporate image as a mediation variable on CSR and loyalty. The sample of this research is 100 Batik business owners (Indonesian wax-craft painting based textile) in Lasem Central Java Indonesia. Analysis was done by using Structural Equation Modeling Partial Least Square (SEM-PLS) or WarpPls version 5. The result of this research is as follows: (1) corporate social responsibility has no positive and significant influence on trust, (2) corporate social responsibility has positive and significant influence on corporate image, (3) corporate image has positive but insignificant effect on loyalty, (4) trust has positive and significant influence on loyalty, (5) CSR program has positive but not significant impact on loyalty, (6) Corporate image was unable to moderate influence of CSR program in Kampoeng Batik Tulis Lasem and (7) loyalty have positive and significant influence on marketing performance.*

**Keywords:** *Corporate social responsibility, corporate image, trust, loyalty, marketing performance*

**The Future of Integrated Reporting in an Emerging Market:  
Analysis of the Disclosure Readiness Level**

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**Abstract**

*This study is aimed to provide analysis of the readiness of companies in Indonesia, as an emerging market, to adopt integrated reporting by comparing the degree of conformity between current disclosures with the Integrated Reporting <IR> Framework. Total 64 samples are chosen for this study, representing companies with big market capitalization included in the LQ45 index in 2016 and non LQ45 but publishing Sustainability Report. The companies are selected as samples since they tend to have higher disclosure level compared to other companies, hence have higher chances of producing an integrated report. The content analysis is employed in this study, with a total of 39 principle disclosure checklist and 76 content disclosure checklist based on the IR Framework. The results indicate that around 60% companies (mostly in banking, financial and mining industry) have adequate degree of conformity, reflecting that they are quite ready to apply the integrated reporting. The principles of conciseness and connectivity of information provide challenges for the implementation. Further analysis using in depth interview with experts showed that several factors from various perspectives should be considered in shifting to integrated reporting. This study gives empirical evidences on the possibility of integrated reporting as a corporate reporting model in Indonesia.*

**Keywords:** *integrated reporting, content analysis, readiness level*

## **The External and Internal Economic Impact of Eco-Innovation: Evidence from Indonesia**

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### ***Abstract***

*This study aims to find the effect of eco-innovation on the cost of equity capital and corporate financial performance, as well as investigating the political connections on those variables. The samples are all companies listed on the Stock Exchange except the financial sector in the year of 2011-2016. This study found that innovation does not affect the cost of equity capital and company performance. Political connections affect the cost of equity capital, eco-innovation and corporate financial performance as well as moderate the eco-innovation association to the cost of equity capital. This implies that political connection can provide benefits to enhance the trust of investors from eco-innovation efforts performed by companies.*

***Keywords:*** Eco-Innovation, equity capital cost, Company performance, Political connections

## The Effect Of Income Smoothing, Forward-Looking Disclosure, And Corporate Social Responsibility On Information Uncertainty

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### *Abstract*

*This study aims to examine the effect of income smoothing, forward-looking disclosure, and corporate social responsibility on information uncertainty. Information uncertainty is defined as value ambiguity or a level of estimation of a firm's value carried out by investors who have a lot of company information. A lot of information obtained by investors is interpreted as a level of certainty obtained by the investor in assessing the condition of a company in the future.*

*The method used in this study uses quantitative methods. The sample used in this study are 51 manufacturing companies listed on the Indonesian Securities Exchange before January 1, 2009. The results suggest that income smoothing is not associated with information uncertainty. Accounting information provided by the company is not used as a basis for investors in making investment decisions. Furthermore, forward-looking disclosure and corporate social responsibility are negatively associated with information uncertainty. Information disclosed by the company relating to the condition of the company in the future and corporate social responsibility is considered by investors as a positive matter.*

**Keywords:** *income smoothing, forward-looking disclosure, corporate social responsibility, and information uncertainty*



## THE INFLUENCES OF CORPORATE GOVERNANCE ON CARBON DISCLOSURE

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### *Abstract*

*This study aimed to examine the effect of corporate governance on carbon disclosure. This study focuses on in listed non financial companies that participate in ISRA Awards and provide sustainability report from 2010-2014. Sample of this research is nonfinancial companies that participate in ISRA Awards and provide sustainability report from 2010-2014. This research is using multiple regression method with SPSS 22.0. The results showed that corporate governance influence positively on the disclosure of carbon emissions. In regard to testing of moderation, the results showed that the environmental performance and industry type moderate the relationship between corporate governance on the disclosure of carbon emissions.*

**Keywords:** *corporate governance; carbon disclosure; environmental performance; industry type*

## **Board of Directors' Confidence and Corporate Social Responsibility**

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### ***Abstract***

*In the light of common practices of Corporate Social Responsibility (CSR) from listed companies in Indonesia and inclusion of many CSR aspect in annual report disclosure, little is known on factors that influence the decision on CSR activities and disclosures, especially regarding to Board of Directors' characteristics. Specifically, this study aims to examine the effect of director's confidence on CSR. We discussed for two main motives of directors in conducting CSR, namely investment and hedging motives. This study use ASSET4's Environmental, Social, and Governance (ESG) to measure CSR, which have not been widely used in CSR previous studies. Investment-based and media-based measurement are used to measure directors' confidence. Total observations of this study are 185 firm-years for the period of 2012 to 2016. Using This study finds that higher Directors' confidence increases CSR disclosure, which support the investment motive. This result is robust across several sensitivity tests.*

**Keywords:** *Confidence; corporate social responsibility; Environmental, Social, and Governance*

## **CSR: Expenses or Benefits for Corporation**

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### *Abstract*

*Most companies consider corporate social responsibility (CSR) as a burden that reduces earnings and some other companies consider CSR as an investment that contributes positively to the company in the long run. This study aims to fill the research gap between Corporate Social Responsibility and corporate value. This research was conducted on companies listing in Indonesia Stock Exchange. The data used is panel data in 2012-2014 with purposive sampling method. Data collection used by documentaries and literature. Data were analyzed by path analysis technique. The results show that the higher index of CSR activity disclosure in the company's annual report gives a positive effect on the reputation of the company that will eventually increase the value of the company. The finding of this research is that CSR gives benefit to company value and reputation as CSR mediator to create corporate value.*

**Keywords:** *Corporate Social Responsibility, Reputation, Corporate Value*

## **Analysis CSR and Environmental Performance Report on Financial Performance: An Empirical Study for PROPER Ranking Manufacturing In Indonesia**

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### **Abstract**

*A company operates not for its own benefit but must provide benefits to its stakeholders. Companies must earn profits to grow and must have a social responsibility to maintain a natural balance. Therefore, the company is expected to create an environmental performance report as a form of corporate responsibility that can improve the sustainability of the company. This study aims to analyze the influence of Corporate Social Responsibility (CSR) and Environmental Performance Report on the financial performance of manufacturing companies that have been ranked on the implementation of Corporate Social Responsibility, known as PROPER ranking, from the Indonesian Ministry of Environment. The company's financial performance in this study is measured by its Return on Assets. The population in this study are manufacturing companies listed in the Indonesia Stock Exchange in 2014-2015. Companies that were ranked by PROPER in that period were 45 companies with 90 report data. The result of multivariate regression analysis shows that Corporate Social Responsibility has no effect on Company's Financial Performance, while Environmental Performance Report has an effect on Company's Financial Performance. From this research, it is expected that manufacturing companies should make Corporate Social Responsibility program in line and part of company strategy as well as continuous programs every year. The Environmental Performance Report was honestly reported as a benchmark for program control and improvement that ultimately would lead to sustainable growth for the company.*

**Keywords:** *Corporate Social Responsibility; Environmental Performance; Return on Assets, PROPER*

## Core Option Vs Comprehensive Option: Which One Is Better?

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### *Abstract*

*Starting from Global Reporting Initiative Generation 4, Global Reporting Initiative gives organizations two options in making GRI-based sustainability report, which are core option and comprehensive option. Core option requires only important elements in sustainability report while comprehensive option adds more disclosures regarding governance and all material aspects identified. The existence of sustainability reporting option makes the readers ask the quality difference of sustainability report between these options and its impact on firm value. This study aims to examine whether there is difference in sustainability report quality with core options and comprehensive options and its impact on firm value. With independent sample t test and random effect multiple regression on 496 observations in Southeast Asia that report sustainability reports to the Global Reporting Initiative in 2014-2017, this study finds that sustainability reports with comprehensive options have better quality sustainability reports than core options. Further analysis shows that this quality difference is not due to a fundamental difference between the two options, but because companies that make sustainability reports with comprehensive options pay more attention to the quality of their sustainability report. The study also found that sustainability reports made with comprehensive option and good quality options have a positive effect on firm value. This study provides clue for the readers on the difference in sustainability report quality between these options and the way to increase firm value using sustainability report.*

**Keywords:** *Sustainability Report; Global Reporting Initiative; Core Option; Comprehensive Option; Firm Value*

## **An Investigation of Greenhouse Effect : Commitment to Disclosure Gas Emissions Reporting in Central Java**

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### **Abstract**

*One of the consequence is the increase in the surface temperature of the earth which results in extreme climate change and disruption of forests and ecosystems on the earth. this has created an impact on the reduced ability to absorb carbon dioxide in the atmosphere. Indonesia is one of the largest contributors of greenhouse gas emissions in the world, and it is estimated that by 2020, its carbon emissions will reach 3 giga tons of CO<sub>2</sub>. To actualize a reduction in greenhouse gas emissions, there is a need for commitment from manager of a manufacturing company. Based on this description, the research aims to explore the dimensions of commitment to the disclosure of the greenhouse effect. As a new dimension, committed disclosure has never been conceptualized by previous studies. The data used in this study is primary data obtained through surveys of employees who are directly involved and sufficiently represent the attitude and behavior of the company. The researched company is a non-financial industrial company, located in Central Java Province. Of the 240 questionnaire files distributed to 37 companies, a total of 207 questionnaires were filled in completely by the respondents and became the research sample. The analysis technique used is exploratory factor analysis, which is used to extract the attributes of disclosure of the commitment dimension to the reduction of greenhouse gas emissions. Based on the literature study and forum group discussion (FGD) , we obtained various n attributes of disclosure dimension of commitment to the reduction of greenhouse gas emissions. Based on the results of factor analysis found 11 items dimensions of the gas emission disclosure commitment.*

**Keywords:** *Dimension Development, Committed Disclosure, reduction of greenhouse gas emissions.*

## **The Shape of Water: Analysis of Corporate Water Disclosures in Indonesia**

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### ***Abstract***

*Indonesia is facing a water crisis in terms of the scarcity and the quality of its water resources. Considering this water-constrained future, it is important that companies in Indonesia should pay attention to the pristine management and reporting of this scarce resource. The purpose of this paper is to evaluate the reporting and disclosure requirements of water of Indonesian listed companies in 2016. Content analysis was used as the research method to analyse the water disclosures and to evaluate the adequacy of the disclosures against global disclosure requirements of the Global Reporting Initiative (GRI) 4. The findings of the study show that most of the companies have illustrated the commitment towards water stewardship by reporting on water-related aspects. However, when compared to global standards, the level of disclosures is still low, implying the future opportunity for companies to better perform the water management and present a more complete water disclosures for stakeholders.*

***Keywords:*** water disclosure, Indonesia, GRI



## **Detect Tax Avoidance Improvement Through CSR Cost on Firm Value**

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### ***Abstract***

*The legislation weakness becomes a gap in increasing the tax avoidance. The function of Corporate Social Responsibility (CSR) which should be a restriction of tax avoidance, can actually increase the tax avoidance when viewed from CSR cost. This research aims to examine the amount of CSR Cost allocated by the company that allows to be used in increasing tax avoidance on the basis of efficiency to increase the firm value. It is expected that with the existence of corporate governance, can reduce the manager's opportunities desire in avoiding tax that can harm the government. The population of this research is all companies that are included in LQ45 ranking over the period 2011 to 2017 with total sample is 127. The sampling method in this research is a purposive sampling method. Structural Equation Modeling (SEM) with WarpPLS version 5.00 is used to examine the hypothesis. The results show that tax avoidance improvement mediates the relationship between CSR Cost and Firm Value. Corporate governance is not proven to weaken the effect of CSR Cost on Tax avoidance improvement.*

***Keywords:*** Corporate Social Responsibility; Tax Avoidance; Firm Value; Corporate Governance

## **The Effect of Sustainability Practices based on Sustainable Development Goals (SDGs) to Firm Performance**

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### *Abstract*

*The purpose of this research is to analyze the influence of company sustainability practices based on Sustainable Development Goals (SDGs) on the company's financial performance and market performance. This research is limited to public companies in Indonesia, Malaysia, Singapore, Philippines and Thailand engaged in the non-financial sector and listed on the capital markets of each country in 2016. Independent variables in this study is the level of corporate sustainability practices according to SDGs. Measurement of financial performance using ROA and ROE, while measuring the market performance of companies using Tobin's Q and MBV. The results of this study prove that the company's sustainability practices have a significant positive effect on financial performance and market performance of the company. This study provides evidence for companies that by practicing sustainability practices and participating in SDGs can improve the company's financial performance and market performance.*

*Keyword: sustainability practices, SDGs, financial performance, market performance, assurance*

## FINANCIAL PERFORMANCE ON FIRM VALUES: EXCHANGE RATES AS MODERATING

(Empirical Study of Companies Listed on Indonesia Stock Exchange)

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### *Abstract*

*The phenomenon of international trade by using sea lane for transactions is something interesting to be studied and discussed by economists or researchers. Given the phenomenon, the authors believe that the international trade business to business has a significant impact on the financial performance of the company, and this has relevance to the exchange rate of a country. When companies conduct trading activities, information about the company's financial condition is very necessary to be carefully calculated, and it takes hedging efforts of a transaction for corporate management to avoid losses in transactions. Of course, in transactions between countries required a stable exchange rate and when a state exchange rate experienced uncertainty then this will affect the financial performance of the company even to affect the value of a company. Based on that, the authors are interested to examine non-financial companies listed on the Indonesia Stock Exchange which often conduct international trade. By using purposive sampling, there are 56 company samples that can support this research by using time period for 3 years. The results of this study can be concluded that the company's financial performance is able to affect Firm Value directly and with the variables of exchange rate moderation, making the financial performance can not affect Firm Value. It can be seen that the interaction of financial performance variables can not affect the firm value*

**Keywords:** Exchange Rate; Signal Theory; Capital Structure; Profitability; Firm Value.

## STRATEGY TO MINIMIZE NON PERFORMING FINANCING IN SHARIA COMMERCIAL BANKS

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### *Abstract*

*This study aimed to minimize non performing financing through capital adequacy ratio, financing to deposit ratio, quality of productive assets, and operating expenses to operating income on non-performing financing at sharia commercial banks period 2012 to 2016. The sample used in this study is the 11 sharia commercial banks listed in Bank Indonesia. Data will be analyzed by multiple linier regression analysis. The study concluded that the capital adequacy ratio, quality of productive assets, and operating expenses to operating income have a significant effect on non-performing financing, while financing to deposit ratio variable has no significant effect on non-performing financing. The results of this study are expected to provide information on factors that can affect the NPF and how to control the NPF so that sharia commercial banks can keep the ratio of NPF net to stay under 5%, this is to maintain the condition of the soundness level of bank.*

**Keywords :** *non performing financing, capital adequacy ratio, financing to deposit ratio, quality of productive assets, operating expenses to operating income*

## THE EFFECT OF FINANCIAL DERIVATIVES, FINANCIAL LEVERAGE AND INTANGIBLE ASSETS ON TRANSFER PRICING AGGRESSIVENESS

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### ***Abstract***

*One of the bottlenecks, to optimize tax revenue, is the existence of tax avoidance through transfer pricing. Multinational corporations (MNCs) have long taken consideration into transfer pricing as a critical aspect of their tax management policies. This study aimed to examine the effect of financial derivatives, financial leverage, and intangible assets on transfer pricing aggressiveness. The samples used in this study are nonfinancial companies listed on the Indonesia Stock Exchange (BEI) from 2012 to 2016. Using purposive sampling, the selected company's data amounted to 44, so the total observations are 220. The data is analyzed by using multiple regression analysis with panel data. The results of this study suggest that financial derivative, financial leverage, and intangible assets have a positive effect on transfer pricing aggressiveness. More specifically, derivative instruments, both for hedging purpose and speculative purpose, indicates to be significantly associated with transfer pricing aggressiveness behaviors. Additionally, the overall empirical findings present reasonable results augmented by an additional analysis with recourse to effective tax measure.*

**Keywords:** *Transfer Pricing, Derivative Instrument, Aggressiveness, Leverage and Intangible Asset.*

## Corporate Earnings Management Post-Implementation of Thin Capitalization Rule in Indonesia

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### *Abstract*

*After thin capitalization rule was enacted in Indonesia through Minister of Finance (MoF) Decree No. 169/PMK.010/2015, effective per 2016, no sufficient research has been made to measure the Decree's effectiveness in minimizing the use of interest expense to avoid corporate income taxes. Post-implementation of the Decree, we suspected that companies will find other way to minimize any tax disincentives resulted from the rule. Our suspicion came from data-supported indication that other discretionary expenses commonly used in earnings management activity slightly increases as corporate effective tax rate significantly decreases after the enactment of the Decree. Thus, we collected financial data of sampled public companies that are indicated to underpay their taxes, from 2014 until 2017, by using Surat Ketetapan Pajak Kurang Bayar (Tax Underpayment Assessment Letter) as indicators. Using quantitative approach based on regression result from our empirical model, we found that as the implementation of the Decree is positively and significantly correlated to corporate tax avoidance, the use of discretionary expenses in earnings management activity is positively and significantly correlated to corporate tax avoidance in both the years before and after the implementation of the Decree. From these findings, we concluded that the decree has not been effective yet to reduce corporate tax avoidance.*

**Keywords:** *thin capitalization rule; earnings management; corporate tax avoidance; discretionary expenses.*

## **Related Party Transactions, Social Responsibilities, Earnings Management on Firm's Value: Evidence from Indonesia**

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### ***Abstract***

*This study aims to examine the effect of disclosure of Related Party Transactions (RPT), the disclosure of corporate social responsibility and earnings management accrual on firm's value. Firm's value is considered important because the high firm's value will be followed by the high level of shareholder prosperity. Also, management as an agent of the company seeks to increase the firm's value which is reflected in the stock market price of the companies. This research is quantitative research with multiple linear regression models. The sample used in this research is manufacturing companies listed on the Indonesia Stock Exchange (ISE). The type of data used in this study is secondary data in the form of financial statements and annual report from 2014 to 2016. The sample selection using purposive sampling method with the number of samples amounted to 255 samples. This study uses data with the same number of years for three years so that this research is research with panel data. The results of this study suggest that the RPT disclosure and the corporate social responsibility disclosure have a positive effect on the firm's value. Meanwhile, accrual earnings management does not affect a firm's value. Earnings management based on current discretionary proxies used in this study indicates that investors do not use earnings information to make investment-related decisions. To confirm the results of this study, further research is expected to use longer years.*

**Keywords:** *Related Party, Corporate Social Responsibility, Accrual Earnings Management, Firm's Value*

## Analysis of Individual Investor Behavior at Stock Market Study Group Member of University In Surakarta using Analytical Hierarchy Process Method (AHP)

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### Abstract

*Behavioral finance is a new approach to financial markets. Behavioral finance argues that some financial phenomena can be understood sensibly by using a model in which some agents are not entirely rational. The Market Efficiency Theory or known as the EMH (Efficient Market Hypothesis) was introduced by Fama (1970), on the ground EMH said that in an efficient capital market, relevant information will be responded quickly, completely and accurately by the market. If the market is efficient, then all information is reflected in the price. The price will adjust quickly and precisely to new information, and no one "precedes the market", which means that in an efficient capital market there should be no one getting excessive results because it has better access to information and responds more quickly. The purpose of this study is to determine the factors that most influence the investment decision of individual investors in the universities in Surakarta. This study used the Analytical Hierarchy Process (AHP) method and distributed questionnaires to individual investors to find out the factors that influence them in trading. This research was conducted at Capital Market Study Group in the Higher Education Area of Surakarta Residence. The population in this research is Stock Market Study Group at Universities in Surakarta, while the affordable population is 5 Universities who have the Capital Market Study Group each taken as many as 20 respondents. The sampling technique used stratified random sampling technique, that is, taking a random sample of proportional from each group in each college in Surakarta. The result shows that Long-Term Investment has 56% priority to be chosen as investment, Short-Term Investment has 29% priority to be chosen as investment, and Mid-Term Investment has 15% priority to be chosen as investment.*

**Keywords:** *Investor Behavior; Individual Investor; Analytical Hierarchy Process (AHP)*



## **The Relationship between Psychopathy and Acts of Fraud on Accounting Students in Indonesia**

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### ***Abstract***

*Psychopathy is one of the psychological symptoms that characterizes the low level of sympathy and self-centeredness. Many researchers and experts who argue that psychopathy has an influence in the occurrence of acts of fraud including in the financial world. This study uses accounting students FEB UI as a sample to be able to map the level of student psychopathy that will be entered into the world of work and investigate whether there is a relationship between psychopathy and fraud actions by first comparing the level of psychopathy of accounting students with other study programs and investigate whether there is a trend of change level of psychopathy over time.*

***Keywords:*** *psychopathy; fraud; earning manipulation*

## The Effect Moderating Managerial Ownership on Audit Quality and Auditor Switching to Fraudulent Financial Statement

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### Abstract

*Fraudulent financial statements are one of the abandonment of deliberate amounts and disclosures with the intent of deceiving the user of financial statement. The impact is very large and harmful to various parties. This becomes a serious issue and concern that needs to be quickly resolved. This research was conducted to examine the effect of audit quality, audit switching to fraudulent financial statements. Examine the effect of moderate managerial ownership on audit quality relationship and audit switching against fraudulent financial statements. This research used secondary data. Population in this research is listed on the stock exchange in 2013-2015. This research using purposive method was obtained 135 samples and data processing using WarpPLS 4.0. The audit results have a significant negative effect on fraudulent financial statement, switching auditors have a significant positive effect on fraudulent financial statement, managerial ownership weakens the effect of audit quality on fraudulent financial statement and managerial ownership strengthens the influence of switching auditors on fraudulent financial statement*

**Keywords:** Audit Quality; Auditor Switching; Fraudulent Financial Statement; Managerial Ownership

## THE EFFECT OF TAX AVOIDANCE, IFRS ADOPTION ON EARNINGS PERSISTENCE AND ACCRUALS PERSISTENCE

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### *Abstract*

*This study aims to examine the effect of tax avoidance and the International Financial Reporting Standards (IFRS) adoption on earnings persistence and accruals persistence. This research is quantitative research with multiple linear regression models. The sample used in this research is manufacturing companies listed on the Indonesia Stock Exchange (ISE). The type of data used in this study is secondary data in the form of financial statements and annual companies listed on the Stock Exchange from 2009 to 2015. The sample selection using purposive sampling method with the number of samples of 66 companies, so that the overall sample amounted to 462 samples. This study uses data with the same number of years for three years so that this research is research with panel data. The results suggest that tax avoidance does not affect earnings persistence, but negatively affects accruals persistence. Although the company conducts tax avoidance, it still maintains earnings persistence as a measure to assess company performance. While accruals are used by the company to conduct tax avoidance to weaken the accruals persistence. Furthermore, IFRS adoption does not affect earnings persistence, but negatively affects the accruals persistence. IFRS as a set of principle-based standards provides a gap for managers to perform an accrual discretion that can have an impact on corporate earnings.*

**Keywords:** *Tax Avoidance, IFRS Adoption, Earnings Persistence*

## **Working Capital Management, Financial Ratios and Profitability in Food and Beverages Companies were Listed on the IDX**

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### ***Abstract***

*The competitive advantage of a company should be developed in order to survival. Financial performance is one of the advantages that can be developed is the financial performance of the company. While the company's financial performance can be affected by many different components, one of which is the management of working capital. Working capital management may affect the liquidity and profitability of the company. Working capital efficiency will increase profits. In general the purpose of this research is to know the influence of the Average Collection Period, Inventory Turnover in Days, the Average Payment Period, liquidity, Firm Size, and Debt Ratio towards profitability at the Food and Beverages companies listed on the Indonesia Stock Exchange (IDX). The population used in this study are all the Food and Beverages companies listed on the IDX at 2015, 2016 and 2017. The methods used for sampling on the study is purposive sampling method. The data type used is a form of documentary data reports. While the source of the data in this study is secondary data in the form of financial statements. Methods of analysis used was Multiple Regression Test. The results of this study indicate that Average Collection Period effect on profitability. While the variables Inventory Turnover in Days, the Average Payment Period, liquidity, Firm Size, and Debt Ratio no effect on profitability.*

**Keywords:** capital, financial ratio, profitability

## Company Attributes and Firm Value: Evidence from Companies Listed on Jakarta Islamic Index

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### Abstract

*The main purpose of company is not to earn a profit but to maximize the value of the firm. The value of the firm can increase the prosperity of the company owner. This study examines the effect of company attributes (dividend policy, capital structure, and ownership concentration) on firm values. The samples consists of fifty six companies listed on Jakarta Islamic Index. SmartPLS program was used to analyse data. The findings of this study show that the ownership concentration and profitability have a positive effect on firm value. In addition, liquidity has a negative negative effect on capital structure. However, this study doesn't find any relationship between profitability and capital structure; liquidity, dividend policy, and capital structure and firm value. Finally, capital structure mediated the relationship between profitability and liquidity and firm value.*

**Keywords:** *Company Attributes, Capital Structure, Firm Value*

## **The Causality of Monetary Policy, Economic Growth and Stock Price Index In Financial Sector Indonesia Stock Exchange**

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### ***Abstract***

*The financial sector is interesting to be the object of research because it has the fastest growth on the Indonesia Stock Exchange, the stock price index of this sector has grown 33, 16% in 2017. This paper tries to confirm the linkage stock prices growth index, economic growth, and monetary policy. The data used is quarterly time series from 2000 to 2017, test stationery using Augmented Dickey-Fuller (ADF), and to analyze relationships using Johansen Cointegration and Granger Causality. we find the long-term relationship the stock price index with economic growth. We also find one-way causality of monetary policy on the stock price index*

**Keywords:** *Economic growth, financial sector, causality*

## Family Owned Firms Decision Making in Preserving Socioemotional Wealth

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### Abstract

*This research aims to examine the decision making (tax aggressiveness) of public family owned firms in Indonesia viewed from socioemotional wealth, the utilities of family owners derive from the non-financial business aspects. Using a panel data set from 2010 to 2017, the moderated regression models by using WarpPls software version 5.0 used to evaluate the effect of socioemotional wealth in terms of family involvement on tax aggressiveness (measured by effective tax rate) and family generational stage as a moderator. The findings illustrate that the higher the involvement of the family in terms of ownership, management, and board of directors as well as a board of commissioners, the less tax aggressiveness. In addition, the findings suggest that tax behaviors are not necessarily aligned with family involvement, and that the family generational stage does moderate these relationships. Since the samples of public family owned-firms still have the same characteristics with non family firms. Board of directors of next generation stage would appear to be concerned about the impact on the shareholder wealth loss of reputation due to aggressive tax behaviors.*

**Keywords:** Tax aggressiveness; Socioemotional Wealth; Family Owned Firms; FPEC Scale; Indonesia

## MODEL DEVELOPMENT OF INSURANCE GUARANTEE FUNDING IN INDONESIA *Toward Robust and Sustainable Insurance Businesses*

Handayani, E. Susy Suhendra, Lana Sularto  
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### *Abstract*

*Receiving risk transfer from other party is main business of insurance companies. In spite of that, insurance companies operation are not free from risks. Some risks can make insurance companies fail and goes bankrupt. Some tools such as RBC and Solvency II were developed to detect or give early warning of financial problems for insurance companies to prevent companies from failures and bankruptcies. However RBC and Solvency II are not designed to eliminate the risk of failure at all. When the insurer fails, the most harmed stakeholder is the policyholders. Although RBC and Solvency II provide protection to policyholders to some extent, RBC and Solvency II can not provide protection from financial loss if insurance companies fail. Because RBC and Solvency II are unable to provide protection to policyholders when the insurer goes bankrupt, the presence of an insurance guaranteed schemes becomes a necessity.*

*The aim of this research is to examine model for insurance guarantee schemes funding. Insurance guarantee schemes can be funding through various funding mechanism. Every funding mechanism will be elaborated. Funding for guaranty fund can be made in form of —premium‖ that can be levied ex-ante or ex-post. Premium for the guaranty fund can be paid by policyholders, equity holder of insurance companies, government or all of them. This research emphasized the government roles in developing, funding and monitoring of insurance guarantyfund. Premium charging can be calculate on volume-based, risk-based or flat-rate. Every option of funding have impacts on guaranty fund management, stakeholders view of risk they are facing and nominal premium that should be paid by policyholder. This research found that the ideal model for insurance guarantee schemes funding is by joint contribution between government and the insurance industry. The insurance guarantee scheme presence could induce insurance industry to change their risk behavior through increasing their proportion of risky investment assets. But this side effects can be mitigated through strong and firm monitoring from financial service authority.*

**Keywords:** *insurance guarantee schemes, government role, flat-rate premium, risk-based premium, ex-ante, ex-post, policyholder and equity holder contribution*



## **The Effects of Proportion of Female Directors, Firm Size, and Net Premium to Financial Performance in General Insurance Firms with Ownership as Moderator Variable Period 2011-2015**

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### **Abstract**

*This study aims to perform empirical testing of the phenomenon by examining the effect of the proportion of female directors, firm size and net premium on financial performance in general insurance firms in Indonesia with ownership as a moderating variable. The object of this research is 63 general insurance companies in Indonesia. The data used in this research is panel data sourced from the Financial Services Authority during the period of 2011-2015. The independent variables in this study consisted of the proportion of female directors, firm size, and net premium with the financial performance of the firm as measured by ROA and ROE as dependent variable. Ownership of the firm is used as a moderating variable. Panel data analysis are used to examine the effect of those variables. The results show that net premium, firm size, does not give significant effect to financial performance (ROA), while the proportion of female directors gives significant influence to financial performance (ROA). Net premiums, company size, the proportion of female directors moderated by ownership have a significant effect on financial performance (ROA). Net premiums and firm size have a significant effect on financial performance (ROE), while the proportion of female directors does not give significant effect to financial performance (ROE). Net premiums moderated by ownership do not have a significant effect on financial performance (ROE), while firm size and the proportion of female directors moderated by ownership have a significant effect on financial performance (ROE).*

**Keywords:** *Female directors composition; financial performance; firms size; net premium; firm ownership.*

## **FACTORS THAT INFLUENCE INTENTION OF THE COMMUNITY AS A LIFE INSURANCE AGENT IN INDONESIA**

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### ***Abstract***

*Life insurance become a necessity in modern life, especially in providing alternative or as a community financial planning solution. In Indonesia, demand of life insurance continues to grow in line with increased income and public awareness of the importance of community financial planning and risk anticipation. To fulfill this demand, amount of life insurance companies increase as well as the variety of products offered in the market. however, contribution of the insurance industry, especially life insurance to the Indonesian economy relative low in line with the low interest of marketers (agents) of life insurance companies. The intention of public being a life insurance agent which is still under average is underlying this research. The objective of this research are to analysis some factors that influence intention of the community as a living insurance agent in Indonesia.*

**Keywords:** *life insurance agent, growth of life insurance industry, public interest*

## **Determinants and Impact of Risk-Based Capital on Financial Performance of Life Insurance Companies in Indonesia: A Preliminary Study**

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### **Abstract**

*Insurance industries play an important roles in the Indonesia's economy. Financial performance of insurance company, accordingly, is an important measure which is assumed to have close relationship with its contribution to the nation's economy. The present study aimed at analyzing factors affecting life insurance companies' financial health (i.e., risk-based capital—RBC) and its effect on the life insurance companies' financial performance (i.e., return on investment—ROI). Path analysis was performed to test the proposed hypotheses. Findings of the study indicate that return on investment of life insurance companies is significantly affected by its risk-based capital in negative way. This imply that those life insurance companies having higher risk-based capital tend to have lower financial performance. Meanwhile, risk-based capital of life insurance companies is simultaneously affected by both macroeconomic and microeconomic indicators in various directions and magnitudes, particularly inflation rate ( $p < 0.01$ ), economic growth (i.e., GDP) ( $p < 0.10$ ), loss ratio ( $P < 0.5$ ), and current ratio ( $p < 0.01$ ).*

**Keywords:** *general insurance; risk-based capital; return on equity; loss ratio; expenses ratio; total assets; investment performance; inflation rate; gross domestic product; reference interest rate*

## **The Affecting Intentions Factors of Small Business Actors in Jakarta to Become Participants in National Health Security BPJS Program**

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### ***Abstract***

*The small business actors are part of independents participants program of National Health Security (JKN) that administered by the Social Security Board (BPJS). Using four variables as stated in the Theory of Planned Behavior and two variable as additional Value and Image will be examined that the Attitudes, Subjective Norms, and Perceived Behavior Controls Small business actors influence both direct and indirect through the variable values and image as an additional of the intentions to become a participant of JKN program? A total of 400 questionnaires were distributed to 6 areas of Jakarta region. The population of small business actors is 683.741, which is one elements group of independent participants in JKN. A total of 339 respondent data can be processed with AMOS ver.20. The complex relationships between numbers of variables run using procedure multivariate statistical analysis techniques with Structural Equation Modeling (SEM).The result of Attitude, Subjective Norm, Value, and Image has a direct influence on the intention to become a participant of the BPJS Health Insurance. However, the perceived behavioral controls do not have a direct influence on the interests of being a participant of BPJS health program. Perceived Behavior Control affects the interest to join BPJS National Health Insurance program if through the Value and Image of the National Health Insurance program. In the case Value and Image National Health Security Program is increased the number of participants will be increase. The Improving Value and Image of the National Health Insurance BPJS Health program can be done by improving the quality and quantity of socialization about the benefits and as well as ways to become a member of JKN.*

**Keywords:** *National Health Security (JKN); Small Business Actors; Attitudes; Subjective Norms; Perceived Behavior Control; Values; Image; and Intention.*

## **The Impacts of Capital and Operational Performance Towards Financial Performance of Insurance Industry in Indonesia Through Debt Equity Ratio and Good Corporate Governance Mediators**

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### ***Abstract***

*The main objective of the study is to analyze the impacts of capital structures comprising assets and income on financial performance through good corporate governance and financial risks as mediators. The second objective of the research is to analyze the effect of operational performance consisting of Liability Ratio (LR), Equity Ratio (ER), and Reserve to Liability Ratio (RTL) to financial performance through good corporate governance and financial risk as mediator. Based on the test results note that the Net Premium, Asset, and RTL have a positive influence on Good Corporate Governance (GCG). In addition, the net premium also has a positive influence on the DER variable, while the ER variable has a negative influence on DER. The implementation of Good Corporate Governance allows companies to operate more efficiently. Based on the test results that GCG has a positive influence on ROA while DER has a positive influence on ROA and ROE. Based on the results of this study shows that the role of GCG and DER will support the improvement of company performance significantly.*

**Key Words:** *Capital Structure, Operational Performance, Good Corporate Governance (GCG), Debt to Equity Ratio, Financial Performance.*

## **THE IMPACTS OF COMPANY INCOME AND COMPANY OUTCOME TOWARDS INSURANCE PENETRATION WITH COMPANY'S OWN RETENTION AS MEDIATOR IN INSURANCE COMPANIES IN INDONESIA**

**Suhartono**

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### ***Abstract***

*The research is aimed at analyzing the influence of insurance company's earnings consisting of net premium, underwriting result, investment result, and insurance expense consisting of claim costs, reinsurance costs and operational costs towards insurance penetration with own retention as mediator. As a similar research, the authors examine the eight variables by using path method (path analysis) and using software AMOS version 22. The research variables consist of three types. The independent variables as the first type of variable in this study are net premium, underwriting result, and investment return. The second type of variable is the mediation variable which is also the independent variable that is the own retention variable. Finally, the dependent variable in this research is insurance penetration. The basic theories of research is agency theory, stewardship theory, agency costs and related macroeconomic theory, namely insurance penetration. The data used is panel data in the form of financial statements of the insurance industry for 5 (five years) from 2013 to 2017. In addition to path analysis, researcher also conducted path analysis test, classical assumption test and Sobel test to test the correlation variables between mediation variables. The results of the research show the effect of variable insurance premiums, underwriting results, and investment returns, as well as reasuransi cost variables, claims costs and operational costs of insurance penetration variables through mediation variables namely insurance retention. Conclusion and research recommendation is to increase insurance penetration need existence of compulsory insurance product that is affordable and needed by society with economical price and this should also be supported with conducive regulation of OJK.*

**Keywords:** *insurance income, insurance expenses, insurance penetration*

## **The Influence of Customer Satisfaction on Word of Mouth (WOM) with Price and Service Quality as Antecedent in General Sharia Insurance Product**

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### ***Abstract***

*The research was intended to reveal the behavior of word of mouth (WOM) in Indonesian consumers towards sharia general insurance product. The research has found the fact that there was a very strong role of the variable of customer satisfaction on the formation of word of mouth (WOM) in sharia general insurance product. Besides, the elements of price and service quality had a positive effect on consumer satisfaction in forming WOM. Thus, the study recommended the management of sharia general insurance companies not to only focus on selling products by relying on the symbols of Islam, but they also have to work hard to improve their promotion skills by building a positive WOM through quality services and setting competitive prices so that customers are satisfied.*

**Keywords :** *sharia general insurance; WOM, satisfaction; price; service quality*

## **The Effect of Underwriting on Profitability through Premium Incomes, Technical Reserves and Investments in the General Insurance Companies in Indonesia**

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### ***Abstract***

*The objective of this study is to analyze the effect of operational activities on profitability in the general insurance companies in Indonesia. Those operational activities include underwriting, premium collection, corporate liabilities fulfillment and investments. The sample of this research is the general insurance companies in Indonesia that operated during 2011 to 2015 that issued their financial statements to the media every end of the year. This research is applying the Structural Equation Model. Variables used are the financial ratio for the operational activities: a). The underwriting that measured by 3 ratios: net claim to gross claim, net claim to asset, and underwriting expenses to gross premium incomes; b). The premium incomes that measured by 3 ratios: net premium incomes to gross premium incomes, net premium incomes to asset, and gross claim to gross premium incomes; c). The technical reserves that measured by 4 ratios: net premium incomes to technical reserves, underwriting result to technical reserves, net claim to technical reserves, and gross claim to technical reserves; d). The investments that measured by 2 ratios: investment incomes to asset investment incomes to investments fund; and e). Profitability that measured by 3 ratios: profit to asset, profit to equity, and profit to gross premium incomes. The result of this study shows that the underwriting is having an effect on the profitability due to premium income and technical reserves, or due to premium income and investments. Therefore, it can be concluded that in the general insurance companies in Indonesia, the influence of underwriting on the profitability due to premium income and technical reserves is greater than the influence of underwriting on the profitability due to premium income and investments.*

**Keywords:** *General insurance, underwriting, premium incomes, technical reserves, investments, profitability*



## INDONESIAN EX-MIGRANT WORKERS: TRIPLE BOTTOM LINE PERSPECTIVES ANALYSIS

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### *Abstract*

*Indonesian Ex-Migrant Worker experiences an unemployment problem. The solution is a Triple Bottom Line Business. The research aims to analyse an ex-migrant worker characteristics to create economic value, to analyse the using of natural resources and an environment to conduct their business and to analyse ex-migrant worker relationship with their stakeholders. This study was conducted on ex-migrant workers living in Donomulyo District of Malang Regency. After collecting and processing, the data from them are analysed based on Triple Bottom Line Perspective. The result showed that their businesses are a triple bottom line small business model. It is a small sustainable business that can be used to lessen an unemployment problem and to increase their welfare.*

**Keywords:** *Ex-migrant workers, small business development, Triple Bottom Line*

## Readiness Assessment Model for Creative Industries in Improving Competitiveness in Central Java

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### *Abstract*

*The contribution of the creative industry to the economy in Indonesia is without doubt. However, the seriousness of the government in developing creative industries is being questioned, especially in terms of competitiveness, therefore the Readiness Assessment Scorecard is offered to measure the extent to which the readiness of the creative industry has a competitive advantage. With a specific measurement model of competitive advantage, it will facilitate both intellectuals, business people and the government in carrying out its role in developing the creative industry. This study aims to investigate the readiness factors of competitive advantage as a determinant of success in facing competition as well as developing measurement models and its scorecards. The resulting scorecard is used to measure readiness to create a comprehensive competitive advantage (multilevel perspective). The population in this study are creative industry players in the centers of creative industries in Central Java. Measurement of readiness assessment as a competitive advantage that is carried out comprehensively and periodically can provide technical and strategic advantages. Besides being able to be used to measure the strength or weakness of certain dimensions, it can also be used for continuous improvement. In addition, to optimize the efficiency and effectiveness of the process, knowledge transfer between creative industries is highly encouraged. The results of the literature study are four variables to measure the readiness of information technology to improve competitiveness, namely optimism, inconvenience, innovativeness and security. Data was collected by using survey method with questionnaire and analyzed using AMOS software. In general, the research findings indicate that SMEs in creative industries in Central Java have readiness to adopt IT. However, the research findings also indicate that perceptions of discomfort and insecurity are key issues that could potentially hamper IT adoption by SMEs creative industries in Central Java*

**Keywords:** *Readiness Assessment Scorecard, Technology Readiness Index, competitive advantage.*

## **Online Peer-to-Peer Lending as Alternative Funding Source for Indonesian SME (Case Study: A Bottled Water Manufacturer)**

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### **Abstract**

*This paper analyzes the feasibility of Online Peer-to-Peer Lending as one of the alternative funding sources for Indonesian SMEs. Funding is still one of the biggest issues for SMEs in Indonesia in order to operate and sustain. Online P2P Lending as a new phenomenon among the rise of Fintech trends, offers quick and easy way to connect lenders and borrowers to engage in a loan transaction. However, SMEs still need to understand the advantage and disadvantages of Online P2P Lending and how they can make use of this type of funding to fund their business. Using a small water bottled manufacturer firm as a case study, this thesis analyzes the current condition and proposes new strategy to face the challenge and opportunity in the economy and industry and in the end, creates a financial projection using Online P2P Lending and Kredit Usaha Rakyat, as one of the familiar SME funding source in Indonesia. The result shows, regardless the funding sources used, the proposed strategy generates positive cash flow to the company. However, using Online P2P Lending, owner should deal with higher cost of capital than if KUR is used. Nevertheless, SMEs should consider both financial and non-financial aspects before selecting the most appropriate funding source.*

**Keywords:** *Online P2P Lending; Fintech; KUR; SME; Cost of Capital*

## Service Quality (The Flower of Service) SMEs in Indonesia

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### *Abstract*

*Sustainable competitive advantage for Indonesian SMEs needs to be improved in order to compete with competitors, both domestic and foreign competitors. The competitive advantage in question is the level service quality of SME, Service quality reflects the comparison between the level of service delivered by SMEs compared to customer expectations. This research is based on the idea that Micro, Small and Medium Enterprises (SMEs) play an important role for the Indonesian economy, but the competitive advantage of SMEs is still low, one of the causes of the low competitive advantage of Indonesian SMEs is the weak level of service quality. So we need in-depth research on the level service quality of SMEs. This research uses the concept of marketing services concept "the flower of service" with reference to 8 indicators, namely information, consultation, ordertaking, hospitality, safekeeping, exception, billing and payment. The purpose of this study was to determine the influence of service quality "the flower of service" on customer loyalty of SMEs in Indonesia. The object chosen in this study is SMEs CENTER Central Java in Indonesia. The sample in this study is determined by purposive sampling method which then can be sampled as many as 100 respondents. The data in this study were obtained using questionnaires that were filled in by respondents independently. The analysis used in this study uses Simple Linear Regression. The results of this study prove and conclude that: The service quality "the flower of service" service has a positive and significant effect on customer loyalty of SMEs in Indonesia*

**Keywords:** *SMEs, service quality (the flower of service), Sustainable competitive advantage.*

## Dissecting Position Strategy Using SPACE Matrix to Improve the Performance of MSME

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### *Abstract*

*The presence of the ASEAN Economic Community is one of the causes for MSMEs to innovate and increase productivity. The MSMEs in Indonesia have contributed to the country's economy so that the performance of MSMEs is a factor that needs to be optimized. The aims of this study were to map and analyze the strategic position of the MSMEs in Semarang. The data were collected from 118 MSMEs in Semarang consisting of 63 culinary businesses, 22 motorbike workshops, 15 clothing businesses, 6 plant businesses, and 8 stamp craftsmen. The analysis used was the Strategic Position and Action Evaluation (SPACE) Matrix. The results of this study indicate that 78% of the MSMEs was in an aggressive position, 13% in a conservative position, 9% in a competitive position, and none in a defensive position. The strategy models and steps that must be taken to improve the performance of the MSMEs are the strategies of market penetration, product development, market development, integration, diversification, contraction, divestment, or liquidation.*

**Keywords:** AEC; MSME, SPACE Matrix; Aggressive; Conservative; Competitive; Defensive

**MODEL AND CHARACTERISTICS OF ISLAMIC  
MICROFINANCE PERFORMANCE IN THE PERSPECTIVE OF MAQASHID  
SYARIAH IN INDONESIA  
(Learning From Baitul Maal Wat Tamwil (BMT) Usaha Gabungan Terpadu  
Sidogiri-Indonesia)**

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**ABSTRACT**

*BMT Usaha Gabungan Terpadu is characteristics are fascinating phenomena to be studied based on the function of baitul maal and baitul tamwil. BMT UGT is the only Islamic Micro Financial Institution established with a background of boarding school, thus, it has uniqueness and different characteristics compared with other BMTs. All founders, administrators and employees are the alumni of Sidogiri Islamic boarding school. The present study aims to find out and prove empirically: (1) function of BMT UGT in carrying out its function based on mudharib interpretation (2) its model and performance characteristics in carrying out its function to improve mudharib' welfare with maqashid sharia perspective. This study uses qualitative methods by emphasizing what is expressed, understood and perceived through informants' narration and interpretation. The research informant is customer receiving financing or mudharib from BMT UGT. One case study model of Yin data is used as research method. The data are analyzed by using stages according to Miles and Huberman models.*

*The findings of this study show that (1) Sidogiri BMT UGT was able to improve mudharib welfare in carrying out its function by fulfilling five aspects of maqashid syariah on the needs of daruriyat, hajiyyat and tahsiniyat (2) characteristics of Baitul Maal and Baitul Tamwil were applied as performance characteristics in running its function.*

**Keywords:** *Performance, Welfare, Maqashid Syariah, Daruriyat, Hajiyyat and Tahsiniyat*

## ESCALATION OF COMMITMENT AND THE SUSTAINABILITY OF SMALL MEDIUM ENTERPRISES

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### *Abstract*

*The objective of this research is to investigate the escalation of commitment of fish processing Small and Medium Enterprises (SMEs) in achieving long-term sustainability. It is interesting to thoroughly explore SMEs' survival ability and tendency to exhibit escalation of commitment in their inherited businesses. We generate our data by implementing a case study with fish processing SME owners as the respondents. The interview has conducted with the head of SMEs cluster at Semarang, Central Java. The results demonstrate that fish processing SMEs manage to survive although they exhibit escalation of commitments in their business decision-making processes.*

**Keywords:** *Escalation of commitment; Sustainability; Small and Medium Enterprises.*

# DYNAMIC COMPETITIVENESS OF INDONESIAN COMMODITY IN MAJOR EXPORT DESTINATION

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## Abstract

*Export performance is very important in free trade era to measure economic performance of a country. There is a fluctuating development of Indonesia's commodity exports from the manufacturing, mining and agriculture sectors during 2011-2016. This indicates weak competitiveness of Indonesia's commodity exports. As we know, only countries with the most competitive competitiveness will be able to survive and win the competition in free trade with a tight level of competition. The purpose of this study is to analyze trade performance of Indonesian export commodities in order to improve the competitiveness of national commodity exports. The data used in this study are secondary data sourced from UN COMTRADE, Central Bureau of Statistics (CBS/BPS) and Ministry of Trade for year period 2013 – 2017. The data used is categorized using a 2 digit Harmonized System (HS) classification. This study uses Revealed Comparative Advantage (RCA) and Export Product Dynamics (EPD) analysis tools. The results obtained are based on the RCA estimation results, the export competitiveness of Indonesia's agricultural, industrial and mining products which are still weak and strong in several major export destination countries. Based on EDP estimation, Indonesia's exports of agricultural, industry and mining commodities mostly get rising star positions in some countries. However, there are also some in losing opportunity positions. Here are some suggestions proposed based on the research: improving the quality of export products in the agricultural, industrial and mining sectors; expanding markets in non-traditional export countries; and optimizing the promotion of export products.*

**Keywords:** Export, Competitiveness, RCA, EDP



## Technology Marketing Ethics: An Empirical Review of Social Marketing on Climate Change

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### ABSTRACT

*This study aims at revealing the online social marketing on climate change and global warming towards perceived ethical capability at two prominent universities in Semarang Indonesia. The online social marketing on climate change has significant impact on perceived ethical capability among the youths. The purposive sampling method was distributed among 239 respondents. Structural equation modelling (SEM) version 23 was to test the hypothesis. This study may contribute to the body of knowledge particularly the advancement and effectiveness online social marketing on climate change and its impact on perceived ethical capability among the students.*

**Keywords:** *Online social marketing, climate change, perceived ethical capability.*

## **Lack of Studies on Post Implementation of Halal Supply Chain: a Literature Survey**

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### **Abstract**

*Halal is a terminology in the Qur'an which means permitted, allowed, or not prohibited by sharia. The halal supply chain is a supply chain that is permitted by sharia because it has fulfilled sharia principles. This research is intended to identify and provide a basis for describing research opportunities in the area of the halal supply chain in the future. The literature study approach is used to analyze the contents of a number of previous studies on the halal supply chain and supply chain, in the conceptual, descriptive, exploration and empirical study categories, from the strategic to operational level categories. The results revealed that the study area of the halal supply chain was still relatively new, and most of it was still at the conceptual level. No research has focused on post-implementation areas, including the assessment of the performance of halal supply chains. Previous researches only focus on products, especially food and beverages, so there are many research opportunities in aspects of transactions or transfer of rights. The maqasid al shariah and the theory of rights in the muamalah fiqh approaches can be used to elaborate studies in this halal supply chain area.*

**Keywords:** *Halal supply chain; research opportunities; performance; maqasid syariah*

## **The Effect of Participatory Budgeting on Managerial Performance with Organizational Commitment, Organizational Culture, Innovation Perception being the Moderating Variables**

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### **Abstract**

*The research explains both the direct and indirect effects of participatory budgeting on managerial performance by examining organizational culture (people oriented versus job oriented), organizational commitment and perception of innovation that serves as the moderating variables. The research samples are selected by using the purposive sampling method, with the respondents being the public executives at Kantor Pelayanan Perbendaharaan Negara (KPPN). Data for the study was collected from 68 KPPN. The contingency variables were tested either by using the component-based or variance-based structural equation modeling (known as Partial Least Square). The results of the research were consistent with proxy research, which showed that participatory budgeting had a significant influence on managerial performance. Meanwhile, organizational culture (people oriented versus job oriented), organizational commitment, and perception of innovation do not have a significant influence on the relationship between participatory budgeting and managerial performance.*

**Keywords:** *Participatory budgeting, organizational culture, organizational commitment, perception of innovation, managerial performance*

## Women Empowering, Food Security and Poverty Alleviation

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### ABSTRACT

*The long-term goal of this research is to make the community of Pamekasan Sub-district as a whole can be empowered well. The target is to minimize the number of families trapped in poverty circles. So far it can be said that most of the people of Pamekasan Sub-district are people with middle to lower level of prosperity. They need loan funds so they can try to earn a decent income. This is where the role of informal microfinance institutions is expected to emerge, especially those based on islamic study groups. If this informal microfinance institution does indeed have a significant role in eradicating poverty, it may be encouraged in the future. This research would like to explore first to what extent the role of informal microfinance institutions in islamic study groups to food security and alleviate poverty in Pamekasan Sub-district. This research will be conducted by direct observation method to the field by collecting the necessary data and interviewing the related parties. The results of his research is quite interesting. Savings and loan activities in the study group help people to get loans, so they can use them to earn more. In addition to these positive impacts, savings and loan activities also have a negative side with the board members' lack of disclosure regarding the financial condition in the study group so that a little bit of guidance is needed to make the board more transparent.*

**Keywords:** Women Empowering, Food Security and Poverty Alleviation

## Impact of Motivation on Teacher's Performance through Job Satisfaction and Organizational Commitment

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### Abstract

*This study was aimed to examine the role of motivation in improving the performance of PAUD teachers through job satisfaction and organizational commitment. This topic was examined because the studies that took the object in early childhood mostly examined on the teaching techniques in PAUD and only few of them examining the teachers. Early childhood education teachers play an important role in the success of educational goals as mandated in law. Therefore, the performance of the teachers should be encouraged to deal with high competition and to the highest human resources. The data were collected from 105 teacher of early childhood education programs in Indonesia using survey method by distributing questionnaires. All variables were measured in Likert scale. The hypothesis were tested using multiple regression analysis with SPSS program. The study found that the strongest factor that improved teacher performance was motivation through job satisfaction. The motivation reflected in the presence of competence and honesty in teacher's psychological relationship will enhance the pride of the teacher profession. Motivation can also have a direct impact on teacher performance, meaning that high motivation will shape good teacher behavior and create good quality of work as well. Motivation is also found to be able to increase the organisational commitment of PAUD teachers and to have the impact on their performance.*

**Keywords:** Motivation, Job Satisfaction, Organizational Commitment, Teacher Performance

## SUPPLY CHAIN OF SERVICE CAPABILITY AND ITS IMPACT ON BUSINESS PERFORMANCE

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### *Abstract*

*This study aims to verify what aspects related with organizational structure and service capability contribute to the performance of logistics providers in the business-to-business (B2B) context with client companies in supply chains. A sample of 80 logistics provider companies of the Indonesia was surveyed, from a universe of companies that develop logistics activities, such as warehousing and inventory control, transportation, scheduled deliveries, port operations and customs clearance. The survey instrument consists of multiple scales to represent the construct variables related to organizational structure, service capability, and business performance. The answers reflect the logistics providers' perception of their work performance for the main customer in the supply chain. Resorting to multivariate statistical analysis based on structural equations modeling LV-PLS (Latent Variable – Partial Least Squares) with bootstrapping, we found that the sole attribute that contributes for a better business performance of the logistics provider is its ability to meet, both technically and operationally, the service contracted by the customer. The ability to provide logistics service is positively and significantly influenced by an organizational structure endowed with both autonomy and organization.*

**Keywords:** Logistics providers; Supply chain management; B2B relationship; Business performance

**EFFECT OF WORK MOTIVATION ON EMPLOYEE PERFORMANCE (STUDY ON  
FRONTLINER EMPLOYEE OF BANK BRI, BNI, AND BJB  
OF JABODETABEK AREA)**

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**Abstract**

*This study was conducted to determine the effect of work motivation on Frontliner performance at PT. Bank Rakyat Indonesia Tbk. (BRI), PT Bank Negara Indonesia Tbk. (BNI), and PT Bank Pembangunan Daerah Jawa Barat and Banten, Tbk. (BJB) in JABODETABEK area. The sample used in this study was amounted to 172 respondents, using aquantitative approach; the data for this study was obtained through questionnaires that the specified respondents had to fill in. Techniques of data analysis used were Validity and Reability Test, Classical Assumption Test, Simple Regression Test, Determination Coefficient (R Square), Correlation by using SPSS program. The results of analysis was based on Classical Assumption Test that motivation has a significant effect on employee performance.*

**Keywords:** *Work Motivation, Employee Performance*

**THE INFLUENCE OF THE WORK DISCIPLINE,  
COMMUNICATION, COMPENSATION AND LEADERSHIP ON TEACHER  
PERFORMANCE OF NASIMA ISLAMIC EDUCATION FOUNDATION IN  
SEMARANG**

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***Abstract***

*This research aims to analyze the influence of the work discipline, communication, compensation and leadership on teacher performance of Islamic Education Foundation Nasima Semarang. The population in this research is the entire teacher of Islamic Education Foundation Nasima Semarang that totalled 176 people. While the sample in this research is the 100 respondents. The data used in this research is the primary data and secondary data. Data analysis was done using Structural Equation Model (Structural Equation Model = SEM). The results showed that the variables work discipline, communication, compensation and leadership has a significant influence on performance of teachers in Islamic Education Foundation Nasima Semarang.*

***Keywords:*** *work discipline; communication; leadership; compensation; teacher performance*



## **The Effectiveness of Leadership and Percived Performance in Sport Organization Affected Spectator's Royalty: Case Study Suanlum Night Bazaar Rachadaphisek's Boxing Stadium at Bangkok Thailand**

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### **ABSTRACT**

*This research aims to (1) to study the effectiveness of leadership, perceived performance in sport organization and spectator's royalty case study Suanlum Night Bazaar Rachadaphisek's Boxing Stadium at Bangkok Thailand. (2) To study the effectiveness of leadership and the perceived performance in sport organization affected spectator's royalty case study Suanlum Night Bazaar Rachadaphisek's Boxing Stadium at Bangkok Thailand. The researcher collected 418 samples using convenient random sampling. The statistics used in the analysis were the mean, standard deviation and Stepwise Regression Analysis.*

*The results of the study revealed that (1) the effectiveness of leadership, perceived performance in sport organization and spectator's royalty case study Suanlum Night Bazaar Rachadaphisek's Boxing Stadium at Bangkok Thailand Very high the most evaluated items are: L5: the management team has develop its own strengths. P1: The sport organization has improved consistently. R5: the spectator are more interested in playing amateur boxing than other types of sport. (2) the effectiveness of leadership and the perceived performance in sport organization affected spectator's royalty case study Suanlum Night Bazaar Rachadaphisek's Boxing Stadium at Bangkok Thailand consists of four factors: the management team has develop its own strengths (X5). the spectator are more interested in playing amateur boxing than other types of sport (X6). (X10) the spectator are more interested in playing amateur boxing than other types of sport. (X4)*

*The equation can be written as follows:  $Y (\text{Loyalty}) = 1.19 + 0.75 X5 + 0.19 X6 + 0.12 X10 + 0.06 X4$ .*

**Keywords:** *Effectiveness of Leadership, Percived Performance, Royalty, Sport Organization*

## Probability of Financial Statement Fraud Based on Corporate Governance Components

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### Abstract

*Financial statement fraud is a serious threat to corporate and market, whereas still can happen in Indonesia and other countries. Financial statement fraud disadvantages many stakeholders including investors, creditors, and government. Good corporate governance mechanism believed to be an institution strategy to prevent and cope with the risk of financial fraud since it can ensure the quality, integrity, and transparency of financial information provided. The purpose of this study is obtaining empirical evidence about the effects of corporate governance components to probability of financial statement fraud. The proxy used in measuring the probability of financial statement fraud is M-Score model. The sample of this study is the non-financial public companies listed during 2012-2016. The results show that the concentrated ownership, independent commissioner proportion, audit committee effectiveness, and audit quality could reduce the probability of financial statement fraud. Otherwise, the state ownership and more regulated firm industry increased the probability of financial statement fraud.*

**Keywords:** *Fraud; M-Score Model; Corporate Governance*

## Analysis Of Enterprise Risk Management (ERM) Implementation in Supporting Firm Performance (Case Studi in Astra Group)

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### ABSTRACT

*Enterprise Risk Management (ERM) integrates organization, strategy and continuous reporting. Implementation of ERM is not an easy and takes a short time, therefore it is expected that the implementation of ERM can bring a positive impact to the firm performance. This study contains an analysis of ERM implementation in supporting the firm performance related to the risk of workplace accidents and market risk. The study was conducted in the Astra Group, represented by 4 companies, parent company and company from the automotive business line; heavy equipment, mining, construction and energy and agribusiness. The study was conducted by relying on primary data by direct analysis or interviews and surveys to the internal audit function and risk management in order to obtain an overview of the overall ERM implementation. Secondary data is the company's financial statements and annual reports are used as a source of corporate data information. The analysis results show that the average value of ERM implementation in Astra Group is 4.01. This figure indicates that the maturity of ERM in Astra Group has been good and supported by evidence of corporate initiatives to implement ERM in achieving targeted company performance in various business lines. The study also found that ERM is not the only factor supporting the company's performance, but there are other factors such as 1) government regulation; 2) technology; 3) Human Resources (HR); 4) process and product innovation; 5) customer demand.*

**Keywords:** *Enterprise Risk Management; firm performance; COSO*

## **The Effect of Corporate Governance Mechanism and Capital Structure on Risk Management Disclosure at Retail Company in Indonesia Stock Exchange Period 2015-2017**

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### **Abstract**

*This study aims to examine the effect of corporate governance mechanism and capital structure on risk management disclosure at retail company listed in Indonesia Stock Exchange period 2015-2017. Sampling using purposive sampling method and there are 16 companies so that this study has 48 annual report data to be sampled. The results of this study indicate that domestic institutional ownership and capital structure have significant effect on risk management disclosure, while managerial ownership, independent board of directors, audit committee, and company size do not significantly influence risk management disclosures.*

**Keywords:** *risk management disclosure, domestic institutional ownership, capital structure, GCG, Retail Company*

## The Effect of Characteristics and Overlap Membership of Risk Oversight Committee on Banking Credit Risk in Indonesia

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### *Abstract*

*This research aims to provide empirical evidence regarding the effects of characteristics and overlap membership of Risk Oversight Committee on Banking credit risk in Indonesia. Both of committees are committee under Board of Commissioners that responsible for monitoring credit risk. Characteristics of each committees are measured by activities, size, and expertise & competence based on Hermawan (2009) and Indonesia Financial Service Authority (FSA) regulation. Samples are consisted of banks listed in Indonesia Stock Exchange (IDX) during 2013-2017. The result from this research concludes that expertise and competence of risk oversight committee has negative effect on bank credit risk. While, activities and size of both risk oversight committee and audit committee do not have significant impact on bank credit risk. Further on additional test, it's concluded that only non-accounting financial expertise has negative impact on bank credit risk, implying this expertise may enhance the understanding of risk exposure and increase monitoring effectiveness of risk oversight committee in monitoring credit risk. Besides, this research also provides empirical evidence that overlap membership of risk oversight on audit committee has positive effect on bank credit risk, thus diluted the to the committee's focus on monitoring bank credit risk.*

**Keywords:** *Corporate Governance; Credit Risk; Risk Oversight Committee*

## Gaining Corporate Financial Performance through Corporate Environmental Disclosure, Corporate Governance Mechanism, and Earnings Management

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### *Abstract*

*The purpose of this study was to obtain empirical evidence whether earnings management (EM) may influence corporate financial performance (CFP). This study also aimed to find out whether corporate environmental disclosure (CED) and corporate governance mechanism (CGM) can mediate the relationship between EM and CFP. Data analysis was performed using Path Analysis with Partial Least Squares-Structural Equation Modeling (SEM). The authors test the hypotheses on a sample of 14 Indonesia food and beverage firms over a five-year period from 2012-2016. The sample the results revealed that the relationship between EM and CFP was found to be positive and significant. The results also showed that CED has a significant effect in mediating the effect of EM on CFP. Further statistical test provided evidence that institutional ownership has a positive significant effect on CFP. Additionally managerial ownership has a negative significant effect on CFP. Therefore, it can be concluded that CED and CGM play significant roles to improve CFP, and CGM significant to minimize EM actions.*

**Keywords:** *Earnings management, corporate environmental disclosure, corporate governance mechanism, corporate financial performance*

## UTILIZATION OF SOCIAL MEDIA MARKETING AND CUSTOMIZED RELATIONAL QUALITY: AN EMPIRICAL STUDY IN THE HOSPITALITY INDUSTRY IN JAKARTA

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### *Abstract*

*This article attempts to analyze the extent to which companies are capable of using social media as a basis for marketing. This study proposes a model framework to examine the effect of variable customer database management, utilization of social media marketing and adaptation of customer tastes to customized relational quality and marketing performance. The sample in this study were 177 general managers and marketing managers in three to five star hotels in Jakarta based on data from the Jakarta Statistic Center in 2016 and the Indonesian Hotel and Restaurant Association (PHRI). Data collection methods that will be used in this study are structured interviews using a personal questionnaire, which is then analyzed by Structural Equation Modeling (SEM). Statistical test results show that the variables of customer database management, utilization of social media marketing and adaptation of customer tastes have an impact on customized relational quality, whereas, variable management of customer databases, utilization of social media marketing, adaptation of customer tastes and customized relational quality affect marketing performance.*

**Keywords:** *customer database management, utilization of social media marketing, adaptation of customer tastes, customized relational quality, marketing performance.*

## **Improved Marketing Performance through the Ability to Isolate Product Marketing and Innovation Capabilities (Studies in Batik SMEs in Central Java)**

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### ***Abstract***

*The company always seeks continuous improvement in the development of new products to gain new competitive capabilities based on the redesign of its product strategy. This capability is one of the company's strategic assets used to improve marketing performance. The main objective of this research is to analyze how the effect of the ability to isolate product marketing and innovation capabilities towards marketing performance are mediated by the development of new products in the Micro Small Medium Enterprises in Central Java. Batik SMEs in six regions in Central Java became the population in this study with the original sample number 366 and 325 net data processed as analyzed by SEM. The results of the study show that marketing performance can be enhanced by the ability to isolate product marketing and innovation capabilities through mediating new product development. This research will contribute to the management of SMEs to empower creativity and innovation in the development of new products and the development of marketing strategies and their implementation that are the key to the success of the company.*

**Keywords:** *innovation capabilities, ability to isolate product marketing, marketing performance*



## Measuring MSEs's Literacy on Banking Products and Digital Financial Services

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### *Abstract*

*Financial services is the one among the strategic sectors in an economy. In order to provide provide optimal benefits for the community, the availability of some financial service's infrastructures is important. Banks and non-bank financial institutions are needed to accelarate some productive sectors. The problem is, the availability of banks and non-bank financial institutions is still relatively limited. One of the economic sector that is very potential to be developed as a support for the national economy is the micro and small enterprises (MSEs). Ironically, MSEs is a sector that is actually less touched by financial services, both banks and non-bank financial institutions. Related to those conditions, the Creative Economy Agency encourages micro and small enterprises (MSEs) to adopt digital technology in their business. By digitalization of their business, MSEs are expected to get business financing more easily. Bank Indonesia as monetary authority lounched Digital Financial Services (DFS) as a part of payment systemt.The implementation of DFS by MSEs can be expected to accelerate their growth andimprovve social welfare. In order to provide optimal benefits of DFS, the literacy of MSEs on banking products and digital financial servicesbecome important. This study aims to explore the literacy of MSEs of DFS.This study aims to explore the literacy of MSEs of banking products and DFS.This research found that MSEs entrepreneur's knowledge of the banking products they have is relatively low. They tend to pay less attention to the atributes of banking products they have.Substantially the knowledge of MSEs regarding digital financial services and e-money tends to be correct, but they don't not mention completely. They often use digital financial services in payment of electricity, water, telephone, internet and cable TV. Media for DFS transactions that tend to be more widely used are mobile phones.*

**Keywords:** digital; financial; services, banking, MESs

## INFORMATION QUALITY AND INTERACTION AS A FACTOR AFFECTING CONSUMER TRUST IN ONLINE TRANSACTION

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### ABSTRACT

*Online purchasing decisions are not only determined by the characteristics of the product but also by the features of the marketing media. This study aims at analyzing the influence of web quality as a marketing strategy on the consumer, something that has an impact on purchasing decisions. Information quality, interaction quality, and usability are exogenous variables while consumers trust and purchasing decisions as the mediator and dependent variables. All variables were measured using a 1 to 5 Likert scale. Collection of data was by means of questionnaires distributed to 270 respondents in Jabodetabek and then analyzed using Structural Equation Model. The results of the study establish that information quality and interactions are influential factors in developing consumer confidence in online transactions.*

**Keywords:** *consumer behavior, digital marketing, web experience.*

**ADAPTATION MARKETING STRATEGY, DYNAMIC CAPABILITY, TECHNO BRAND  
ADVANTAGE: A CONCEPTUAL APPROACH TO PROMOTE MARKETING  
PERFORMANCE**

**ABSTRACT**

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This article proposes a conceptual approach of product adaptation capability, dynamic capability and techno-brand advantage to mediate between product adaptation capability and marketing performance. Product adaptation capability, product design fortify the techno brand advantage and product adaptation capability also strengthens the techno brand advantage. This conceptual framework proposes a conceptual model to develop the best fitted model.

*Keywords: Adaptation Marketing Strategy; dynamic capability; techno-brand advantage; marketing performance.*

## Customer Perspective By Integrating Kano Model and Quality Function Deployment Method

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### ABSTRACT

*This research aims is to identify the needs and desires of Cinema XXI customers in Semarang. As the largest market leader and cinema network in Indonesia, CINEMA XXI must have the best quality of service. By using the Kano Model and integrated into the Quality Function Deployment method, it can be concluded that the highest influence on the increase in satisfaction level is the attribute of the quality of the image display on the cinema screen. Whereas the highest influence on the decline in the level of customer satisfaction is the attribute of the use of polite language and easily understood by officers when explaining / providing information to customers. And attributes that service providers prioritize for improvement are cleanliness and comfort of toilets.*

**Keywords:** *Customer Satisfaction; Cinema XXI; Kano Model; Quality Function Deployment*